The Repercussions of the Corona Virus on the Iraqi Economy, Opportunities and Challenges

Alaa Nory Hussein
Department of Economy, Hilla University College, Babylon, Iraq.
E-mail: alaanory277@gmail.com

Received August 24, 2021; Accepted December 04, 2021
ISSN: 1735-188X
DOI: 10.14704/WEB/V19I1/WEB19083

Abstract

This research aims to study the repercussions of the Corona virus pandemic on the Iraqi economy, and then explain the opportunities that can be exploited, and the most important challenges facing the Iraqi economy due to this virus. Although the financial conditions and economic conditions in Iraq have been largely positive in the past few years, two major crises have delayed progress, namely the oil crisis and the Corona pandemic. As this left significant impact on the population, especially in the areas of income, jobs and poverty, with a real possibility of a significant increase in inequality rates. For example, the report revealed that private sector employees in Iraq are more vulnerable to poverty risks than workers in the public sector, especially those with low incomes and workers in the informal sector, as well as female-headed households.

Keywords

Coronavirus, the Iraqi Economy, Opportunities, Challenges.

Introduction

The Iraqi financial system quickly recovered, noticeably and certainly, from a double stifling disaster and shock (ISIS terrorist corporation and occasional oil charges) during the length 2014-2018 and as quickly as oil expenses regularly extended to stabilize above the $ 60 barrier in 2019 and the beginning of 2020, to gain the u. S.’s standard price range A surplus of 17 trillion Iraqi dinars in 2018.

However, what is noticeable right here is that the Iraqi government has no longer benefited from the revel in and found out training from the double crisis, and then did no longer take any precautionary measures for similar destiny crises. As soon because the first region of 2020 is about to give up, he back to find the Iraqi economy itself in the front of a disaster and a complicated surprise, this time a triple (political - fitness -
economic). The first changed into the resignation of the government of Adel Abdul Mahdi without approving the country's standard finances and entering into the cycle of lack of presidency and shortage. The life of a general budget, and the Iraqi budget continues to be between the hammer of the authorities and the anvil of the parliament, which negatively affected the economic pastime of the United States, as well as the disaster of popular protests that started out in November of 2019 because of poor economic conditions and the lack of task opportunities.

While the health disaster became represented by using the transmission of the kurna virus to Iraq, infecting extra than 1500 people in separate regions of the U.S.A., and the presence of deaths due to contamination with the virus, which generated a nation of panic and panic amongst people, in light of the shortage of a healthful infrastructure and a appropriate environment to govern the sickness and decrease its repercussions, and the weak health system and susceptible authorities capability and lack of sources.

Research Methodology

1. The Research Problem

As for the economic shock, the sharp decline in oil charges due to the epidemic and its transmission to many countries of the arena, and the slowdown in monetary pastime, which stressed the public finances inside the U.S.A., and the financing of public spending inside the U.S. is dealing with extraordinary demanding situations and problems, and the tightening of public price range will cause disclosure. Significant weaknesses inside the public price range, and this can cause a widening of the monetary deficit. Statistics indicate that a drop of one dollar from the charge of a barrel of oil, Iraq loses yearly among 1-1. Four billion greenbacks.

The shock really started out while the OPEC + assembly did not preserve the oil settlement, in order that oil expenses declined extraordinarily, and Basra crude (heavy and light) misplaced greater than 50% on common, foreshadowing a robust disaster and surprise to an economic system that depends almost entirely on oil sales to finance budget sales.

2. The Importance of Research

The importance of the current research lies in focusing on the opportunities and challenges resulting from the Corona pandemic. As this fitness disaster will cause the unfold of primary financial repercussions, reflecting supply and demand shocks that differ
from preceding crises. Fundamental rules need to be devised to assist economies overcome the duration of the spread of this epidemic, whilst keeping the integrity of the community of economic and monetary family members between workers and companies, lenders and borrowers, suppliers and quit customers, in order that hobby recovers whenever this outbreak recedes. The intention is to save you a temporary disaster like this from everlasting harm to humans and businesses through job losses and bankruptcies.

