Measuring the Effect Impact of Oil Revenues on Improving the Course of the General Budget of Iraq for the Period (2003-2018)

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Received: 27 Oct 2020, Revised: 7 Nov 2020, Accepted: 21 Nov 2020, Online: 29 Nov 2020

Abstract

Crude oil is one of the most important commodities traded in the balance of international exchange and an important source of energy. Crude oil also plays an important role in determining international policies for all countries of the world, whether producing or consuming. As for Iraq, crude oil is an important source of financing the general budget and financing development projects. The main problem in the research is that the abundance of oil revenues in Iraq did not help the development of the Iraqi economy despite the high prices of crude oil in most of the years of study. The research hypothesis came in the form of an interrogative hypothesis, is there a relationship between oil revenues and the general budget . The research seeks to verify the validity of the hypothesis in addition to achieving other sub-goals. The descriptive approach was relied upon in preparing the research, and the quantitative method was used to measure the relationship between oil revenues and general budgets. The research reached a set of conclusions and recommendations, the most prominent of which are:

1. There is a direct and direct relationship between oil revenues and the general budget.
2. The general budget in Iraq suffers from a continuous deficit for the period (2003-2018) despite the increase in public revenues.
3. The Iraqi economy is a unilateral economy that depends directly on the oil sector in the collection of financial resources in addition to the weakness of other sectors and the extent of their contribution to financing the general budget.

Keywords: Oil revenues, the general budget, General revenue, Public expense, Budget deficit.

1. Introduction

Crude oil is of great importance in several aspects, especially the economic one, through its nature and its chemical, physical and economic properties, being a vital commodity that affects the global economy, as crude oil is one of the most important commodities traded globally and an important source of energy that most countries seek to reach through their production Or import or export . Crude oil
also plays an important role in determining international policies and has economic and political dimensions for all countries of the world, whether producing or consuming crude oil. (Al Mahdawi Wafa, 2009: 11) the rise or fall in crude oil prices has important effects on the balances of these countries due to the fluctuation of crude oil prices and thus the increase or decrease in revenues. Oil producing and consuming countries, especially since most of the countries producing crude oil depend entirely on oil revenues to finance their general budgets. (Zubaidi Hassan, 2007: 231).

As for Iraq, crude oil is an important source of financial returns necessary in financing the general budget and a major player in the process of rebuilding the country and financing economic development projects, as Iraq’s reliance on crude oil to finance its financial returns and since the discovery of crude oil and the oil sector constitutes a large percentage in Gross domestic product, where oil revenues contribute more than (90%) to total public revenues. (Mahdi Haidar, 2000 : 23).

Research Problem

Despite the great importance of the oil sector in Iraq and the increase in oil revenues, it does not achieve the desired goals in developing the Iraqi economy and the various economic sectors.

Hypothesis

The research starts from an interrogative hypothesis that there is a relationship between Iraqi oil revenues and the deficit in the general budget, that is, in determining the path of the general budget.

Objectives

The research aims mainly to verify the validity of the hypothesis in addition to a group of sub-objectives, including :-

1. Analyzing the reality of the oil sector in Iraq.
2. The nature of the relationship between oil revenues and the deficit or surplus in the general budget of Iraq.
3. Measuring the relationship between oil revenues and the general budget of Iraq.

Importance of the Research

The importance of research comes from the fact that the subject of study is concerned with a vital and important sector in the formation of the Iraqi economy environment, which contributes a large percentage to financing the general budget and government programs that seek to achieve the requirements of economic growth.

2. Methodology

The researcher relied on the descriptive approach, which is based on the inductive method in analyzing data, time series, and partial data, and then analyzing the total indicators in addition to using the quantitative method in measuring the relationship between oil revenues and the deficit in the general budget.

