Price Inflation, Economic Etagnation and the Issue of Sustainable Development with Special Reference to Iraq

Dr. Adnan Mnati Salih
Department of Banking and Finance, Faculty of Business Administration, Al-Bayan University, Iraq.
E-mail: Adnan.Mnati@albayan.edu.iq

Received October 10, 2021; Accepted December 25, 2021
ISSN: 1735-188X

Abstract

Nearly seven decades ago, economic thought witnessed a new term that combined contradictory economic problems, namely (price inflation and economic stagnation). For this reason, this combination has no economic background in any of the societies, where there is no inflation that contains stagnation and there is no stagnation that contains inflation. Where reading the experiences of industrialized countries in economic growth shows that each country had its own path in this growth. For example, but not limited to, Britain which was the stronghold of the industrial revolution and the leading country in the world during the eighteenth century when it embarked on economic growth which was its means in that revolution that replaced and spread mechanization in the place of manual work, inventions and discoveries that formed the basis for that revolution that had a great impact on the economic, social and political life in Western Europe and then in the world.

Keywords

Economic thought, Inflation, Stagnation, Capital.

Introduction

Which many economists circulated and called it (stagflation) or (inflationary recession), forgetting that this combination is scientifically incorrect. Inflation is a thing and stagnation is another thing, and even using the other name is also incorrect. Recession is one thing and depression is another thing in its being an advanced state of stagnation. Therefore, we have found that it is best, when one studies these problems, one has to deal with each problem separately. Inflation is the increasing rise in the general level of prices, and stagnation is the opposite of that and leads to unemployment, especially when studying the relationship between these two problems and the issue of sustainable development in its being an
economic, social and environmental solution to the problems of life, including price inflation and economic stagnation. These problems have been witnessed by various developed and developing countries of the world and by their various political and economic systems, including Iraq, especially in the last five decades of the last century.

Research Importance

The importance of studying these two variables as basic problems (i.e. price inflation and economic stagnation) comes in light of the separation between this inflation and this stagnation in order to correct a common mistake even among many economists, that is, the term (stagflation), in addition to studying the sustainable development as a treatment for the problems of economic, social and environmental life in various countries of the developed and developing world, including Iraq.

Research Problem

Increasing horizontal and vertical space in various countries of the world due to the problems of price inflation and economic stagnation, and their increasing effects on various aspects of life, especially economic and social, as well as being a major obstacle to the sustainable development process for various countries of the world, including Iraq.

Search Objective

Knowing the negative role of the problems of price inflation and economic stagnation in the process of sustainable development in its economic, social and environmental dimensions in various countries, including Iraq, which suffers from these problems and seeks to achieve this development.

Research Hypothesis

The two problems of (price inflation and economic stagnation) resulting from many reasons constitute a major obstacle and a challenge to sustainable development in various countries, including Iraq. Therefore, addressing these problems is an economic, social, environmental and even political necessity for countries aspiring to achieve this development, including Iraq.
Research Methodology

The research adopts the deductive descriptive analytical method, which is in line with the nature of this research in studying and analyzing the negative role of the problems of price inflation and economic stagnation in hindering sustainable development in various countries, including Iraq. The research consists of four sections:

The first deals with the issue of development in general and then sustainable development.

The second includes the explanation and analysis of price inflation and economic stagnation.

The third studies the problems of price inflation and economic stagnation in Iraq... Causes and effects.

The fourth contains ways to confront price inflation and economic stagnation in light of sustainable development in Iraq.

The First Topic: The Concept of Sustainable Development

The term development is old, modern and contemporary, as it is one of the basic issues in the building and development of countries, and in their various political and economic systems, and the economically developed countries need it as much as the developing countries; thus achieving it is one of the basic objectives of the state’s economic policy. Historically, this issue has acquired many concepts that have developed according to the needs of countries, such as economic growth and economic development, which differ in their meanings (1). Hence, a new contemporary term appeared, and referred to as sustainable development.