The demise toll from the outbreak of the Coronavirus (Covid-19) has multiplied at an alarming price, at the same time as the disorder is spreading to consist of extra nations. It is clear that the very best precedence have to receive to retaining the fitness and safety of people as much as viable. Countries can assist by using spending more to help their health structures, consisting of spending on non-public shielding system, testing and diagnostic checks, and including extra medical institution beds.

3. Research Objectives

This research aims to analyze the repercussions of the Corona crisis on the Iraqi economy, explain the effects of the epidemic on the inclusive economy, and provide a number of recommendations for policies to meet the challenges and ensure continuous progress towards achieving sustainable development goals. The first shock to the Iraqi economy was the pointy drop in oil prices. Because of the Corona pandemic and its transmission to many countries of the sector, and the slowdown in economic hobby, which harassed the public financial situation inside the U.S., financing public spending within the USA is facing exceptional challenges and problems, which complicates the general public monetary state of affairs and uncovers giant weaknesses in public price range, and the widening monetary deficit.

4. Research Methodology

This research consists of three main parts. The first part deals with the research methodology, including the problem, importance and objectives it contains. While the second part reviews the development of the Corona pandemic in Iraq, as well as an explanation of the opportunities through which it can take advantage of other methods to market the state's capabilities and resources, and the most important challenges facing those challenges. The third part deals with the most important conclusions and recommendations.
The Theoretical Framework of the Research

1. The Repercussions of the Corona Virus on the Iraqi Economy

According to the report of the United Nations Program 2020, it is expected that the gross domestic product of Iraq will decrease by about 10% in 2020, and that the budget deficit in the same year will reach an unprecedented level of nearly 30% of the gross domestic product (UNDP Report 2020).

The approach that the United Nations Development Program is proposing to the Iraqi government and other key stakeholders to plan the economic recovery process for Iraq is two-fold: (UNDP Report 2020).

1. The need to quickly identify additional financing options, avoid ill-considered monetary reforms, and improve the quality and targeting of public spending.
2. Supporting the non-oil private sector in achieving growth and reducing dependence on oil, while continuing to provide job opportunities for a large number of the most vulnerable and low-income families by expanding the scope of social assistance programs.

In the context of low oil prices and under US pressure to amend oil market conditions, OPEC + countries met under the leadership of Saudi Arabia on April 10, and a number of points were agreed upon, perhaps the most prominent of which is reducing global production by 10 million barrels per day for two months, from May to June. June (and Iraq's share of the reduction was one million barrels per day), followed by a decrease of 8 million barrels per day during the period from 1/7 to December 2020, followed by a third reduction from January 1, 2021, until April 2021 (Hussein, 2020).

This reduction may not be compatible with the conditions of the oil markets and the repercussions of the Corona pandemic and the decline and lax global demand for oil, because oil production is 100 million barrels / day and global demand is 70 million barrels per day, meaning there is a surplus of 30 million, and a reduction of its amount 10 million will reduce the supply gap to 20 million barrels, and accordingly, the reduction does not achieve the desired goal of high prices, which was actually achieved by lower prices on the same day as Brent crude contracts lost about $ 1.36, and West Texas crude contracts decreased by about $ 2.33, and the markets may witness Oil prices will further decrease, and in the context of Iraq's approval of the agreement, its production will drop from 3.8 million to 2.6 million barrels, accompanied by lower oil prices. In light of these data and in light of the failure to approve the general budget until the end of the fourth month of
2020, so that the repercussions of the crisis on the paths of the public budget deficit in the country can be identified (ESCWA, 2020).

**We assume the following:** (Hassan Latif Kazem, 2020).

Producing 3 barrels / day on average for the whole year, and a decrease in the price of oil by one dollar costs a loss of one billion dollars annually. We will adopt exchange rate assumptions of 1182 dinars per dollar. The stability of non-oil revenues and the maintenance of public spending for a year as in the budget of 2019. The adoption of a price of 56 dollars per barrel of oil in the design of the general budget for the year 2020, and a planned deficit of 50 trillion dinars.