3. Overview

The general budget has gained great importance in all countries of the world as it is one of the most important financial planning tools that achieve general goals and government programs. In addition, it is a tool of direct control over the executive authority and it is a pillar of economic, social and political development, and it is a numerical expression of the financial activity plan for a future financial period that plans a total General revenues and expenses.(Ali Muhammad, 2016: 449).

The general budget consists of two aspects the general revenues, in which all the financial resources that the state obtains, and the second side the public
expenditures in which all expenditures and expenditures made by the state are recorded. The general budget collects the two sides in an annual financial document to express the financial position at the end of the fiscal year either it was a surplus or deficit. Therefore, we can analyze both sides of the general budget in Iraq through: (Hussein Ismail, 2004: 6).

First: The Relationship of Oil Revenues to Public Revenues

Public revenues are an important financial tool in directing the economic activity in the country and it expresses the sum of what the state receives from its various sources in order to cover public expenditures, achieve economic and social balance and carry out its public functions. (Abdul Rahim Haroun, 2014: 3)

Political and economic circumstances have played into the ratio of the contribution of oil revenues to public revenues before 2003, including the first and second Gulf War and the imposition of the economic embargo, especially when the export of Iraqi crude oil was banned in 1991, so this percentage has decreased dramatically, reaching 62%, but the situation has changed. (Janabi Nabil, 2011 124)

After 2003, the lifting of economic sanctions and the total ban on exporting crude oil, as the contribution of oil revenues to public revenues increased dramatically, reaching (97%) This is due to several reasons, including the structural imbalance that most economic sectors suffer from, including the agricultural and industrial sector, and the low percentage of their contribution to public revenues, in addition to the increase in oil production and the rise in crude oil prices in international markets. The Iraqi economy depends on one resource, which is the oil sector, to finance its sources of income, which constitutes more than (90%) of its public revenues and is one of the most sources for financing the general budget. It is noted in Table (1) what follows: - (Bassam sehaam, 2013: 5)

- Oil revenues began to rise since 2003, reaching (4,096) million dinars, or (89%) of public revenues, due to the rise in crude oil prices on the one hand and the increase in oil production in Iraq on the other hand, and Iraq’s dependence directly on oil revenues to cover its increased expenditures for the reconstruction of Iraq and the requirements of economic reform.

- The increase in the percentage of the contribution of oil revenues to public revenues throughout the study period, as it reached the highest percentage (97.8%) in 2004. The lowest percentage was (76.4%) in 2014.

- The decrease in the contribution of other sectors to the total public revenues throughout the study period, as it reached the lowest rate (2.8%) in 2004. The highest percentage was (23.6%) in 2014.

- After 2014, oil revenues began to decline, after it was (110677) million dinars in 2013, it became (97072) million dinars in 2014 due to the security situation and most of the oil production stopped, especially in the western regions and the sabotage of some of the infrastructure of oil wells in Mosul and other regions.

- There is a direct relationship between oil revenues and public revenues, that is, whenever oil revenues increase, public revenues increase directly, and this is evidence that the Iraqi economy is a one-sided economy that depends on the oil sector to finance the general budget.
Table (1) general revenues and oil revenues in Iraq for the period (2003-2018)

