

Analysis of the reality of monetary hegemony In economics in Iraq For the period (2004 – 2021)

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Abstract : Monetary dominance is a set of measures undertaken by the central bank to maintain the stability of the general level of prices and reduce inflation rates. Instead, the financial authorities should not explain the desire to increase public expenditures. This difference in motives made Iraq, in the past twenty years, a measure A fundamental rethinking of how central banks should function. This rethinking has led to major changes in how central banks operate, and we are now in an era in which central banks in many countries around the world have achieved remarkable success – keeping inflation low, while striving to grow their economies.

Introduction: The Iraqi economy depends on the dominance of the oil sector and the dominance of the state in economic activity, and the growth patterns that Iraq witnessed in the past resulted from the growth of the oil sector at the expense of simple rates in other productive sectors, as the oil sector represents two-thirds of the Iraqi economy, and the new measures that took place within the policy frameworks Cash is a law passed by Central Bank of Iraq No. (56) of 2004, which includes the principles of financial and monetary liberalization and the emphasis on the independence of the Central Bank in, as Article (26) of the law stipulates that the Central Bank shall not resort to lending to the government or any public institution, and that providing support for cash liquidity in government commercial banks shall be in the same manner. Conditions for lending to private commercial banks. Article (28) of this law also includes regulating open market operations, including buying and selling foreign currency, and removing restrictions imposed on financial transactions and transfers. In 2004, the Central Bank also adopted a policy of abandoning interest rate setting. There has been a shift in financing operations for external financial payments towards (the window for selling foreign currency that was created after 2003), as this window, which is practiced by the Central Bank on a daily basis, has become one of its tools to maintain the stability of the exchange rate and the general level of prices in light of the economic reality and the situation. Financial expansion in public state expenditures.

1- Research problem.

Monetary policy requires a modified approach that is immune to sudden and unexpected changes in the macroeconomic scenario. Policies that are effective in a given macroeconomic environment may have unintended consequences when conditions suddenly. Independence is the foundation on which the ability of central banks to determine their monetary dominance and control the economy in difficult times depends

2- Research objective.

The research aims to identify the content and concept of monetary dominance and analyze the most important indicators for determining monetary dominance in the Iraqi economy.

3- Research hypothesis

is based on the hypothesis that monetary hegemony primarily focuses on developing unconventional monetary policy tools that enable it to provide more stimulus and achieve economic goals.

the theoretical side:

First: The concept of monetary hegemony

Central banks face new challenges in the interface between monetary and financial stability. It is currently operating in an environment characterized by a high volume of debt, and in its work, central banks appear to be responsible for managing modern economies. They are responsible for setting interest rates in order to achieve stable inflation, and to achieve full employment in most cases (in advanced economies). One of the basic pillars of this approach, which can be called " monetary hegemony ." When setting interest rates, central banks do not have to care about whether raising these rates will increase the government's debt or the risk of default. This is because when interest rates are raised and governments have to pay more to repay their debts, the desired path is for the authorities to reduce expenditures, which will calm the flurry of economic activity and reduce inflationary pressures. Independence is the foundation on

which the ability of central banks to determine financial policy and control the economy in difficult times depends. In the wake of the global crisis, lower interest rates and less extreme public debt levels prevailed, allowing central banks to ignore the then relatively ineffective interactions between monetary and fiscal policy.

Monetary hegemony is defined as the government's ability to borrow from the central bank, which is limited in addition to the failure of the monetary authority to respond to the government's objectives, which in this case prompts the government to acquiesce to some of the objectives of the monetary authority. Therefore, government measures adjust its budget deficit from one period to another because the central bank is not obligated. By financing this deficit, given that the central bank represents the monetary authority, it is the one that determines the growth in the monetary base independent of the government's monetary needs, and the possibility of financing it from domestic and foreign resources. (1).

Monetary dominance occurs when the central bank enjoys its independence from the government, and this situation arises when the capital markets and financial markets are not developed and are not characterized by flexibility and the ability to absorb the government's financial requirements to finance the budget deficit. (2).