- **The first scenario:** If the average price of oil is calculated at $ 30 for the year 2020, this means a loss of $ 26 per barrel per day (about 31 trillion dinars) plus the planned deficit of 50 trillion, so we have a deficit of approximately 81 trillion dinars, which is a very large number. It could not bear it and could not continue in its context.
- **The second scenario:** If the price of oil is calculated at $ 35, this means a loss of $ 21 billion (approximately 25 trillion dinars) plus 50 trillion, so that the total deficit is about 75 trillion.
- **Third scenario:** Assuming the price of oil is $ 40, this means a loss of $ 16 billion (about $ 19 trillion), bringing the total deficit to about 69 trillion dinars.
- **Fourth scenario:** Assuming the price of a barrel of oil is $ 45, this means a loss of $ 11 billion (approximately 13 trillion dinars), so that the total deficit is 63 trillion.

The decline in oil prices and the failure of financial policies and excessive spending policies have led Iraq to enter an economic danger zone. The deficit in the 2020 budget may reach more than 60 trillion Iraqi dinars and the size of the public debt, which has reached more than 120 billion dollars, may escalate, and the government may become powerless. For providing salary and wage benefits for employees (Aysar & Ahmad, 2020).

A combination of low oil prices as a result of the decline in global demand, the spread of the Corona virus and the instability of the political situation in the country, may portend a new economic crisis in which the Iraqi people will be the biggest losers, and the Iraqi economy will remain at the mercy of the price of a barrel of oil unless urgent measures are taken and effective and rational economic policies to face lower prices Oil, and the government may resort to taking severe austerity measures that will have long-term
negative effects on the economy. In the face of pressing challenges, the federal budget will still need fundamental adjustments, and unprecedented pressure for government spending, and the 2020 budget will not be austerity (Gregor Yaki, 2020).

2. Opportunities

The Corona epidemic crisis has exacerbated financial inequality, and created many limitations and demanding situations going through governments and business owners, however in go back it supplied precise opportunities to cope with them. The US web page "World Economic Forum" posted a report polling 40 specialists from outstanding economists on paths to rebuilding the economic system and approaches to recover after the decline of the Corona pandemic (World Bank, 2020).

The record recognized three fundamental challenges facing governments and commercial enterprise leaders at some point of the worldwide economic recovery section from the negative results of the epidemic: reformulating monetary coverage to reduce monetary inequality, improve social mobility, discover new resources of monetary boom, and align new dreams with monetary performance. The site included a comment by economic expert Saadia Zahidi, Director-General of the World Economic Forum, in which she said, "The current activities have opened an extended-awaited dialogue about the future of monetary growth, and as we emerge from the disaster, the best and route of financial increase should outpace its speed, and in this new model we need measures that exceed output." GDP and an updated policy toolkit to make sure that destiny increase is inclusive, sustainable and presents opportunities for all" (Abdel & Al Walid, 2020).

The following are five opinions of economists on the crisis caused by the Corona epidemic and possible paths to the global economic recovery:

1). Optimism in Stock Markets

Experts agreed that in spite of the one-of-a-kind photograph that economic data and inventory markets paint, unemployment figures are a better manual to global monetary expectancies than the contemporary healing in financial markets. Despite early signs and symptoms of healing within the financial markets, which translated into an growth in purchaser spending and business manufacturing, the two indicators are still an awful lot decrease than preceding levels, and the recovery may want to slow due to a new wave of preferred closings.
2). Addressing Economic Disparities

Economic experts believe that inequality and monetary inequality has multiplied in recent years, as the benefits of technological alternate and international integration have not been disbursed calmly, and the outbreak of the Corona virus has reinforced a number of these styles, because it had a stronger effect on the maximum susceptible companies, so how to percentage the financial burden in the destiny might be critical. Despite all of the chaos it has induced, the Corona epidemic has opened a window of possibility, as the gap imposed through the crisis has created a new opportunity for broad-primarily based systematic trade to prevent "financial inequality and inequality" from getting out of manage (Aysar & Ahmad, 2020).

3). Rethink Taxes

Experts agreed on the significance of the role of taxes in addressing the inequality that the repercussions of the epidemic have elevated, and that they saw that adapting tax structures is an urgent circumstance for accomplishing this, together with persevering with efforts to reduce tax evasion, and reaching an global settlement to impose taxes on digital sports In addition to revisiting taxes on wealth and high-earnings earners (Hussein, 2020).

