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The role of domestic non-oil public revenues in the growth of the total non-oil GDP in Iraq for the period (2004-2021) an analytical study

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Abstract : The countries of the world have realized, as a result of their long experiences in managing their macroeconomic , that in order to advance the joints of the national economy and develop their domestic product, and then increase the rates of economic growth, this is achieved by expanding the variety of public revenues, whether through developing their traditional revenue sources or by finding new ones, and to clarify what Progress The research went to the analysis of non-oil revenues and an indication of their impact on the non-oil gross domestic product in Iraq for the period (2004-2021) The research has reached conclusions of great importance in this regard, including proving the hypothesis from which the research was launched, which indicates the weakness of the impact of non-oil public revenues (taxes and loans) in Iraq on the non-oil GDP during the period (2004-2021), which indicates The low contribution of the non-oil productive sectors (agriculture, industry) in the formation of the gross domestic product, and this is due to many reasons, including: the weakness of the productive base of the productive sectors of the Iraqi economy, the dependence of these sectors on traditional production methods, as well as the dependence of the Iraqi economy in its development on oil revenues And in a big way.
Keywords: non-oil revenues, non-oil GDP

INTRODUCTION: Fiscal policy is concerned with managing public revenues and using them to achieve goals stemming from the state’s economic, political and social philosophy. Fiscal policy usually performs three functions, namely: improving economic efficiency through reallocating resources, redistributing wealth and income, and achieving GDP growth. The economic is a major dilemma for most economies, as it is no longer sufficient to achieve a high growth rate, but rather how to maintain and sustain the growth rate in the future, and fiscal policy has important effects as it raises the growth rates of GDP, through its various tools, including the most important of which is public revenues, Public revenue sources vary at the present time, whether in developing or developed countries, as we find that these sources include taxes, fees, domain revenues, public borrowing, and deficit financing. There is no doubt that the percentage of dependence on obtaining revenues from each of the aforementioned channels varies from one country to another and from one stage to another, due to the difference in the political and economic climate in which that country lives. In Iraq, in addition to public revenues, excessive dependence on oil has undermined the chances of political stability. Financial, especially with the weakness of government efforts to maximize and diversify non-oil revenues and the acquisition of oil on more than 90% of the total revenues of the state.

First: the importance of research

The importance of the research stems from the importance of the variables in question, as achieving growth in the non-oil gross domestic product is one of the important topics, because of its role in achieving the goals of economic policy, the effectiveness and efficiency of the national economy, the redistribution of income, and its ability to achieve economic stability in Iraq.

Second: the research problem

Achieving high and sustainable growth rates in the gross domestic product is one of the main challenges facing any economy, whether it is a developing economy or an advanced economy, due to the ability of high growth rates to achieve economic, social and political goals. One sector in a big way, which is the oil sector, which reflects the rentier nature of the economy, and the resulting concentration of public budget revenues mainly on oil. Therefore, the deficit in the state’s general budget is one of the structural imbalances that the economies of developing countries in general and Iraq in particular suffer from. Based on the above, the research problem can be formulated with the following question:

What is the impact of non-oil public revenues on non-oil GDP in Iraq during the period (2004-2021)

Third: Research objectives

The objectives of the study focus on:

1- An analysis of the relationship between non-oil public revenues and non-oil GDP during the study period.

2- Analyzing and explaining the relative importance of economic sectors in the gross domestic product and showing structural imbalances.

Fourth: Research hypothesis

The research stems from the hypothesis that the disruption of the structure of output through dependence on the oil sector makes the economy vulnerable to shocks and their impact on reducing the state's non-oil public revenues and thus increasing the public budget deficit.

Fifth: Research limits

Temporal boundaries: A time series has been adopted for the period (2004-2021).

Spatial borders: the Iraqi economy

Sixth: Research Methodology

Use both inductive and deductive approaches in the research aspects:

The deductive approach: through the formation of models and hypotheses based on a set of well-known facts using logical analysis. As shown in the theoretical side of the research.

Inductive approach: The inductive approach was used in the analytical side of the research by using actual data as a basis for generalization.