First: Economic Growth

The term economic growth is associated with the industrialized countries that has been achieved during the past four centuries, and it means the increase in the productive capacity of the countries resulting from the increase in the expected gross domestic product by using the factors of production as the available economic resources. This growth is measured by the change ratio achieved in the expected national and then for measuring the average individual income and the standard of living of the population in the country, and its economic well-being. Pioneers of classical economic theory, led by Adam Smith, believe that this growth occurs automatically without the state intervention.
This growth constitutes a means to provide the goods and services needed by the population, and also a means to build the economic capacity, especially the industrial, agricultural and service sectors of the state, as well as a measure of the government's success in its economic policy.

Therefore, there are many benefits for economic growth, but this is done through a cost referred to as the cost of (excess economic opportunity), which means transferring the available economic resources from current consumption to investment (capital formation) and these resources consist in what is a capital stock and a human resource.

Thus, this growth is an important economic issue in the long term, which includes medium and short terms, and includes the output of the various sectors and branches of the economy. Achieving targeted growth rates usually collides with economic, social, cultural, political and security challenges, which make achieving this a very difficult and complex issue.

Reading the experiences of industrialized countries in economic growth shows that each country had its own path in this growth. For example, but not limited to, Britain which was the stronghold of the industrial revolution and the leading country in the world during the eighteenth century when it embarked on economic growth which was its means in that revolution that replaced and spread mechanization in the place of manual work, inventions and discoveries that formed the basis for that revolution that had a great impact on the economic, social and political life in Western Europe and then in the world. Whereas Japan occupied a lagging position in the field of economic growth, because it imitated and simulated Western European technology and protected its industry from foreign imports, and then developed extensive experiences in the fields of manufacturing and electronics (2).

The American development experience, which began in the mid-nineteenth century, indicates that it had gone through three stages: each stage extended to nearly forty years, during which the rates of economic growth were different. The first stage had an average growth of (4.31%) while in the second stage it slowed down to (3.72%); then came the third stage, which ended in the middle of the twentieth century, with approximately (2.97) (3). Then there was a slowdown in this rate since the fifties of the last century, when this issue faced new problems represented by the so-called (stagflation).

Thus, the economically advanced countries went through the issue of economic growth according to the characteristics of each country and its economic reality, and this was based mainly on the capital balance in the state, and then the developing countries faced the same
thing and their need for this in growth, especially since the end of the forties of the last
century, alongside the emergence of many theories to study this issue, the most prominent
of which was (the Harrod-Domar model), which studied the relationship between capital
formation and economic growth in the long run (4).

Likewise, other theories of this growth emerged in the developing countries, such as the
twoy of (the strong impulse), the essence of which is to make a minimum investment to
ensure the success of development programs (5).

In addition to other theories, including the theory of (balanced growth) and the theory of
(unbalanced growth), the first focuses on the development of all sectors of the economy in
the country and is expressed by the economist (Nirxe). As for the second, it turns to the
development of some basic industries as poles of growth that lead in the later stages to the
growth of other industries integrated with them, and this is represented by the economist
(Francois Perrault).

When reading and analyzing various economic theories that dealt with the issue of
economic growth, the factors and causes of this growth in developed and developing
countries can be classified as follows:

1. Human resources in terms of manpower size, quality, training, qualification and
suitability to other resources, which depends on the spread and development of
education and the health system, especially since these factors constitute the main
factor in the use of equipment, devices and primary resources.
2. Natural resources in terms of their size and quality, especially the arable land and
what the land contains of minerals and wealth such as oil, natural gas and forests.
3. The size and quality of real capital, such as machinery, factories, roads, railways,
buildings and computers.
4. The level of technological progress, especially in science, engineering, computers,
communications, modern management style and production art.
5. The volume of financial and material savings that can be directed towards
investments, as the larger it is, the more possible high rates of economic growth are
achieved.
6. The volume of effective demand whose estimation depends on estimating the gross
domestic product. It should be noted that there are measures of economic growth,
the most important of which are:
1) The average per capita share of real national income, which depends on the size of this income and the size of the population to such an extent that this scale became a criterion for differentiating between economically developed countries and developing ones.
2) The criterion of the ratio of production to cost, which shows the level of success in using production factors.
3) The scale of the ratio of the growth of the national product to the ratio of the growth of the population, which shows the increase in the percentage of the national product over the increase in the percentage of the population and the level of economic growth.