4). Supply Chains are Disrupted

The disruption of supply chains due to the repercussions of the epidemic and the closure imposed in most countries is one of the factors that may stand in the way of economic recovery, especially for developing countries, according to experts. Although the decline in trade because of closures can be transient, developing economies might also go through if corporations take measures to boom flexibility in their supply chains with the aid of repatriating critical parts or sourcing from a couple of countries in parallel.

5). Encouraging Innovation

Experts also believe that the crisis is expected to affect innovation, which is another major driver of long-term economic progress besides global integration. They also see innovation as a critical factor in overcoming the effects of the epidemic and addressing inequality and the climate crisis, but efforts to innovate may face difficulties due to the economic downturn that threatens research and development resources. The report indicated that governments can placed monetary progress at the proper music by encouraging innovation and laying down the important techniques for funding, but this can require a main exchange in diverse sectors, and this may best be viable through
cooperation and joint paintings among public and personal agencies, and governments actively interact in restoring Shaping existing sectors and building new markets (Sultan Jassim, 2020).

3. The Challenges

A year that is almost the most difficult among the recent years that have gone by in Iraq, due to the spread of the Corona virus and its economic, political and social repercussions, which revealed the weakness of the state institution in the country and its ineffectiveness in managing crises and resources, and the spread of the virus revealed the failures of the health system in the country, the complexity of the political crisis, and it was reflected. Directly on the lives of Iraqis economically and socially, and the crisis of the spread of the epidemic left more than 12 thousand victims, as Iraq is the Arab highest in the number of injuries, with more than 500 thousand injured until the moment of preparing the report. Challenges include: (OECD, 2020)

1) High Rates of Poverty, Unemployment and Lack of Development

Perhaps the economy has the largest share in the crisis left by the virus at the level of Iraq, as the great spread of it has led to several crises that were not limited to the administrative apparatus in the state, but rather that the greater impact was on the share of other sectors, which suffered great losses as a result of the complete closure at the beginning of the crisis Then, liquidity weakened due to low oil prices and the financial crisis that Iraq is experiencing.

Observers believe that the severe repercussions of the spread of the epidemic will lead to a decline in development rates in the coming years, especially with the increase in the internal debt in Iraq, where the total internal debt in the country for the current year only reached 27 trillion dinars (about 23 billion dollars), while the total debt of Iraq increased. According to representatives in the Iraqi parliament, to more than 160 billion dollars (Byblos Bank, 2020).

The crisis led to a noticeable increase in poverty rates in the country, as the Iraqi Minister of Planning, Khaled Battal Al-Najm, announced last June that the poverty rate in the country had risen to 31.7 percent after it reached about 20 percent in 2018, while it is estimated that Observers of real poverty rates in the range of 50 percent. The minister explained that the repercussions of the virus caused the addition of 1.4 million new Iraqis to the total number of previously poor, which amounted to 10 million people.
On November 19, the Human Rights Commission in Iraq reported an increase in poverty rates in Basra Governorate to 40 percent due to the poor economic conditions. In addition to the disruption of the labor market and the direct damages it has suffered as a result of the epidemic’s repercussions on oil prices, the Iraqi working class suffers from late salaries and the possibility that the government will be unable to fulfill this obligation repeatedly (World Bank Group, 2020).

2). Actions Were not Equivalent to the Scale of the Disaster

And economics professor Salam Sumaisem says that "what Iraq was subjected to economically as a result of the spread of the Corona virus represented a double blow," indicating that "in addition to the effects of Corona on the economy locally, the decline in oil prices was the biggest challenge facing the country, whose measures were not parallel to the size of the economic disaster". Sumaisem notes, "The spread of the epidemic has led to clinical death in many primitive and irregular sectors of the labor market, whose workers represent the largest body of individuals' economic mobility".

She added that this collapse took place due to "a downturn in the market, weak liquidity and low oil revenues," noting that "all these problems were not faced with any governmental measures, which led to an increase in poverty and unemployment rates." And she continued, "Poverty rates exceeded the limits of 40 percent as a result of the epidemic, due to the disruption of most sectors and the Iraqi market's dependence on liquidity from the country, which is also suffering major financial problems" (World Bank Group, 2020).