The first topic: public revenues, gross product - a theoretical and conceptual framework

The first requirement: the concept of public revenue

The development that led to an increase in public expenditures has led to the development of public revenues, and the effects of this development have been manifested in the increase in the volume of these revenues and the multiplicity of their types and purposes. , As the sums that are paid on a daily or monthly basis to government agencies, whether it is a tax, customs fees, or others, are called public revenues, and they are collected and collected to be handed over to the government. Then these revenues are spent by the government on many fields and in several forms and are called public expenditures, and these amounts that were collected by the government are calculated and recorded under the revenue item in the general budget at the end of the fiscal year, and the cash amounts that were paid during the same year are also determined and stated. Finance under the item of public expenditures, and financial thought divided public revenues on the basis of distinguishing between their different types into different sections so that each of them includes resources that are similar in nature or characteristics. One of them is dividing it into resources that the state obtains forcibly from individuals, such as taxes and fines. And others obtained by virtue of a contract, as is the case in industrial and commercial (domain) revenues and resources that the state obtains free of charge, such as subsidies and grants that are paid in its interest, or it may resort to loans or new cash issuance in the event of an increase in its needs and lack of financial resources (Al-Sheikh, 2018: 195)

Thus, public revenues are defined as "all amounts collected by the government during a certain period of time, whether they are revenues from taxes, fees, grants, or loans (Al-Janabi, 1990: 40).

It is divided into many divisions, and in the following an explanation of the most important of these divisions is as follows:

1- Tax revenue: The term tax revenue refers to "all funds collected by the state and in general it is divided into direct taxes and indirect taxes.

2- Non-tax revenues: These are all amounts collected by the government in various ways, except for amounts collected through tax, and they include: administrative revenues, state revenues from domains, gifts, grants, and loans. The state may, in many cases, need to spend large sums on a specific aspect of public spending that ordinary revenues, especially taxes, do not allow for financing. Therefore, it resorts to the public loan as a means through which it obtains the necessary financial resources, and in this sense, the loan is a resource from the state's exceptional resources.

The second requirement: diversifying the sources of public revenue for the state

Revenue sources can be diversified by increasing the state's revenue sources on the one hand and diversifying exports on the other hand. Some believe that diversifying sources of income and not relying on a single economic resource is a strategic direction for development in order to achieve sustainable development that has the elements of survival and continuous development (Mahboub, 2019: 78), and that economic diversification means reducing dependence on one sector and creating new exports and different sources. For revenues other than the well-known traditional sources, abandoning the leadership role of the public sector and strengthening the role of the private sector in all economic sectors in order to ensure permanent and stable revenues (United Nations, 2018: 473), Accordingly, economic diversification means a gradual increase in the gross domestic product through the involvement of all economic sectors and not relying on one sector.

The third requirement: the historical development of public revenues according to economic schools

First: the classical school

The role of public finance in classical thought is limited to the financial purpose only, and in its narrowest limits, i.e. obtaining public revenues to cover public expenditures. On the one hand, public expenditures should not exceed a narrow, limited scope, which comes mainly from the traditional functions of the state represented by security, the judiciary, and external defense (Gregory & Stewart, 1999: 104-106). Accordingly, the traditionalists prefer taxes over consumption, because they do not impede saving. Progressive taxes were also seen as an undesirable means, because as they reduce the inequality in the distribution of incomes among individuals, they lead to a weakening of savings.

Second: the Keynesian school

The ideas advocated by the English economist John Maynard Keynes, which were mentioned in his book (The General Theory of Employment, Interest and Money) in 1936, emerged after the Great Depression crisis, calling for allowing state intervention in economic life to achieve full employment by influencing the components of effective aggregate demand. These ideas had an impact on the direction of public finances towards more intervention, and thus a set of reasons crystallized that led to the emergence of the ideas of the Keynesian school, towards more state intervention in economic and social life, including financial reasons (Salama, 2015: 230), and this means that The state resorted to a lot of resources to cover the increasing public expenditures such as taxes, fees, internal and external loans, and the new monetary issue.

Third: The Monetary School (Chicago School)

Fiscal policy continued to play the main role within the framework of macroeconomic policy in all parts of the world over the years following the emergence of Keynesian ideas until the beginning of the seventies of the last century, when the world faced a crisis of stagflation that the Keynesian ideas based on fiscal policy and its main tools could not deal with. Which necessitated the search for new solutions capable of dealing with this crisis (Benhabib, 2015, 179).