Second: Economic Development

This development does not mean achieving growth in the gross domestic product only, but rather achieving structural and institutional change in the economy, especially in the installation of production and in the allocation of available economic resources and their distribution among all economic sectors. This development does not achieve changes in economic activities only, as is economic growth, but rather achieves changes in non-economic areas such as social and cultural fields. Economists are accustomed to studying economic development as the necessary economic need for all countries, especially the developing countries. Thus it does not mean the increase in the productive capacity quantitatively only; rather it includes the economic growth and the structural change in developing countries which means the change in the relative importance of the economic sectors such as productive and consumptive industries.

Therefore, economic development is no longer spontaneous without state intervention, as is the case for economic growth according to the traditionalists, and this is what the developing countries need, including Iraq, which is characterized by features the most prominent of which are:

1) Decreased economic growth rates of GDP.
2) The imbalance in the structure of the economy and the prevalence of the one-sided economy.
3) Weakness of the manufacturing and agricultural sectors, both in the percentage of workers and their contribution to the gross domestic product, and the problems of their contribution to the domestic gross production and the problems of investment, production and marketing.
4) Weak infrastructure of the economy, such as electricity, drinking water, sewage, transportation, storage, and housing.
5) The deterioration of the education and health services sector.
6) The weak role of the financial, monetary and banking sector in stimulating investment and production.
7) Weakness of the tax system capable of collecting tax revenues in proportions and amounts or developing new resources.
8) Weakness of the technological level, especially in dealing with imported technology.
9) The prevalence of apparent unemployment and disguised unemployment, which constitutes a financial burden on the economy.
10) The prevalence of poverty and malnutrition.
11) The predominance of lavish consumer spending for people with high incomes, which negatively affects the rate of capital formation.
12) Weakness of the efficiency of the state's agencies, especially the supervisory ones.
13) Improper use of available economic resources, especially development trends.
14) The lack of capital and then the lack of investments, which represents the main problem before the economic development, which is due to the weakness of saving, the increase in hoarding and the flight of capital abroad.
15) The growing debt problem faced by most developing countries.
16) Weak technological level, especially in dealing with imported technology.
17) Spread of administrative and financial corruption in state institutions, which negatively affects all fields of life, especially the economy. It is clear from these characteristics that they are the economic, social, cultural and environmental indicators that made economic development a life necessity for them.

Therefore, the goals of economic development for developing countries seem to be broader than those goals in economically developed countries.

These goals are concentrated in what is economic and social and the most prominent of which are the following:

1) Increasing economic growth rates.
2) Modifying the economic structure to make it a developed (industrial and agricultural) that serves service activities and develops internal and external trade, and benefits from them as the relative importance of production and workers in the agricultural sector decreases with time and with the rise in the relative importance
of the production and workers in the industrial sector, and then their rise leads to the development of the service sector (6).

3) Achieving adequate levels of health, education and housing services.

Many developing countries have been able to achieve high economic growth rates and comprehensive, balanced and stable economic development, especially the experience of China, which began with targeting special economic zones in southern China, as well as the experiences of (Asian growth) and other developing countries, by adopting procedures, legislations and means that led to the achievement of serious economic development whose features became clear by using the following:

1) Adopting economic and social policies that can bring about change, given that development is not an automatic process, but rather requires state intervention.
2) Removing obstacles to economic development of a social, health, educational and cultural nature, by changing what is hindering and replacing it with what is permanent for development.
3) Establishing the infrastructure of the economy, especially in the industrial, housing and storage sectors, and implementing electricity, potable water and sewage projects.
4) Working on encouraging savings through the adoption of a number of means such as activating and developing the banking and financial sector, increasing banking awareness for members of society, imposing strict control over smuggling money abroad, creating social awareness to fight hoarding as an obstacle to savings and directing them towards investments, and creating social awareness to combat extravagance.
5) Dealing with and developing technology through scientific and technical research centers, and importing what is appropriate for the developing country.

Because the problems of countries, especially developing ones, are not only economic, social and cultural, but also environmental, the concept of development that these countries need is (sustainable development).