3). The Female Breadwinner Sector

Perhaps one of the sectors most affected by the recent crisis was the "female breadwinner sector", as Sumaisem puts it, who explains that "this sector includes many women in Iraq and has expanded as a result of the many wars." Sumaisem points out that "one of the clear representations of the impact of the spread of the Corona virus was the inability of the state to fulfill its obligations towards its employees for a period that is perhaps the longest in the history of Iraq".

She believes that "the spread of the epidemic confirmed that the political system in Iraq was not interested in diversifying sources, and uncovering the great dilemma regarding the absence of development, which contributed to amplifying the crisis at the level of Iraq." And concludes that "solutions to the economic impasse in Iraq are in conflict with the interests of politicians, which represents a complex problem that prevents any
solutions to the economic crisis that the country is going through" (Aysar & Ahmad, 2020).

4). Corona Confirmed the Failure of the Political System

The repercussions of the spread of the epidemic, as in the rest of the world, were not limited to the economy, but also extended to directly affect political issues, especially as it coincided with the Iraqi uprising and its pivotal moments in choosing the prime minister and pressure towards accelerating the file of early elections. In the context, Professor of Political Science Iyad Al-Anbar says, "The Corona epidemic is like the most prominent event in the last year, because it strongly contributed to the concealment of the impact of the Iraqi uprising, which could have contributed to finding a solution to the impasse of the political system, and to pressure the issue of early elections," indicating that "The spread of the virus has diminished the impact of the intifada" (Hassan, 2020).

He adds, "In exchange for reducing the impact of the uprising and providing an opportunity for the political system, it contributed to uncovering more and more clearly the failure of the political system and the fragility of the state that left people to their fate, which increased the Iraqi society's feeling of a greater desire to displace the current political system." Al-Ambar indicates that Iraq “was one of the most disorganized and mismanaged countries in dealing with the health crisis, and it moved chaotically towards it, which assured the Iraqi society that the political system is incapable of managing any crisis facing the country,” indicating that “many other, more backward countries had better procedures. In the face of the crisis” (ESCWA, 2020).

The Iraqi regime has become closer to chaos than to the state, expresses Al-Amber, who explains that "what happened in Iraq during the period of the spread of the epidemic was an assurance that this fragile system cannot be relied upon in managing any crisis that may face the country." Al-Amber concludes, despite the fact that the crisis represented a “resting station for the political class, but it is also the last warning bell that has made the political authority lose its ability to find justifications to convince society of its ability to run the state and achieve reform,” noting that this crisis “may pave the way for a bigger explosion”.

5). Challenges in the Health Sector

The virus crisis has diagnosed the failure of the health system in the country and the deterioration of the services provided to the injured, as Iraq suffers from a great shortage of hospitals and the necessary equipment to face health crises. Observers believe that the
rampant financial corruption in the Ministry of Health has become largely evident during the Corona crisis, which revealed the size of the great failure in the management of health institutions in the country. The Ministry of Health has always been accused of corruption, even by many MPs in the Iraqi parliament, the last of which was during the era of former Minister of Health Adela Hammoud, which included deputies filing files related to corruption in dialysis machines and medical shoe contracts. During the Corona epidemic crisis, health departments in Iraq faced many problems, including the lack of equipment, the poor absorption capacity for intensive care, and the hypoxic crisis in many hospitals in the country (Sultan Jassim, 2020).

In the context, Al-Karkh Health Director Jaseb Al-Hijami said, "The most prominent challenge that the Ministry of Health faced in the past period is the citizens' lack of commitment to preventive measures, in addition to other challenges, including the lack of liquidity and financial allocations." Al-Hijami added to "The Independent Arabia", "Despite the great loss in relation to the victims of the epidemic, the crisis contributed to our definition of defects in health institutions," noting that "we did not have laboratories of this size and disease detection devices were not at this level, as well as the clinical capacity increased and the health cadres gain more experience (Aysar & Ahmad, 2020).

With regard to the financial scarcity of health departments in Iraq, Al-Hijami explains that "it is recognized that health and education have priority in spending, but in practice it was not so," noting that "Iraq is one of the countries with the least spending on health and budget allocations are few compared to countries. Other so poor ones. " Perhaps one of the most prominent problems is related to the delay in the salaries of health workers in Iraq, according to Al-Hijami, who points out that "the Ministry of Health is the last ministries that receive their salaries and we do not know the reason for that".