As you know, monetary hegemony is the independence of central banks from the executive authority, that is, the separation between spending money through the general budget and the ability to provide it from its various sources, meaning collecting it without cost or burden by issuing cash. Most countries are also due to governments' misuse of their authority to print currency to finance Budgeting by borrowing from the central bank, which generates high rates of inflation resulting from increased spending (3).

Second: Indicators for determining monetary dominance.

First: Money supply.

The supply of money means the quantity of monetary units that people have, or the money that is held by individuals, projects, and various institutions during a certain period of time, and thus it is considered a reserve and not a flow. Various concepts of the supply of money have emerged according to the economic development of societies, and therefore it refers to local means of payment. Which the public owns(4).

Sections of the Money supply (Measures of Money Supply The money supply is divided into many types Of which:

1 - Monetary basis (M0)

The monetary base is defined as the smallest component of the money supply, and it is called the monetary base or high-strength money. It consists of the currency in circulation with the public, plus bank monetary reserves, according to the following equation:

$$M0 = C + R \dots\dots\dots (1)$$

2-Money supply in the narrow sense (money supply) (The Narroy Money Supply M1).

It means the currency in circulation with the public or the currency outside the banking system in addition to deposit money or bank money (current deposits), and it can be expressed by the following equation:

$$M1 = DD + C \dots\dots\dots (2)$$

DD = Current deposits, C = the currency Traded Outside the device The banker.

It is clear from the above equation that there are two parties that determine the money supply M1, namely the central bank and commercial banks(5).

3- Money supply in the broad sense (M2)

It includes the money supply in the narrow sense, in addition to deposit money and savings and time deposits in commercial banks. According to Samson, (M2) is considered an important indicator for determining the direction of growth in the money supply and the level of economic activity, because the money supply in the narrow sense does not express the actual quantities of money available in the country. The national economy is not the only one that determines spending, but rather changes in total spending and the level of income may be a response to changes that occur in quasi-monetary assets, which requires taking quasi-money into consideration to determine the concept of money supply (6). Classen also believes that the money supply in the broad sense affects inflation and the overall economy and contains what he calls a set of means for temporarily retaining purchasing power. Some thinkers do not include quasi-money in M2, but Friedman includes it and considers it a deferred store of purchasing power(7).

$$M2 = M1 + SD + STD \dots\dots\dots (3)$$

The money supply, in the broad sense, is considered one of the monetary variables, which gives the broader role to the role of money in economic activity, and it is considered one of the basic factors of monetary policy, which determines the pattern of the state's treatment of the money supply, whether its monetary policy is expansionary or contractionary, by controlling the levels of the money supply. There are also factors that affect the supply of money, which are the percentage of cash reserves that must be kept to cover the public's deposits and to confront sudden

withdrawals, the habits of the public, the desire to keep money as currency or deposit money, and the cash reserves in the banking system.

Second: monetary depth.

It is the relationship between the money supply and the gross domestic product. It is considered a corresponding and corresponding concept to financial depth. It expresses the extent of the efficiency of the monetary policy set by the central bank. Monetary depth is measured by dividing the monetary mass in its broad sense (M_2) by the gross domestic product (GDP), and because of the development in the markets. Finance in developed countries and the emergence of innovative services, as there are long-term deposits that are added to the components of the money supply in the broad sense, which contribute significantly to increasing the monetary depth (8) . When monetary policy follows an expansionary, recovery policy, it seeks to increase the money supply when prices rise and prompts a reduction. Interest rates, which leads to an increase in investment and then an increase in aggregate demand and income, and then the gross domestic product. The situation is also the opposite when reducing the money supply by following a contractionary monetary policy (9) , and this ratio (M_2/GDP) is used to measure the degree of importance of financial intermediation. It may It has been used by many researchers as an indicator of financial development. During the development process, this percentage tends to decrease, as other financial instruments that are not included within M_2 grow (where M_2 includes M_1 , which is liquid money in society, and time deposits and savings are added to it) and become more available. This reflects the upward trend of financial innovation in existing financial systems through the emergence of new financial instruments that cannot be included within M_2 and become increasingly available(10).