Third: Sustainable Development - Objectives, Dimensions and Indicators

Sustainable development is a contemporary concept that has been dealt with by human thought since the seventies of the last century. This term appeared for the first time in the United Nations Conference on the Human Environment, which was held in (Stockholm) in 1972, with its focus on the issue of poverty by the Development Club, and then dealt with
it in the report on the limits of growth in the same year issued by the Club of Rome, which dealt with the issues of population, energy, agricultural and industrial production, and environmental pollution (7). Then, at the beginning of the eighties of the last century, the countries of the world began to pay attention to the serious environmental problems they faced, which posed a threat to their lives. So, the increased interest in this development began and whose first concept was reflected in the Global Environment and Development report, which was published in 1987, and then it became widespread in the countries of the world and international organizations, as a current and future need for man, society and the state, meaning that it meets the needs of the current and subsequent generations.

Thus, it combined the concept of economic growth, economic and social development, as well as environmental development. (7)

That is, it combined the concept of economic growth and the economic, social and environmental development, i.e. It combined what is economic, social and environmental, and whose goals were comprehensive for those dimensions, and were represented as follows:

1. Achieving a quality life, economically and socially, for the current generation without harming future generations (8).
2. The cleanliness of the environment (water, air, soil) against pollution, and its preservation and development.
3. Achieving a better and rational use of the available resources in a way that expands the green space.
4. Solving the social and security problems in the country, in order to achieve social justice and the prevalence of social security (9)

In 2012, the United Nations held its conference on advanced development, which constituted a qualitative transition in the field of this development by focusing on issues of green economy, social justice and the role of civil society in achieving this development, preserving the environment and oceans, and fighting poverty.

In the sense that the features of this development expanded as a solution to human problems, society and the state (economic, social, and environmental), which is not automatic and depends on planning in its various small, medium and long ranges, especially its treatment of the problem of human poverty as a social and economic issue that has negative repercussions on life in its various political, security, educational, health and environmental aspects (10).
It should be noted that the indicators of this development, which depend on its dimensions, focus on the following:

1. Economically: Increasing the economic growth rate of GDP, increasing real income, providing job opportunities and addressing unemployment, increasing the share of investment, improving the level of individual and societal consumption.

2. Socially: developing education in its various stages, and providing health and preventive care, which would increase the empowerment of individuals, secure adequate housing for people, and achieve social justice and equality in decision-making and adopting decisions.

3. Environmentally: Ensuring the cleanliness of the environment (water, air, soil) against pollution and preservation, expansion and protecting green space, protection of biological materials and systems to support life.

These indicators can be illustrated by the following figure (1):
The Second Topic: Price Inflation and Economic Stagnation

Since ancient times, economic life has not been without problems that represent challenges to man, society and the state. These problems developed with the development of that life, and among those problems were price inflation and economic stagnation.

The linguistic meaning of inflation is the inflation of a thing, such as production inflation, income inflation, money inflation and cost inflation. But economists usually restrict the term inflation to the continuous and increasing rise in the general level of prices, meaning (price inflation), i.e. the average prices of consumer goods and services in the economy during a period of one year. A measure of inflation is used, which is the average index of prices of goods and services using consumer prices, and thus it is a serious problem facing economic life (individual, society, state) and may lead the economy to collapse.

As for the linguistic meaning of the opposite of this inflation, which is (deflation, stagnation, depression), each one differs from the other, as deflation means a decrease and decline in the volume of economic investment that leads to the revitalization of the economic sector, meaning a negative factor in revitalizing the economy. As for stagnation, it is a decrease in the volume of production and, consequently, a decrease in national income, and deflation and stagnation occur in the short term, which may approach a year.

Whereas, depression means an advanced stage of stagnation and is more dangerous than it and may lead to economic collapse, and its extent may approach several years, as happened in the crisis of the global capitalist depression.

The terms (inflation, deflation, stagnation, recession) have emerged in the capitalist economic life that was expressed by (economic cycles) since the inception of the capitalist system. The economies of that system did not only witness regular or equal rates of economic growth, but they also witnessed periods of welfare or economic recovery which lead to inflation with the cumulative rise in the general level of prices, whose effects were reflected on all branches of economic activity, and then periods of deflation and economic stagnation leading to depression, where the domestic product declines and incomes and profits decrease sharply, and all this leads to an increase in unemployment rates. Then this depression is followed by a slow or rapid development that leads to an economic recovery in production and employment, due to the increase in effective demand. Those phenomena were called comprehensive economic fluctuations in the overall local results, income and employment.
On the basis of the foregoing, it is not possible to use the names (stagflation) or (inflationary recession) as antonyms. But each problem should be studied separately.