In this context came the ideas of the monetaryists (or what is known as the Chicago school), who believe in the importance of monetary policy, and that it is the most effective in facing the problem that the Keynesian analysis could not explain, as it completely contradicts the basic economic ideas proposed by the Phillips curve, which was based on the exchange between unemployment and inflation, The call of the numismatists not to use fiscal policy stems from their position opposing wide government intervention and their belief that the free economy is a stable economy that does not require wide government intervention.It proceeded from the principles of the classical theory in reducing the volume of revenues and public expenditures.

The school of supply-side economics emerged in the seventies, which was characterized by the liberalization of markets (especially the labor market and financial markets). This school focused on the supply side, seeing that it is the main engine of the economy and is the most important element in economic analysis. They put forward the idea of shifting from the role of fiscal policy in reviving effective aggregate demand to policies to revive the capitalist production system, especially by reducing taxes and limiting state interference in determining Wages and prices for the continuation of the work of the free market mechanism as it is the ideal tool in allocating resources and achieving economic equilibrium .

The third requirement: the concept and components of gross domestic product

Gross Domestic Product is an economic indicator that measures the monetary value of the total goods and services produced within the boundaries of a geographical area (a country, for example) during a specific period of time (usually a year). Gross domestic product is not an indicator of social well-being or total wealth, as there are a number of productive activities that remain outside the circle of gross domestic product measurement, such as household activities, voluntary and unpaid work, in addition to activities that take place in the black market (Al-Najafi, 2002: 82). And the increase in the volume of total output in the economy means an increase in the goods and services produced by the local economy, and this increase corresponds to an increase in the income obtained by the factors of production that contributed to the production process. The growth rate of GDP is calculated according to the following formula:

(Growth rate of GDP for the current year = ((GDP for the current year – GDP for the previous year) / GDP for the previous year)) x 100)

GDP data is used as a main economic indicator of economic growth, and another indicator can be calculated, which is the average per capita GDP, using the following formula:

(average per capita income = GDP / population)

The second topic: the theoretical relationship between public revenues and gross domestic product

Public revenues are considered one of the most important financial tools, and they mean the total income that the state obtains from various sources in order to cover its public expenditures and achieve economic and social stability.

Among the most important sources of public revenues are tax revenues, which represent the largest share of them, then borrowing. Due to the importance of these two sources, we will present in this section the effects of these financial variables on the gross domestic product.

The first requirement: the economic effects of taxes

Taxes, as a deduction from the income and wealth of individuals, play an important role in the economies of all countries. A tool of fiscal policy is used to influence production, consumption, savings and achieve economic stability. The taxpayer may bear the impact of that tax directly or by transferring the burden of that tax to others. Whether the taxpayer bears it or transfers its burden, it has effects on the gross domestic product, as reducing the volume of tax deduction leads to an increase in available income, and then production, so that it has an expansionary effect on the gross domestic product less than the case of an increase in public expenditures.

The tax multiplier shows the effect of a unit change in the tax on the equilibrium level of national income and then on aggregate demand, the gross domestic product:

$$y = C + I + G + (X - M) \dots\dots\dots\dots\dots\dots (1)$$

As the gross domestic product, which is the other form of aggregate demand, is equal to the sum of private consumption spending in addition to the sum of private investment spending, in addition to the government investment and consumption spending, then the surplus of exports. To simplify the analysis, we exclude the outside world and assume that the economy is closed.

$$C = Co + c(y - T) \dots\dots\dots\dots\dots (2)$$

Since taxes affect income directly, the Keynesian consumption function has become this way.