This indicator measures the compliance rate . Monetisation) in the economy, as the money supply is the most important monetary variable, as changes in it lead to other economic changes such as the gross domestic product, exchange rates, and interest rates. Also, the ratio of the money supply in the broad sense to the gross domestic product. This ratio reflects the monetary value of the economy, and is used as an indicator of the liquidity and size of the banking sector. Compared to the size of the economy, a high level of this indicator is linked to the development of financial services(11).

Also, the growth of the gross domestic product requires the expansion of means of exchange. The monetary authority must provide the required increase in cash liquidity by a certain percentage required by the annual growth in the gross domestic product. If the money supply is taken as an indicator of monetary policy directions, it is necessary to take into account the change in the rate of increase. In the quantity of money and not the absolute increase. However, a higher percentage of increase in the money supply than the percentage of increase in the gross domestic product means a decrease in the speed of money circulation, that is, an increase in the demand for money(12).

Third: Monetary stability

Monetary stability is defined as stability in the general level of prices, or stability in the exchange rate, as well as the availability of an appropriate interest rate structure for the economy. Monetary stability is considered one of the most important pillars of the environment that attracts investments, whether local or foreign, as investments are considered the main driver of economic activity. Here, the role of the central bank emerges indirectly in economic growth (13) , meaning that monetary stability is an expression of product prices, interest rates, and exchange rates within the framework of free markets. In another interpretation, there is a proportionality between the monetary mass and the national output. When the monetary mass increases without... Accompanying an increase in output, this leads to monetary instability.

Also, monetary stability is a term synonymous with price stability, and monetary stability refers to a stable price level or a low level of inflation, and not to stable individual prices, and there is no doubt that changing relative prices plays a decisive and useful role in economic adjustment and decision-making by individual actors. Whether firms or households, part of the costs of inflation can be related to the fact that these relative price signals will fade more and more as inflation rates rise(14).

Monetary stability is considered to be of a synthetic nature to measure inflation in an economy, in a relative way between the development of money supply and demand for it. It is considered one of the goals of monetary policy that seeks to achieve it using quantitative tools (the legal reserve, the open market, and the rediscount rate) as well as the use of qualitative tools (such as Directing credit towards specific sectors). In their interpretation, the monetarists referred to inflation, which is the link between the development of the quantity of money and the development of the quantity of goods and services within the national economy. This can be explained in the following equations(15).

The rate of change of the money supply $\Delta M/M$(1)

$\Delta Y/Y$(2)

Rate of change in GDP

Where M : represents the money supply, ΔM represents the change in money supply, Y represents GDP

Y Represents the change in gross domestic product Δ

Analytical aspect

First: Analysis of money supply developments

The Iraqi economy has witnessed new changes since 2004 that led to an increase in the money supply. When looking at Table (1), we notice that the money supply (M2, M1) rose steadily starting in 2005, and (M1) continued to rise gradually until 2013, achieving the highest annual growth rate in In 2007, it reached (40.5%), with a value of (21,721) billion dinars, as the reason for this increase was the lifting of economic sanctions with the rise in oil revenues and the lowest growth rate (2%), with a value amounting to (63,736) billion dinars in 2012. The percentage of currency in circulation outside the banking system ranged between (80%) in 2005 and 2006 and (45.3%) in 2011, with a contribution rate of (56%) from (M1) in average quantity for the period (2004-2013). Then the money supply decreased in the narrow sense for the years 2014, 2015 and 2016 with absolute values that reached (72692), (65435) and (70733) billion dinars, respectively. The lowest percentage of the currency in circulation (39.5%) was achieved in 2014 for a number of reasons represented by two internal shocks. The first is the fight against terrorism and the second is the significant decline in oil prices. Then (M1) rose again from 2017 to 2021, reaching a value of (114,709) billion dinars as a result of the rise in global oil prices. The highest contribution rate for currency circulating outside the banking system was recorded at (63.9%) in 2017, and the lowest growth rate was (1.1) with a value of It reached (77828) billion dinars in 2018. As for M2 , in 2004 the money supply reached (12254) billion Iraqi dinars, while the net currency in circulation reached (7163), and current deposits reached (2986) billion dinars, and the broad money supply continued to rise from The year (2004) to the year (2007) is due to the state's expansion of investment activity by increasing investment spending on reform programs, as well as the increase in employee salaries, as the value of the currency in circulation in the year 2007 amounted to (14,232) and the volume of deposits. The current amount reached (7489).