<table>
<thead>
<tr>
<th>Year</th>
<th>General revenue</th>
<th>Oil revenues</th>
<th>The ratio of oil revenues to the public</th>
<th>Other revenues</th>
<th>The ratio of other revenues to the public</th>
<th>General revenue</th>
<th>Oil revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>4596</td>
<td>4096</td>
<td>89%</td>
<td>500</td>
<td>11%</td>
<td>4596</td>
<td>21729</td>
</tr>
<tr>
<td>2004</td>
<td>21729</td>
<td>21263</td>
<td>97.8%</td>
<td>466</td>
<td>2.8%</td>
<td>21729</td>
<td>28959</td>
</tr>
<tr>
<td>2005</td>
<td>28959</td>
<td>25623</td>
<td>88.4%</td>
<td>3336</td>
<td>11.6%</td>
<td>28959</td>
<td>28959</td>
</tr>
<tr>
<td>2006</td>
<td>45392</td>
<td>42106</td>
<td>93.4%</td>
<td>3286</td>
<td>6.6%</td>
<td>45392</td>
<td>57750</td>
</tr>
<tr>
<td>2007</td>
<td>45065</td>
<td>39093</td>
<td>86.7%</td>
<td>5972</td>
<td>13.3%</td>
<td>45065</td>
<td>45065</td>
</tr>
<tr>
<td>2008</td>
<td>57750</td>
<td>42442</td>
<td>94.1%</td>
<td>15308</td>
<td>16%</td>
<td>57750</td>
<td>57750</td>
</tr>
<tr>
<td>2009</td>
<td>76184</td>
<td>43070</td>
<td>79.6%</td>
<td>43070</td>
<td>14.6%</td>
<td>76184</td>
<td>76184</td>
</tr>
<tr>
<td>2010</td>
<td>39093</td>
<td>25623</td>
<td>88.4%</td>
<td>466</td>
<td>9.2%</td>
<td>39093</td>
<td>39093</td>
</tr>
<tr>
<td>2011</td>
<td>5972</td>
<td>42442</td>
<td>86.7%</td>
<td>5972</td>
<td>5.9%</td>
<td>5972</td>
<td>5972</td>
</tr>
<tr>
<td>2012</td>
<td>43070</td>
<td>42442</td>
<td>84%</td>
<td>15308</td>
<td>8%</td>
<td>43070</td>
<td>43070</td>
</tr>
<tr>
<td>2013</td>
<td>138424</td>
<td>101312</td>
<td>79.6%</td>
<td>27747</td>
<td>20.1%</td>
<td>138424</td>
<td>138424</td>
</tr>
<tr>
<td>2014</td>
<td>109150</td>
<td>97072</td>
<td>86.3%</td>
<td>30581</td>
<td>23.6%</td>
<td>109150</td>
<td>127653</td>
</tr>
<tr>
<td>2015</td>
<td>10312</td>
<td>94267</td>
<td>89.2%</td>
<td>11628</td>
<td>13.7%</td>
<td>10312</td>
<td>10312</td>
</tr>
<tr>
<td>2016</td>
<td>74679</td>
<td>945435</td>
<td>84.1%</td>
<td>715435</td>
<td>5.5%</td>
<td>74679</td>
<td>74679</td>
</tr>
<tr>
<td>2017</td>
<td>76876</td>
<td>784895</td>
<td>86.7%</td>
<td>784895</td>
<td>7.4%</td>
<td>76876</td>
<td>76876</td>
</tr>
</tbody>
</table>

Source:

Second: The Relationship of Oil Revenues to Public Expenditures

Public spending is one of the most important aspects of the public budget, which reflects the period of development of the state’s role in economic activity and its effectiveness in managing and evaluating the national economy, and that there is a strong relationship between the volume of public spending and the rates of economic growth. The growth of other economic sectors. Through following table (1), we note the following :- (Salem Salem, 2014: 129)

1- Public spending has developed significantly for the period (2003-2018) due to several reasons, including:
   - The government's desire after 2003 to pursue an expansionary fiscal policy in order to develop the Iraqi economy and try to achieve economic recovery and reach desirable growth rates.
   - The spread of the phenomenon of administrative and financial corruption, which led to the loss of a lot of financial resources and a decrease in the efficiency of project implementation.
   - Military spending has increased in a way that made it a priority for public spending due to the security conditions that Iraq has gone through.
2- The increase in the ratio of current expenditures to public expenditures, due to the following reasons :- (Al-Shammari Abdul-Samad, 2012: 93)
   - The large increase in the size of employees' salaries, the rise in the rate of inflation and the dominance of the public sector, which led to an increase in public expenditures to meet the inflationary gap.
   - The absence of economic planning in the process of allocating financial resources, as most of those resources went to current spending at the expense of investment expenditures.
- The absence of a policy of rationalizing current spending, the prevalence of wastefulness and extravagance on public spending.