And by substituting equation (2) into equation (1)

$$y\mathrm{o} = Co + c(y - T) + G + I$$
$$yo = Co + cy - cT + G + I$$
$$yo - cyo = -cT + Co + G + I$$
$$yo(1 - c) = -cTo + C0 + G + I$$
$$yo = \left(\frac{1}{1-c}\right) - cTo + CO + G + I \dots\dots\dots\dots\dots\dots (3)$$
$$y1 = \left(\frac{1}{1-c}\right)(-cT1 + Co + G + I) \dots\dots\dots\dots\dots\dots (4)$$

By subtracting equation (3) from equation (4)

$$y1 - yo = \left(\frac{1}{1-c}\right)(-cT1 - cTo)$$
$$y1 - yo = \left(-\frac{c}{1-c}\right)(T1 - To)$$
$$\Delta \boldsymbol{y} = -\frac{\boldsymbol{-c}}{\boldsymbol{1-c}}\,(\Delta \boldsymbol{T})$$

The tax policy seeks to achieve economic stability by fighting economic stagnation, inflation and stagflation, achieving full employment and stabilizing price levels, and thus the tools used in the framework of tax policy differ according to the economic situation known to each country.

The second requirement: the economic effects of loans

Spending the proceeds of internal loans has expansionary effects that can compensate for the deflation that occurs when it is issued, and the extent of those effects expands if the source of the borrowed funds is idle money or money pumped by commercial banks or the central bank because of the ability of these institutions to create new purchasing power. As the aggregate demand increases as a result of adding the state's demand for goods and services to the demand of individuals, and if the economic activity is at the level of full employment, the effect of spending the proceeds of the public loan is usually inflationary due to the increase in aggregate demand that exceeds the increase in output. But if the economy is below the levels of full utilization, then the rise in aggregate demand enhances the growth of the gross domestic product in the country (Al-Ani, 2018, 433), and the classics and after them the new classics believe that public loans are an exceptional source of public revenues and that the best policy is to reduce public borrowing, and the reason It believes that public borrowing is a burden on the economy, as it disturbs the automatic balance of the employment level (Morsi, 14:2020). This theory believes that public debt has a negative impact on economic growth. The accumulation of public loans leads to an increase in the size of the public debt, and then to a slowdown in the growth rates of production and consumption due to the costs of debt servicing. And the multiples of future tax increases to pay interest on debt (Samuelson, 2010: 650), while public borrowing to finance public expenditures is not favored except in exceptional cases represented by wars and crises (Panizza & Presbitero, 2013: 197), while Keynes believed that the deficit funded by government bonds enhances activity Economic studies by stimulating total government spending in the short term, and economic studies have shown that the impact of public debt on economic growth depends on the nature of the stage the economy is going through. In the context of economic recession, stimulating aggregate demand with the aim of developing idle capacity and increasing economic growth is the central objective of economic policy. Public loans are an efficient and effective tool to achieve this goal, as creating a public budget deficit and financing the deficit through public loans is likely to have a positive impact on economic growth in the short and long term, and as long as there are more idle resources, this impact will be significant on Economic growth (Panizza & Presbitero, op.cit, p: 198).

The third topic: analysis of non-oil public revenues for the period 2004-2021

The first requirement: analysis of non-oil public revenues in Iraq

It is no secret that the Iraqi economy is a one-sided rentier economy that is characterized by large and accumulated structural imbalances, as the revenues it receives from the oil sector represent the main source of state revenues, unlike the rest of the economic sectors that contribute in a very low way to the oil sector. It is obtained by the state in its sovereign capacity, which is directly linked to this oil resource and is affected by fluctuations in the global oil market. The oil sector also contributes to the largest percentage in financing the state's general budget and is considered the main resource for it. However, the non-oil financial revenues that Iraq seeks to continuously develop and diversify will be analyzed.