The reason for the continued increase in the money supply during the study period from (2004-2021) is the result of the rise in oil prices, which caused an increase in foreign assets. In the year 2012, the money supply witnessed a decline compared to the previous year. The reason for the low growth is the achievement of a state of monetary stability in the economy. In Iraq, due to the Central Bank's attempt to obtain a balance between the real and monetary sectors, in 2015 the money supply recorded a decline of (84,527) billion Iraqi dinars. In contrast, the value of the multiplier decreased clearly over the years (2007-2008) to record (0.95) and (0.82) respectively, and this was due to the increase in reserves by (48%) and the rate of the currency to money supply ratio reached (53%) in the year 2008.

The reason for the increase in the legal reserve imposed by the Central Bank on commercial banks, which leads to a decrease in the balance of excess bank reserves and a decrease in credit. The monetary policy for the aforementioned year followed a contractionary policy to reduce the money supply, the purpose of which was to reduce inflation rates.

From observing Table (1) and Figure (1), the reason for the decline in the broad money supply in 2015 is attributed to two factors. The first is the decline in global oil prices, and the second is the occupation of some Iraqi cities by terrorist gangs. In the year 2016, the money supply witnessed our improvement, reaching The value of (90,466) billion dinars, and the reason is due to the continued improvement in oil revenues due to the modest rise in oil prices, and after that the broad money supply continued to grow positively, and the reason for this discrepancy is the syndrome between public spending and the money supply. The more public spending increases, the money supply increases through The financial policy sold government dollars to the Central Bank of Iraq. The broad money supply (domestic liquidity) recorded growth in the year 2017, due to the increase in the money supply (M1) and other deposits, and it continued to increase during the years 2018 and 2019, but in the years 2020 and 2021 it reached a noticeable increase in the supply .

Criticism is due to the Iraqi government's desire to address the triple crisis to which the Iraqi economy has been exposed (the security shock to which some Iraqi governorates were exposed, the economic shock represented by the decline in global oil prices, and the health shock represented by the Corona virus epidemic).

Table (1)

Money supply M2 and the factors affecting it from (2004-2021) (billion dinars)

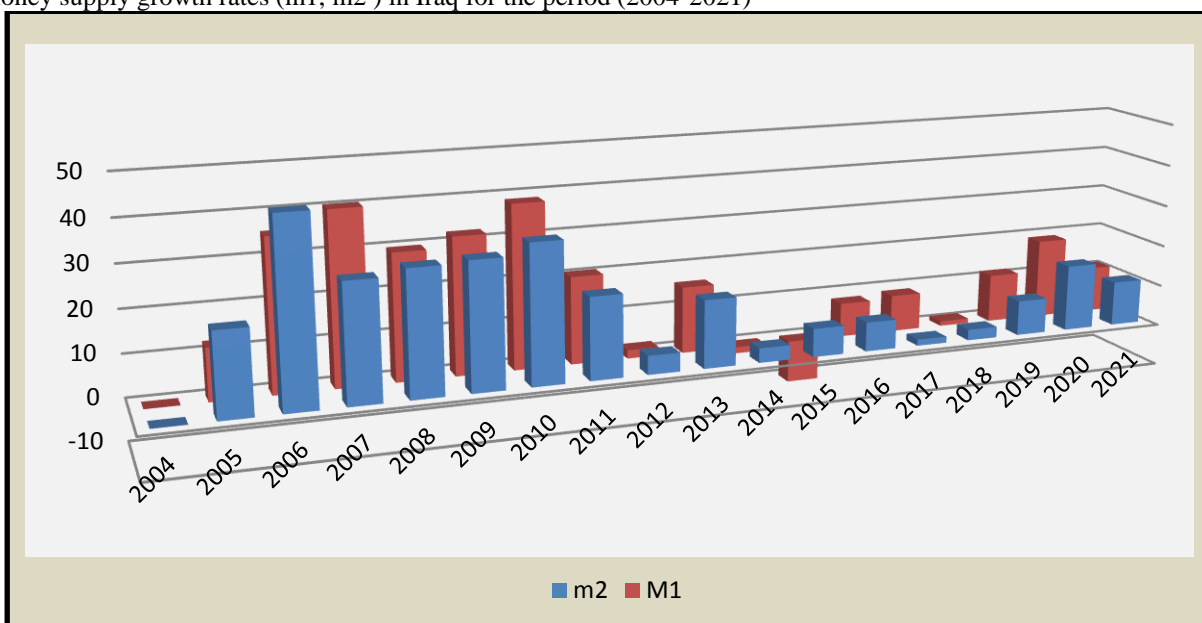
The multiplier Cash 3/7 8	Basis Cash 4+1 7	rate the reserve Deposits to 6	the currency To a show criticism 5	rate Spare Commercial banks 4	an offer criticism M2 3	Deposits under the demand 2	the currency Outside Banks 1	the year
1	12219	169	58	5056	12,254	2986	7163	2004
1.07	13795	204	62	4682	14,684	2286	9113	2005
1.3	17521	14	52	6553	21,080	4492	10968	2006
0.95	28808	19	53	14576	26,956	7489	14232	2007
0.82	42859	25	53	24366	34,920	9697	18493	2008
1	45270	15	48	23494	45,438	15024	21776	2009