3- The decrease in the ratio of investment expenditures to public expenditures, and this is due to several reasons, including:

(Musa Abdul Sattar, 2012: 155)

- Lack of financial resources allocated for investment from the state's general budget.
- The lack of an investment climate for foreign companies, due to the security factor and unstable conditions in Iraq.
- Reducing the role of the private sector in undertaking investment operations and attracting foreign companies and limiting this issue to the public sector.

Throughout Table (1), the following is noted:

- Public expenditures began to rise since 2003, reaching (9,231) million dinars, due to the requirements of rebuilding Iraq, the requirements of economic reform and economic reform programs, increasing the salaries of employees on one side, and the requirements of scheduling the public debt on the other side.
- The increase in the percentage of the contribution of operating expenses to public expenditures throughout the study period, as it reached the highest percentage (86.3%) in 2017. As for the lowest percentage, it was (59.8%) in 2013.
- The decrease in the proportion of investment expenditures from the total public expenditures over the length of the study period, as it reached the lowest percentage (13.7%) in 2017. The highest percentage was (40.2%) in 2013.
- After 2014, both operational and investment expenditures began to decrease due to the decrease in public expenditures, as public expenditures became (1040158) million dinars in 2018, of which (887,656) million dinars were operating expenses and others (152,502) million dinars were investment expenditures.

Third: The Relationship of Oil Revenues to the Deficit or Surplus in the General Budget

The deficit in the public budget is defined as the inability of public revenues to cover public expenditures, or it is a situation that embodies the overriding or excess of public expenditures over public revenues. The Iraqi economy was exposed before 2003 to many economic and political crises, wars, and other problems, and that resulted in many problems. And structural imbalances, which cast a perversion on the reality of the Iraqi economy and the nature of the work of the general budget, and these problems were magnified, structural imbalances deepened, and the process of inadequate allocation of financial resources increased and the lack of clarity of objectives. (Abboud Muhammad, 2007: 33)

But after 2003, the Iraqi economy was affected by internal and external factors that were characterized by a focus on increasing public expenditures in order to achieve economic reform, as the administrative and government agencies expanded greatly, which led to the waste of a lot of financial resources, and among these factors are:

(Hassan Yahya, 2012: 29)

1- Continued dependence on financial revenues to cover the general budget.
2- Disrupting many of the facilities of the productive economic sectors.
3- The enormity of the funds required for the reconstruction of Iraq.
4- High rates of inflation and unemployment.
5- The growing phenomenon of automatic and administrative corruption.
6- Increasing military expenditures due to the deteriorating security situation.
7- Distortions in the structure of economic sectors.

Through Table (1), the following is noted:-

- The deficit in the general budget began to appear clearly since 2003, when it reached (4636.2-) million dinars, due to the increase in expenditures in a way that exceeds public revenues despite the high oil revenues, but they did not cover this increase.
- Despite the financial abundance that occurred for the period (2008-2013) due to the increase in crude oil prices due to the financial crisis and the discrepancy in the global supply of crude oil, but there is a deficit in the general budget due to the lack of optimal financial allocation and the use of that surplus for expenditures.
- The high percentage of deficit in the general budget throughout the study period, as the highest percentage reached (-215957) million dinars in 2017 As for the lowest percentage, it amounted to (4636.2-) million dinars in 2003.
- After 2014, the deficit in the general budget began to increase significantly due to the decrease in public revenues, especially oil revenues, due to the security conditions that affected oil production and oil exports.
- After 2017, the financial situation began to improve due to the recovery of crude oil prices and the increase in oil revenues, which in turn led to an increase in public revenues and then a gradual decrease in the deficit, as the deficit in the general budget of Iraq reached (-178387) million dinars in 2018. (Central Organization for Statistics and Information Technology, 2018: 34)

4. Standard of Descriptions

1-Model description.