Table (1) shows the volume of non-oil financial revenues, which we find increasing annually, albeit at a different rate. In 2005, the annual growth rate reached 149.4%, which is a very large growth rate that shows the extent of the government's determination to develop and diversify the economic reality. The government also seeks to reduce dependence on Crude oil, because of its future harms and being a depleted resource that cannot be relied upon permanently (Al-Anbaki, 2008 179-180), This annual increase and growth has been preserved in most of the years of the study, since its impact is related to the general economic policy of the state and global changes, but to a lesser extent. Non-oil revenues achieved a growth rate of 38.2% in 2007, while the growth rate decreased to 16.3% in 2009 as a result of the impact of the financial crisis. Global impact on all the economies of the countries of the world, including Iraq, and after the improvement of the economic situation and the adaptation of the Iraqi economy to encourage and develop non-oil revenues, it rose to 211.3% in 2011, but we notice a decrease in 2012 to -29% as a result of the increase in the export of crude oil and the rise in world prices for him, This led to a decline in the value of achieved non-oil revenues, and that increase was eroded with the rise in crude oil prices (Haddad, 2007: 111), while we note that the situation continued in the years 2013 and 2014 with a negative annual growth rate of -42.3% and -43.6% respectively. Respectively, a change that is part of it apparent and part of it real as a result of the impact of the dual financial crisis represented by the drop in oil prices, the elimination of terrorist gangs, and the government's delay in diversifying the sources of revenue generated for Iraq (Abdul Reza, 2007, 10) The volume of non-oil financial revenues remained fluctuating continuously throughout the subsequent years affected by the value of crude oil in the global markets. The higher the oil revenues, the lower the volume of non-oil revenues. The lower the oil revenues, the more this led to a recovery in the value of non-oil financial resources, and this is supported by the government's approach towards improving and developing these Financial revenues and to take a larger space in the future, which is what Iraq seeks to achieve, and these revenues achieved great growth rates as in 2020.

Table (1) Non-oil public financial revenues in Iraq for the period 2004-2021

(billion Iraqi dinars)

The ratio of loans to non-oil revenues	annual growth rate	General loans indoor and) (outdoor	Contribution of tax revenues to total non-oil % revenues	Annual growth rate of tax % revenue	tax revenue	Non-oil revenue growth % rate	Size Non-oil public revenues taxes, fees,) (others	the details / the year
231.6	-	91628	40.3	-	159.6	-	395.70	2004
86.8	-6.5	85696	50.2	210.3	495.3	149.4	987.00	2005
53.1	35.1	115817	17.5	- 23.0	381.2	121.1	2182.30	2006
32.6	-15.2	98176	40.7	222.2	1228.3	38.2	3015.60	2007
18.8	-17.0	81502	22.7	-19.7	985.8	44.0	4343.90	2008
15.8	-2.2	79674	40.6	108.0	2050.5	16.3	5053.30	2009

11.4	-5.7	75154	22.8	- 26.7	1503.5	30.3	6584.00	2010
3.9	7.6	80863	11.7	60.2	2408.2	211.3	20499.00	2011
51.4	-7.6	74732	15.9	- 4.0	2311.1	-29.0	14546.2	2012
8.9	0.4	75009	30.0	9.0	2518.7	-42.3	8389.10	2013
15.1	-4.6	71525	57.0	7.2	2699	-43.6	4731.80	2014
5.2	9.2	78110	17.3	- 2.8	2623	220.3	15157.65	2015
10.2	32.7	103619	44.7	72.7	4531	-33.1	10142.17	2016
10.2	21.1	125499	42.4	14.8	5201	20.9	12266.67	2017
12.1	1.0	126737	5.8	- 88.2	612.64	-14.4	10506.20	2018
8.9	-3.0	122967	5.8	22.6	751.24	31.6	13826.11	2019
4.2	14.1	140282	6.5	191.3	2188.29	143.8	33701.17	2020
6.9	-5.4	132760	6.5	- 45.9	1184.10	-42.6	19344.50	2021

Source: prepared by the researcher based on the reports of the Ministry of Finance, Iraq, Department of Statistics, annual reports for different years.