He continues that "the financial allocations of the ministry are not commensurate with the size of the crisis, and are almost non-existent except for salaries and some very small amounts," noting that "debts have accumulated on the health departments during the crisis, especially with regard to medical materials and oxygen packages" (Hussein Ali, 2020).

He points out that "the health situation in Iraq suffers from severe neglect, the lack of allocations, and the direct reflection of political conflicts on it," stressing that "the lack of attention to the health aspect in Iraq still exists, and the buildings of health institutions are old and need rehabilitation in addition to many other aspects", Al-Hijami points to another aspect reflected on the health aspect related to the "direct impact of health personnel by
the epidemic, as thousands have been infected and the Ministry has lost dozens of important competencies such as high-level doctors and the rest of the health personnel." He pointed out that one of the problems facing the Ministry’s cadres is “lack of control over gathering areas that do not witness compliance with preventive measures,” indicating that “the security authorities do not interact at the required level with regard to the Ministry of Health directives”.

6). An Increase in Social Problems

Official data indicate a marked increase in domestic violence cases in Iraq in conjunction with the spread of Corona, as statistics received by Iraqi courts indicate a significant increase in cases of violence against women, children and the elderly, especially during the period of total closure.

Official statistics of the Iraqi Ministry of Interior indicate that more than 5,000 cases of domestic violence were documented throughout the country during the first half of this year 2020. Last April, Iraqi women's representatives in Parliament and the government called, in a joint statement, to expedite the enactment of a law criminalizing domestic violence After the phenomenon became widespread with the imposition of restrictions related to the Coronavirus, but it has not yet been initiated due to opposition from the pro-Iranian political currents (Byblos Bank, 2020).

These demands came as a response to a series of domestic violence incidents, the most prominent of which was the recent death of Malak Al-Zubaidi, who set her body on fire in the Najaf governorate, as a result of being subjected to domestic violence by her husband and his family. The social researcher, Wathiq Sadiq, says that "the phenomenon of domestic violence in general precedes the spread of the Corona virus, but it has exacerbated and highlighted it after the recent crisis due to economic and psychological reasons," pointing out that "these cases are reflections of the failure in state administration and its psychological effects on citizens”.

He added, "The rates of violence increased specifically during the period of confinement and complete closure, as a result of direct friction and poor financial conditions," noting that "the financial burdens, poverty and pressure, as well as the economic problem that the country is going through that led to delayed payment of salaries, which caused an increase in cases of violence" (Hassan Latif, 2020).
4. Adopting Targeted Economic Policies

Given that the monetary repercussions get up mainly from the incidence of intense shocks in particular sectors, policymakers will have to enforce fundamental measures directed at the level of public price range, monetary coverage, and the financial market, to assist the affected families and companies (The Central Bank of Iraq, 2020).

Households and organizations suffering from supply disruption and declining call for can be targeted in an effort to reap cash transfers, wage subsidies and tax alleviation, so that human beings are supplied with help to meet their desires and groups to keep their protection. For example, Italy has taken numerous measures, along with extending cut-off dates for paying company taxes in affected regions, increasing the insurance of the salary complement fund to offer profits support for laid-off people, Korea has provided salary subsidies for small investors, elevated domestic care advantages and job seekers, and China has canceled Social safety contributions from enterprise enterprises on a brief basis. For the ones who've been laid off, unemployment insurance can be expanded quickly, by using extending its period, growing blessings, or easing the eligibility necessities for benefiting from them. In the event that go away for sick or family motives isn't protected in the ordinary advantages, governments should bear in mind financing them and allow workers who are unwell or who contend with them to live at home without fear of losing their jobs at some point of the length of the epidemic (Hassan Latif, 2020).

Central banks ought to continue to be organized to provide sufficient liquidity to banks and non-bank economic companies, specifically those who lend to small and medium organisations, which may also had been much less prepared for extreme disruption. And governments can provide brief and targeted credit ensures to meet these agencies' liquidity desires inside the short term. For example, Korea has increased lending for enterprise operations and mortgage ensures for affected small and medium organizations. Financial marketplace regulatory and supervisory bodies might also encourage the temporary extension of mortgage maturities on the idea of a selected time frame.