Price inflation in the sense of (consumer price inflation) dates back historically to the beginning of the capitalist system (market economy), and where the rise in prices was linked to an increase in the money supply, and that was under the gold rule system (quantitative theory of money), which linked the change in the general level of prices to the change in money supply equally and in the same direction, hence the emergence of paper money in contemporary history.

Inflation has three levels:

1. Low inflation, which rises to this level slowly and at an annual rate of (single digit), which may encourage producers to increase their production if this number is less than (2%).

2. Very high inflation, which averages a percentage that may reach (20%, 100%, or 200%) (11) and this is what many countries of the world have witnessed, such as Hungary, where inflation rates exceeded 100%, and as Iraq witnessed in the nineties of the last century.

3. The hyperinflation in which prices rise by thousands yearly as the state loses control over it. A striking example is what happened in the twenties of the last century in Germany between the period (1922-1924), which lead to the collapse of the monetary system and thus the economic system and what was witnessed by some Latin American countries, such as Argentina and Brazil, which witnessed rates ranging from (500% to 700%) annually, during the seventies and eighties of the last century (12).

The reasons for price inflation are:

1. Increasing the money supply and the speed of its circulation.

2. The increase in aggregate demand in relation to aggregate supply at the level of full employment of economic resources.

3. Increasing production costs, especially imported ones.

4. Reasons belonging to the quality of the economy, meaning the weak flexibility of the production apparatus and the weak base of economic materials (13).
It should be noted that this inflation has many effects, most notably are the following:

1. In the operation of economic resources, by directing the labor force to non-productive activities.
2. In increasing the volume of production, which brings more profits to producers, and thus increases the cost of living for consumers.
3. In the redistribution of income and wealth among the different families and social classes (14).
4. In achieving economic growth by reducing the tendency to save, and thus reducing economic efficiency.
5. Decrease in the value of money.
6. Decreased real value of tax proceeds.
7. A decrease in the volume of exports and an increase in the volume of imports, which leads to a deficit in the trade balance and then the balance of payments.
8. The spread of administrative and financial corruption and the spread of a luxury consumer style (15) and what is related to economic stagnation as a stage prior to depression, which is the opposite of inflation in its causes and effects, and its example is clear in the Great Depression that started from Britain towards other countries during the period (1929-1933) in the sense of a decrease in the current of monetary spending below the current of commodities, i.e. a decrease in the current of effective aggregate demand in relation to the size of the real aggregate commodity supply. This leads to a decrease in the current of effective aggregate demand compared to the real total commodity supply and this leads to a decrease in the general level of prices and to an increase in the volume of unemployment, thus increasing the commodity stock and decreasing the volume of domestic product.

Unemployment usually constitutes the most prominent outcome of economic stagnation, and it faces various developed and developing countries of the world, for the developing countries had among them forums that formed them as states, while the developed countries, especially the capitalists, have suffered more since the sixties of the last century when a double problem emerged that combined inflation and stagnation, especially in Britain and the United States. The economic stagnation has causes that focus on a record decrease in the volume of monetary spending to the volume of domestic production, meaning a record decrease in the volume of effective aggregate demand to the volume of real aggregate supply.

The most prominent effects of this recession is unemployment, which takes several forms, most notably are:
1. Voluntary unemployment, which arises from the will of the individual who is able to work, and it does not arise because of an economic problem.
2. Disguised unemployment, arising from the misdistribution of the labor force.
3. Frictional unemployment, arising from the movement of people who are able to work across the cities of the country.
4. Seasonal unemployment that arises as a result of seasonal climatic changes.
5. Technical unemployment arising from the development of the production method, as a new industry replaces an old one.
6. Cyclical unemployment, which arises due to cycles of economic activity. (16)


The Iraqi economy, as one of the developing economies, has witnessed many problems, including price inflation and economic stagnation, and the major turning point in this was the Iran-Iraq war in the eighties of the last century (1980-1988) and these problems began to increase with the passage of time and inflation rates were almost within the limits of the unilateral digit before that war, and during and after it, inflation rates began to exacerbate for several reasons, the most important of which is the huge increase in the money supply due to the increase in government spending and the requirements of war costs and the decrease in foreign exchange earnings, and then its rates worsened during the blockade period in the nineties of the last century, which almost led to the collapse of the monetary system. This is what is shown in Table (1).