The second requirement: analysis of tax revenues in Iraq

The financial revenues derived from the tax are of particular importance as they achieve financial, economic and social goals, and Iraq strives to develop this type of financial revenue, and we note from Table (1) that the tax revenues have been fluctuating up and down although what governs them are the laws in force that require the taxpayer to pay Mandatory, as the annual growth rate reached 210.3% in 2005, and this confirms the importance and effectiveness of the tax sector and the possibility of its development. However, this type of revenue has been fluctuating between high and low at other times due to the lack of a clear policy to determine and develop the volume of tax revenues, as well On the lack of real tools to apply the law accurately, So its annual growth rate decreased in 2006 to -23.0%, then it soon returned to the rise and very significantly in 2007, a growth rate of 222.2%, as a result of the government’s increased interest in improving and diversifying the financial revenues generated by the state through the multiplicity of its sources, but it remained associated with Changes in global crude oil prices When looking at the table, we note that the volume of tax revenues increased to 108% in 2009, while the growth rate of tax revenues declined in 2010 to -26.7%, while it rose in 2011 to 60.2%, either in terms of relative importance Regarding the volume of tax revenues to non-oil revenues, we note that it has great importance despite its decline in some years. It was a maximum of 50.2% in 2005 and a minimum of 11.7% in 2021. As a result of the conditions that Iraq went through, including the global epidemic, and the growth rate reached 7.2% in 2014, which is a relative reflection of Iraq's impact on the financial crisis in Iraq in 2014, as a result of the decrease in the value of crude oil sales, which enhanced the value of tax revenues, while its contribution decreased to -2.8 % after a relative improvement in the public financial revenues of Iraq, in 2016, as well as in 2017, when the growth rate reached 14.8%, but it soon fell to -88.2% in 2018, and we note that the growth rate increased to 22.6%, after it was only -88.2% in 2016, and it increased significantly, with a growth rate of 191.3% in 2020, However, it quickly declined in 2021. However, when looking at the percentage of tax revenue contribution to total public revenue in Iraq, we note that its percentage remained modest and did not achieve a qualitative leap in diversifying the sources of revenue for Iraq, and it came in varying proportions during the years of study and the rate of tax revenue contribution was In non-oil public revenues, it is approximately 26.57%. The fourth requirement analysis of public loans in Iraq.

From Table (1), we note that the volume of public loans in Iraq declined gradually during the period of the study, with the exception of some years in which Iraq was forced to resort to borrowing as a result of the need for this type of revenue due to the weak volume of tax revenues and the low volume of revenues derived from exporting crude oil abroad, so we note that The ratio of loans to non-oil public revenues reached 231.6% in 2004, while it decreased in 2005 to 86.8%, which is still high. Therefore, Iraq resorted to continuing to reduce the volume of public loans and not relying on them as a main source of financing public revenues, and the volume of loans continued to fluctuate. and the percentage of its contribution to the total non-oil revenues, as shown in Table (1)

The fourth topic: the development of non-oil gross domestic product in Iraq 2004-2021

The non-oil gross domestic product represents an important part of the size of the gross domestic product in Iraq, and the competent authorities in Iraq seek to increase interest in this part of the gross domestic product by strengthening the role of other economic sectors, which are characterized by sustainability and the possibility of developing them during a certain period, and we note through the table (2) The size of the gross domestic product has improved well throughout the period of the study, and it was subjected to a decline in some years of global crises as an exceptional case, as it achieved varying growth rates, In 2005, it achieved a growth rate of 1.7%, despite the general conditions that Iraq went through politically and economically (www.gicj.org). The security situation in this particular year and what followed in 2007 (Muhammad, 2010,: 100) as we find that this was negatively reflected on the non-oil gross domestic product, as it nevertheless achieved a growth of 1.9%, which is a result of what we referred to in the circumstances it went through Iraq in general, as for 2008 and with the improvement of the security situation in Iraq at the end of the previous year, The growth rate of non-oil output improved to 8.2%, which is an excellent rate that maintained the relative importance of the non-oil GDP at a rate of 46.8%. In 2009, with the intensification of the signs of the financial crisis of 2008 and its misleading reflection on the Iraqi economy, including the non-oil GDP, it declined The growth rate of output is modest compared to 2008, as the growth rate reached 3.3% in 2009, which is a reasonable rate in light of the surrounding economic conditions during which the economies of the countries of the world declined significantly, in addition to the retreat of investment companies from their work around the world and return to their places of origin. (General Secretariat of the League of Arab States 2015: 59) As for the year 2010, And with finding solutions since the end of the previous year, non-oil output growth has risen to 6.5%, a percentage that Iraq aspires to achieve in light of the good conditions that surrounded the Iraqi economy, including what is included in external conditions represented in the improvement of oil prices, the investment of international economic relations and the strengthening of international economic cooperation And opening the way for mutual investment between Iraq and the regional and non-regional countries of the world, as well as the improvement of the economic situation internally, which encouraged an increase in growth in non-oil output to a growth rate of 7.5%, while it rose to 13.9% in 2012 and with the improvement of conditions in the subsequent years, the output increased to a growth rate of 4.7%, as it increased in 2016 by 13.8%, and the percentage of the contribution of non-oil output in Iraq rose to 39.6%, It is an excellent percentage that Iraq can achieve the steps of progress and economic diversification, while it decreased to 0.6 in 2019, as a result of the emergence of signs of the global health crisis, which is Covid-19, which led to the tightening of trade exchange operations between the countries of the world, which increased in 2020. Non-oil output declined to A negative growth rate of -11.2%, while it declined sharply in 2021 with the continuation of commercial closure measures and the imposition of strict restrictions in trade exchange, and the increase in the cost of transportation and other requirements, which led to a decline in the volume of non-oil output, at an annual growth rate of -38%, while the relative importance of output reached Non-oil in Iraq is only 43.5% for the year 2021.