Through the theoretical and analytical side of the research and depending on the logic of economic theory, the standard model was described, which concerns the independent variable (X), which expresses oil revenues, as well as the dependent variable (Y), which expresses the general budget for the period (2003-2018) as shown in the Table (2).

Table (2) variables of the standard model for the period (2003-2018)

<table>
<thead>
<tr>
<th>general budget</th>
<th>Oil revenues</th>
<th>year</th>
<th>general budget</th>
<th>Oil revenues</th>
<th>year</th>
</tr>
</thead>
<tbody>
<tr>
<td>15727.9 -</td>
<td>80935</td>
<td>2011</td>
<td>4636.2 -</td>
<td>4596</td>
<td>2003</td>
</tr>
<tr>
<td>14768 -</td>
<td>102326</td>
<td>2012</td>
<td>11935.2-</td>
<td>21729</td>
<td>2004</td>
</tr>
<tr>
<td>-10872</td>
<td>138424</td>
<td>2013</td>
<td>7022.5 -</td>
<td>28959</td>
<td>2005</td>
</tr>
<tr>
<td>-12223</td>
<td>127653</td>
<td>2014</td>
<td>5570.9-</td>
<td>45392</td>
<td>2006</td>
</tr>
<tr>
<td>-1021</td>
<td>119462</td>
<td>2015</td>
<td>9662.9-</td>
<td>39093</td>
<td>2007</td>
</tr>
<tr>
<td>-11113</td>
<td>105895</td>
<td>2016</td>
<td>9086.8 -</td>
<td>57750</td>
<td>2008</td>
</tr>
<tr>
<td>-215957</td>
<td>790114</td>
<td>2017</td>
<td>18757.3 -</td>
<td>50409</td>
<td>2009</td>
</tr>
<tr>
<td>-178387</td>
<td>861771</td>
<td>2018</td>
<td>22922.1 -</td>
<td>61735</td>
<td>2010</td>
</tr>
</tbody>
</table>

2-The stability of the time series.

There are several methods used to ensure the stability of time series, as we will rely on four methods: the graph, the unit root test (ADF), and the (KPSS, P.P) test.

- We start by drawing the variable (Y) series of the general budget as in the figure (1), and it is clear that the series is unstable because it does not revolve around its mean . order to ensure the
instability of the time series, we test the unit root (ADF), which is evident by comparing the tabular (t) of (0.520859) that it is greater than (-1.970978) calculated below the level of significance (0.05) and the value of (p-valu) is also greater. From (0.05), this means that we accept the null hypothesis that there is a unit root in the time series, meaning that it is not stable. And that the value of the KPSS test statistic was (0.494077) greater than the critical value (Kwiatkowski) at a significant level (5%) of (0.463000). This means that we accept the alternative hypothesis that determines the existence of a unit root, meaning that the chain is not stable. Also, the value of the (PP) test statistic was (-0.995537) greater than the critical value (Mackinnon) at the level of significance (5%) which is (-3.081002). Also, the value of (p-valu) was greater than (0.05). The presence of a unit root means the chain is unstable.

We plot the series for the independent variable (X), oil revenues as in Figure (1). It is clear that the chain is unstable because it does not revolve around its mean. In order to ensure the instability of the time series, we test the unit root (ADF), which is evident by comparing the tabular (t) of (2.968124) that it is greater than (-3.144920) calculated below a significant level of (0.05). From (0.05), this means that we accept the null hypothesis that there is a unit root in the time series, meaning that it is not stable. The value of the KPSS test statistic was (0.512746) greater than the critical value (Kwiatkowski) at a significant level (5%) of (0.463000). This means that we accept the alternative hypothesis that determines the existence of a unit root, meaning that the chain is not stable. The value of the (PP) test statistic was (0.407913) greater than the critical value (Mackinnon) at the level of significance (5%) which is (-3.081002). Also, the value of (p-valu) was greater than (0.05). This means that we accept the hypothesis that there is a root. The chain is unstable.