Through broader financial stimulation, inclusive of reducing simple hobby rates or shopping property, self belief can be raised and financial markets supported if the marketplace faces dangers of considerably tightening monetary situations (while actions taken with the aid of massive vital banks additionally generate favorable repercussions for nations at risk). A large-based financial stimulus that is regular with fiscal area should assist growth combination demand however is possibly to be more powerful as company operations begin to return to normal (The Central Bank of Iraq, 2020).
In view of the good sized spread of this epidemic at the level of a huge quantity of nations, the huge cross-border financial ties, as well as the sizeable effects on confidence that restriction financial activity and affect economic and commodity markets, it is clear that there may be a clear case for coordinated response on the worldwide stage. The global network must assist nations with restricted health capacities to keep away from a humanitarian disaster. And the International Monetary Fund is ready to aid nations at risk through diverse lending centers, consisting of those who allow the disbursement of resources on an pressing foundation in case of emergency, that could attain 50 billion greenbacks to rising and occasional-earnings marketplace countries.

Conclusions and Recommendations

1. Conclusions

The decline in oil expenses and the failure of monetary guidelines and excessive spending rules have led Iraq to enter an monetary danger region. The deficit inside the 2020 finances may reach greater than 60 trillion Iraqi dinars and the size of the public debt, which has reached greater than 120 billion bucks, may additionally expand, and the authorities may become powerless. For providing salary and wage benefits for employees.

It can be said that the decline in oil prices and the failure of financial policies and extreme expenditure policies will push Iraq into an economic danger zone. The shortfall in the 2021 budget might spread additional than 70 trillion Iraqi dinars and the size of the public debt may increase by more than 160 billion dollars, and the government may become powerless. On the provision of salary and wage benefits for employees, a mixture of low oil fees because of declining worldwide demand, the unfold of Corona virus and the instability of the us of a's political scenario, may additionally usher in a brand new financial crisis wherein the Iraqi people may be the largest losers, and the Iraqi financial system will continue to be on the mercy of the charge of a barrel of oil until urgent measures are taken. And effective and rational financial guidelines to counter the low oil costs.

A mixture of low oil charges due to the decline in worldwide call for, the spread of the Corona virus and the instability of the political situation within the U.S.A., may additionally portend a brand new monetary crisis in which the Iraqi humans might be the most important losers, and the Iraqi economy will continue to be on the mercy of the fee of a barrel of oil unless urgent measures are taken and effective and rational monetary policies to stand lower costs Oil, and the government may additionally resort to taking intense austerity measures so as to have long-term bad consequences on the financial
system. In the face of pressing challenges, the federal budget will still need fundamental adjustments, and unprecedented pressure for government spending, and the 2020 budget will not be austerity.

2. Recommendations

Expanding social security coverage for the poor, increasing funding revenues for key government programs, and allocating more resources for the development of the private sector.

The crisis that Iraq is going through may have been the most dangerous over the past two decades or so, due to the decline in financial returns as a result of the negative oil demand shock caused after the Coronavirus crisis, and thus the government's financial sustainability. Therefore, the public treasury will reach the financial gap.

The Iraqi economy will enter an unprecedented state of economic stagnation, at a time when the government is working on more measures that deepen its recession and do not get it out of the crisis, so all that the government is satisfied with is placing it in one of the quarantine places without medication, respirators or drugs and without “Economic” care, so should we wait for his death for the problem to end? No, definitely, he is sick other than all patients, sick and it does not help to console ourselves by giving in to the loss of helplessness, and the exhaustion of all options.

The government should not come on the remaining third of the total demand to end it with uncalculated austerity measures, and it should re-read the economic literature on crises, and emulate the experiences of other countries that have prepared plans to face their economic repercussions. Because the economic justifications that have been cited for dealing with the crisis include cognitive errors that deny the understanding of reality, and subtract a flattening of what is happening, and a false perception that the current crisis is like all the previous crises that the current political elite has experienced. Not traditional and completely new to our awareness.

References