Table (2) Non-oil Gross Domestic Product, its growth rate, and the percentage contribution of non-oil sectors in Iraq for the period 2004-2021

(Million dinars)

Ratio of commercial output to non-oil GDP	Ratio of industrial output to non-oil GDP	Ratio of agricultural output to non-oil GDP	Importance relative to non-oil GDP	annual output growth rate	Non-oil GDP	Year
70.9	1.50	4.56	48	-	101788449	2004
73.0	1.50	4.88	50.7	1.75	103568449	2005
64.1	1.47	4.98	48.6	5.6	109368369	2006
74.6	1.46	4.89	50.2	1.9	111455813	2007
71.0	1.41	4.69	46.8	8.2	120626517	2008
71.0	1.48	4.87	33	3.34	124659542	2009
74.0	1.39	6.30	37	6.5	132731012	2010
78.0	1.32	6.17	42.8	7.5	142696722	2011

83.3	1.24	6.40	43	13.9	162587533	2012
82.4	1.19	6.14	38.1	7.6	174990175	2013
76.7	1.25	3.33	35.6	0.2	175335399	2014
76.4	1.24	2.05	36	4.7	183616252	2015
72.9	1.02	1.80	39.6	13.8	208932110	2016
80.7	1.01	1.48	41.1	-1.8	205130066	2017
75.7	1.03	1.94	48.2	2.6	210532887	2018
80.4	1.04	2.88	43	0.6	211789774	2019
55.1	1.18	4.29	42.4	-11.2	188112265	2020
69.3	1.67	7.38	43.5	-38.0	116593449	2021
73.81	1.3	4.39				average period

Source: Ministry of Finance - Economic Department - Final Accounts Tables
- The World Bank, data for each country, https://www.albankaldawli.org/ar/home

Percentages prepared by the researcher, based on data and reports of the Ministry of Planning, for the study period 2004-2021.

It is necessary to address the clarification of the contribution of the sectors of agriculture, industry and trade to the non-oil GDP, as follows:

1- Analysis of the contribution of the agricultural sector to the non-oil GDP of Iraq

The agricultural sector represents a part in the composition of the non-oil GDP in Iraq, and its growth rate fluctuates as well as its contribution rate annually. Table (2) shows that importance, which changes of course with changing economic conditions, as well as changes in annual agricultural policies and plans drawn up by the competent authorities in Iraq. represented by the Ministry of Agriculture, which takes into account ways to provide appropriate conditions for the success of agricultural plans, which contributes to increasing the size of the contribution of the agricultural sector to the non-oil gross domestic product in Iraq, In the table, we note the fluctuation of the agricultural sector’s contribution to the formation of the non-oil GDP. The lowest contribution rate was 1.48 in 2017 and the highest was 7.38 in 2021, while the average contribution of this sector was 4.39% for the period (2004-2021). The decline in agricultural production is due to the reduction of the plan. In addition to the high temperatures in the summer, which doubled the rate of evaporation in the waters of lakes, dams and rivers (United Nations, 2009: 39)