Draw (1) plotting the time series for variable (Y) (x) at the original level

Source: is the researcher's work based on Eviews 9
In order to determine the stability of the time series, we use the difference method as follows:-

- It is clear from Figure (2) that the variable (y) series is stable at the first difference, because it revolves around its mean. To ensure the stability of the time series, we test the unit root (ADF), which is evident by comparing the tabular (t) of \((-2.728093)\) that is less than \((-1.970978)\) calculated below the level of significance (0.05). Also, the (p-valu) was less than (0.05) This means that we accept the alternative hypothesis that there is no root of unity in the time series, that is, it is stable. That the value of the KPSS test statistic was \((0.246752)\) smaller than the critical value (Kwiatkowski) at a significant level (5%) of \((0.463000)\). This means that we accept the null imposition that determines the absence of a unit root, meaning that the chain is stable. The value of the (PP) test statistic was \((-4.156012)\) less than the critical value (Mackinnon) at the level of significance (5%) which is \((-3.098896)\). That is, the chain is stable.

- We draw the chain for the independent variable, oil revenues as in Figure (2). It is clear that the chain is stable at the first difference, because it revolves around To ensure the instability of the time series, we test the unit root (ADF), which is evident by comparing (t) tabular of \((-4.652105)\) as being less than \((-2.981038)\) calculated below the level of significance (0.05) also the value of (p-valu) is less than (0.05) This means that we accept the alternative hypothesis that there is no root of unity in the time series, that is, it is stable. The value of the KPSS test statistic was \((0.102344)\) smaller than
the critical value (Kwiatkowski) at a significant level (5%) of (0.463000). This means that we accept the null hypothesis that determines the absence of a unit root, meaning that the chain is stable. The value of the (PP) test statistic was (-4.651524) less than the critical value (Mackinnon) at the level of significance (5%) and amounting to (-2.981038). Also, the value of (p-valu) was less than (0.05). The presence of a unit root the chain is stable.

Draw (2) plotting the time series for the variable (Y) (x) at the first difference

After we found, through unit root tests, that the dependent variable (Y) and the independent variable (X) in the model are stable in the first difference, that is, they are integral of the first degree (1) I, this means that there is an integrative relationship in the long term between them, so we will work to test the relationship Complementarity through a covariant integration test (Johansen - Geselius) The Johansen method of covariance tests the null hypothesis (H0), which states that there is no co-integration (long-term relationship) between variables, as opposed to the alternative hypothesis (H1) which states the existence of a relationship Joint integration of me And that is by adopting the (trace test), and (Figure 1) shows the results of the Johansen test to test the common integration of the vectors of the studied variables.

Figure (1) Johansen’s test for model variables

<table>
<thead>
<tr>
<th>Hypothesized No. of CE(s)</th>
<th>Eigenvalue</th>
<th>Trace Statistic</th>
<th>0.05 Critical Value</th>
<th>Prob.**</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>0.454654</td>
<td>9.323543</td>
<td>15.49471</td>
<td>0.3363</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.057889</td>
<td>0.834856</td>
<td>3.841466</td>
<td>0.3609</td>
</tr>
</tbody>
</table>

Source: is the researcher’s work based on Eviews 9
According to the results of this test according to the trace test, the calculated value of the greatest probability rate reached (9.323543), which is smaller than the critical value of (15.49471) at a level of significance (5%). This means that we accept the null hypothesis. This confirms that there is no common integration relationship between the studied variables, and now we estimate the (VAR) model through Figure (2).