**Table 1 shows inflation rates in Iraq (averages) - the period 1991-2013**

<table>
<thead>
<tr>
<th>Average duration</th>
<th>Inflation rate (average period) in 1991 = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1995</td>
<td>278.8</td>
</tr>
<tr>
<td>1996-2003</td>
<td>13.7</td>
</tr>
<tr>
<td>2004-2013</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Source: Central Bank of Iraq - General Directorate of Statistics and Research Annual Bulletin for different years

It is clear from the following table that (1):-

2. The period (1996-2003) represents the phase of rationing unemployment and easing of the blockade under the (oil for food and medicine) program.
3. The period (2004-2013) inflation witnessed fluctuations during the years of that period.
What is related to the economic stagnation, too, has witnessed a clear escalation since that war in the eighties of the last century, and the measure of this is the increase in unemployment with the accumulation of time, especially after the occupation in 2003, which witnessed the destruction of the economic structure and infrastructure in Iraq despite the increase in oil prices, and the layoff of hundreds of thousands of workers in the state, after the decisions of the American Civil Governor (Bremer) to dismiss the Iraqi army, the security services, the Ministry of Information and Military Industrialization and other institutions, until unemployment, as indicated by the International Monetary Fund, reached more than (40%) of young people in 2019, which increased the poverty rate in the country reached more than this percentage, after it was nearly 20% in the years (2017-2018). (17)

It may be worth noting that the problem of price inflation has also witnessed a huge and fluctuating increase, as indicated by the International Monetary Fund, up to a rate of (14%) between the years (2000-2014). It is noticeable that these two problems witnessed a significant increase after the Corona pandemic during the period (2019-2020), which was accompanied by the collapse in oil prices.

On the basis of the foregoing, war, blockade, economic policies, and then the US-British invasion and occupation, and the policies of successive governments in the country, as well as the drop in oil prices and the Corona pandemic, have played a key role in the increase of the rates of this inflation and this stagnation until it became a threat to economic, social and even political life.

As for the effects of (inflation and stagnation), it can be clarified through the following:

1. The increased deterioration in the production systems, especially non-oil ones, such as agriculture and transformational industry, as the Special Representative of the Secretary-General of the United Nations in Iraq expected before the UN Security Council on 11/24/2020 that the Iraqi economy would shrink to (10%) for the year 2020 due to the decline in oil revenues caused by the sharp drop in oil prices and the outbreak of the Corona pandemic.

2. The increase in the prices of goods and services, especially the necessary consumer goods, in light of the weak control of government agencies, which increased the cost of people's living accompanied by an increase in unemployment rates, especially workers in the private sector.

3. Disruption of the operation of economic resources, especially human resources, the increase in the number of unemployment, and the increase in financial resources smuggled outside the country.
4. The increasing deficit in the general budget, especially the increase in the volume of operational expenditures, which reached (70%) of this budget.

5. Political and security issues such as societal crimes and security problems.

6. The birth of a wealthy social class, the deterioration of the middle class, which usually bears the weight of the development process in the country, and the emergence of new family problems that Iraqi society has not been familiar with, such as family disintegration, the phenomenon of divorce, domestic violence, feelings of frustration and despair in life, and the resulting crimes such as drug abuse in an unprecedented manner.

7. The increasing deterioration of education in its various stages and the deterioration of the health system, which was apparent in confronting the Corona pandemic.

8. The increase in cases of administrative and financial corruption and even scientific corruption (forged higher degrees) until it became a phenomenon no less dangerous than terrorism.


Iraq is one of the countries that suffers from economic, social and environmental problems, as it became clear in the first topic, and therefore, addressing these problems can only be done through sustainable development as the best solution to satisfy the needs of the individual, society and the state.

It is worth noting that during the past decades, Iraq was able to achieve some foundations for sustainable development, but due to the causes of war, blockade and economic policies before 2003, and then the policies of successive governments after 2003, those foundations stumbled and were unable to achieve serious steps towards sustainable development.