2- Analysis of the industrial sector to the non-oil GDP in Iraq

The industrial sector in Iraq contributes modestly to the formation of the non-oil gross domestic product, and this is due to many reasons, including the weakness of the industrial production base and the scarcity of industrial machinery and equipment, especially the modern ones, and the industrial sector in Iraq is divided into the non-oil industries that we are dealing with, including for example For example, manufacturing industries, including food factories, including sugar and oil factories, flour factories, canning factories, etc., and plastic factories, which are represented in plastic cans, tanks, tables, seats, and others. As for the other type of industries, they are industries that specialized in the mining, extractive and oil sector in the first place, which we exclude from our study, and which are currently run by foreign oil companies and monopolize them without giving room for Iraqi cadres to manage and maintain them. The total non-oil contribution ranged between the lowest percentage of contribution of 1.01 in 2017 and the highest percentage of 1.67 in 2021, and the average percentage of its contribution during the study period was 1.3% for the reasons mentioned above. 3- Analysis of the development of the commercial service sector to the gross domestic product in Iraq,The output achieved from the commercial sector in Iraq is an important financial resource in Iraq and achieves an increasing return in general, as it is affected by the external and internal conditions that surround this sector (Yasser, 2011: 101-103) We note from table (2) that the commercial output achieved good contribution rates compared to other sectors, as it was 73.81 as an average for the period (2004-2021), and the highest contribution rate was 83.3 in 2012, and the lowest rate was 55.1 in 2020.

Conclusions

1- Proof of the hypothesis from which the research was launched, which indicates the weakness of the impact of non-oil public revenues (taxes and loans) in Iraq on the non-oil GDP during the study period.
2- The volume of loans in Iraq comes from internal loans and external loans, and the internal loans are a small part in relation to what the external loans occupy from them, as they have the largest part in most years of study, especially in the first two-thirds of them. This indicates that there is a fluctuation in the indicator of the internal public debt ratio To the gross domestic product, this fluctuation gives an indication of the existence of confusion in the total monetary and financial policies applied in Iraq, which in turn reflected negatively on the Iraqi economy.
3- The Iraqi economy, during the study period, went through difficult periods represented by financial crises, including the drop in oil prices in the global market, as well as the instability of the security and military situation.
4- The contribution of the agricultural sector was fluctuating and modest, due to a number of factors, including water scarcity and forced migration of farmers.
5- The industrial sector in Iraq contributed modestly to the formation of the non-oil gross domestic product, during the period of the study, and this is due to many reasons, including: weak industrial production base, scarcity of industrial machines and equipment, especially modern ones with high technologies, in addition to the policy of the open door to import, which It led to limited local industries.

Recommendations

1- The Iraqi economy, within its economic policy, must move towards diversifying sources of income to mitigate the impact of financial shocks that it may be exposed to as a result of the concentration of exports in a specific type only, which requires attention to diversification with public revenues.
2- Increasing the contribution of other non-oil economic sectors in the Iraqi economy, such as the agricultural sector and the industrial sector, is of great importance in the emergence of forward and backward links for the various sectors of the national economy, and then reducing dependence on one source of income, which is the oil sector, and limiting that to basic necessities, especially investment, which results from this. Stimulating the work of the multiplier and the accelerator, allowing the exploitation of economic resources that are not used in the Iraqi economy, and developing the gross domestic product
3- Taxes should be used to protect and develop national production, as it is local production that has become facing a great danger after the exposure that followed the change that took place in 2003 and the great competition from foreign production, which requires extending a helping hand to this sector in more than one way, including taxes that would provide protection Even if it is temporary in order to give this sector a chance to rise from the impasse in which it has become.
4- Work to establish a sovereign debt fund that will be financed from the abundance of the future financial surplus in order to finance the interests and installments of the public debt instead of the pressures exerted by interest and installments on public spending and crowding out spending on the gross domestic product (industrial, agricultural and service sectors......etc).), the interests and installments of the debt exceeded (9) trillion dinars in the budget for the year (2021), which is approximately (7%) of the total public spending.
5- The need for fiscal policy efforts in Iraq to focus on searching for new opportunities for non-oil resources, while controlling public expenditures and maximizing non-oil revenues.
6- Reconsidering taxes and using them as an important financial resource to reduce the deficit of the state's general budget, as it is one of the tools of fiscal policy. In addition to reducing cases of tax evasion through the adoption of strict and deterrent laws for those who fail to pay the tax in exchange for granting material and moral incentives to the taxpayers who are committed to paying the prescribed tax on time, as well as increasing the dissemination of tax awareness among members of society, and this in turn leads to an increase in the size of the tax base.

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