Figure (2) estimating the (VAR) model for the studied variables

<table>
<thead>
<tr>
<th></th>
<th>Y</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y(-1)</td>
<td>2.275888</td>
<td>-6.782880</td>
</tr>
<tr>
<td></td>
<td>(2.11354)</td>
<td>(7.12685)</td>
</tr>
<tr>
<td></td>
<td>[ 1.07681]</td>
<td>[-0.95174]</td>
</tr>
<tr>
<td>Y(-2)</td>
<td>-5.084937</td>
<td>15.80472</td>
</tr>
<tr>
<td></td>
<td>(2.36475)</td>
<td>(7.97392)</td>
</tr>
<tr>
<td></td>
<td>[-2.15031]</td>
<td>[ 1.98205]</td>
</tr>
<tr>
<td>X(-1)</td>
<td>0.489375</td>
<td>-1.104051</td>
</tr>
<tr>
<td></td>
<td>(0.63712)</td>
<td>(2.14836)</td>
</tr>
<tr>
<td></td>
<td>[ 0.76811]</td>
<td>[-0.51390]</td>
</tr>
<tr>
<td>X(-2)</td>
<td>-0.973519</td>
<td>3.551480</td>
</tr>
<tr>
<td></td>
<td>(0.67743)</td>
<td>(2.28430)</td>
</tr>
<tr>
<td></td>
<td>[-1.43707]</td>
<td>[ 1.55473]</td>
</tr>
<tr>
<td>C</td>
<td>-28099.87</td>
<td>73376.89</td>
</tr>
<tr>
<td></td>
<td>(39387.7)</td>
<td>(132815.)</td>
</tr>
<tr>
<td></td>
<td>[-0.71342]</td>
<td>[ 0.55247]</td>
</tr>
</tbody>
</table>

R-squared | 0.640543 | 0.746739 |
Adj. R-squared | 0.480785 | 0.634179 |
Sum sq. resid | 2.16E+10 | 2.46E+11 |
S.E. equation | 49014.57 | 165277.0 |
F-statistic | 4.009446 | 6.634127 |
Log likelihood | -167.9705 | -184.9876 |
Akaike AIC | 24.71008 | 27.14109 |
Schwarz SC | 24.93831 | 27.36932 |
Mean dependent | -38077.96 | 186849.3 |
S.D. dependent | 68022.32 | 273261.2 |

Source: is the researcher's work based on Eviews 9
The economic explanation is clear from the previous model what follows:
- The significance of the constant value, which indicates that the value of the first difference for the fixed boundary is (-28099.87), with the values of the variable (x) constant, and this means that the general budget naturally decreases due to the effect of oil revenues.
- There is a positive and moral impact between oil revenues that are delayed by one year and the general margin. This means that increasing oil revenues by one unit leads to an increase in the general budget by (0.489375).

5. Statistical Interpretation

In general, we say that the model is statistically significant; Since we note from the above estimated equation that
- The coefficient of determination equal to (R² = 0.64), meaning that 64% of the changes in the general budget are the result of changes in oil revenues, while the remainder (36) is explained by other variables not included in the standard model that are included in the random variable
- Test F indicates the overall significance of the model; Since we find that F - stat = 4.009446, which is greater than the tabular (F), this indicates that the overall model is statistically significant.

6. Conclusions

1- There is a direct and direct relationship between oil revenues and the general budget. This is proven by the analytical side and the application side. This is because the general budget in Iraq depends directly on oil revenues.
2- The public budget in Iraq suffers from a continuous deficit for the period (2003-2018) despite the increase in public revenues for several reasons, including the spread of financial and administrative corruption in addition to price inflation and the increase in public expenditures.
3- The Iraqi economy is a one-sided economy unilaterally dependent on the sector.

7. Recommendations

1- The necessity of utilizing the financial resources from the oil sector in developing the Iraqi economy, directing public expenditures to their right destination, and developing investment expenditures.
2- Addressing the issue of financial and administrative corruption and rationalizing public expenditures in order to address the persistent deficit in the general budget.
3- Drawing up a strategy for the necessity of economic diversification and for Iraq not to depend on a single resource for financing public expenditures and taking into account the development and development of the industrial agricultural sector.


8. References