Iraq managed to achieve an annual economic growth rate during the period (1953-1969) that amounted to 6.4%, which reflects the growth of the crude oil extraction sector.

This rate was (7.2%) during the period (1976-1980) (18).

However, as it became clear in the third topic, the causes of wars, blockade, invasion, occupation and the policies of governments after 2003 were behind the stumbling of sustainable development.

On the basis of the foregoing and in light of the negative economic, social, environmental and even political effects, the main choice for Iraq in facing problems and achieving its
advancement in life is to adopt sustainable development through a set of policies, procedures and means, the most prominent of which are the following:

1. Adopting strategic planning in the specialization of economic subjects, and this depends mainly on the initiation of the process of collecting accurate data on population, unemployment, price inflation and other phenomena that the government planning body undertakes.

2. Adopting sustainable development in its (economic, social and environmental) dimensions as a complete and curative treatment for these problems, especially in revitalizing the commodity and service sectors, making the economy diversified and active, not dependent on oil extraction only, but by making this oil at the service of this development, especially small and medium (industrial and agricultural) enterprises as the most important solution to increase production, which increases the commodity supply which leads to lower prices, that is, to reduce inflation rates, and at the same time it leads to the employment of the idle labor force, which leads in its turn to a reduction in the area of poverty.

3. Encouraging local and foreign investment, especially in agricultural (plant and animal), industrial projects, and obligating its facilities to employ the Iraqi workforce after training and rehabilitating it.

4. Operating the inoperative small and medium industrial and governmental projects and establishing small and medium agricultural projects in areas where the requirements for that are available, such as the Western Desert, especially its oases.

5. Stopping the uncontrolled import of foreign labour, especially the unskilled.

6. Implementation of infrastructure projects such as electricity, water, paving roads, constructing bridges and housing units, to name a few: the initiation of these units will ensure the employment of large numbers of workers, as this leads to the production of bricks, cement, plaster, sand, tiles, glass, etc., and the establishment of electricity, water and carpentry, which means addressing the problem of unemployment.

7. Restructuring and developing the financial and banking institutions, especially the tax authority, which leads to an increase in the proceeds of taxes, fees and other levies, which in its turn increases government revenues and reduces public expenditures, thus reducing price inflation.

8. Activating the monetary and financial policies and linking them to address this problem in the country, through the commitment of monetary institutions and legislations and their clearance from crime and administrative and financial
corruption, the first of which is the abolition of the currency auction, which is one of the gates to wasting public money with regard to foreign exchange.

9. Developing and expanding the ration card system as one of the most important solutions to the effects of price inflation, unemployment and poverty in the country, especially since there is a previous successful experience in the country that can be benefited from.

10. Establishing an Unemployment Compensation Fund whose money goes to the unemployed.

11. Amending and developing educational and health systems.

12. Encouraging people to resort to social solidarity, especially through the media.

13. Seriously combating administrative and financial corruption and recovering stolen public funds.

14. Establishing a new unified system for salaries and wages that includes all civil and military workers in the country, as well as retirees, in which social justice is taken into account.

15. Restructuring the civil and military departments of the state in a way that reduces public expenditures and increases public revenues, which is positively reflected in the treatment of price inflation and economic stagnation.

16. Benefiting from the experiences and capabilities of Iraqis who reside in other countries.

References


Dr. Saqr Ahmad Safar, Macroeconomic Theory, Publications Agency, Kuwait, 1977, pg. 488 →50.

Dr. Rifaat Al-Mahjoub, Political Economy, Part One, Dar Al-Nahda Al-Araba, 1973, p. 234.


Nawzad Abdul Rahman Al-Hiti, Sustainable development - general framework and applications, the United Arab Emirates as a model, Emirates Center for Strategic Studies and Research, I, Abu Dhabi, 2009, p. 11.

Same source, p. 13.

Dr. Ismail Obaid Hammadi, The Applied Importance of Human Development Indicators Studies in Sustainable Human Development in the Arab World, Darul Hikmat: Baghdad 2000, p. 129.

Samuelsen, Nord House, previous source, p. 77.


Alhurra channel - Washington - on October 9, 2020.