1.13	53810	107	40	29486	60,386	27401	24342	2010
1.24	58698	15	39	30411	72,178	32758	28287	2011
1.18	63391	98	41	32797	75,466	32142	30594	2012
1.21	73259	104	40	38264	87,679	38835	43995	2013
1.38	66231	98	40	30159	90,728	36620	36072	2014
1.46	57888	75	41	23033	84,527	30500	34855	2015
1.44	62591	65	46	20516	90,466	28685	42075	2016
1.53	60504	65	43	20161	92,857	30818	40343	2017
1.42	67131	79	42	26633	95,391	33536	40498	2018
1.28	80264	96	46	32625	103441	33658	47,639	2019
1.35	87755	63	58	27768	103353	43466	59987	2020
1.27	110890	28	51	39364	139886	139,886	71526	2021

Source: Central Bank of Iraq, General Directorate of Statistics and Research, Annual Statistical Bulletin for the period (2004-2021) , column (2, 7, 8, 9, 10), the work of the researcher

Figure (1)

Money supply growth rates (m1, m2) in Iraq for the period (2004-2021)



Source : Based on data from Table (1)

Second : Analysis of the development of critical depth

Table (2) and Figure (2) show the degree of measuring monetary depth, which shows the development of the money supply in the broad sense and the developments of the gross domestic product at current prices. It has witnessed major transformations on the monetary side, the most important of which is the independence of the Central Bank in accordance with Central Bank Law No. (56) of 2004. The Iraqi economy transformed into a market economy with less intervention and more freedom . This period of transformation was also characterized by the issuance of a new local currency. The central bank performed its monetary role away from government interventions, as the central bank pursued a contractionary monetary policy to reduce inflation rates, which was accompanied by economic stagnation and a low level of investment. The goal of monetary policy measures was to harmonize the rates of money supply with the economy's productive capacity.

By observing Table (2) and Figure (2), the money supply is M1 It began to increase since 2004, reaching (10,148,626) billion dinars until it reached (11,399,125) billion dinars in the year 2005, and the M2 money supply matched it, rising from (11,498,148) billion dinars to (14,659,350) billion dinars, and it continued to rise for a year.

2007The reason for this increase in the money supply was the state's expansion of investment activity in infrastructure programs, as well as the increase in employee salaries, while the gross domestic product for the same year reached (111,455,813) billion dinars, while the monetary depth reached (24.15%).

The broad money supply continued to gradually rise until 2013 at an annual growth rate of (16.10%). This is due to the expansionary effects of external factors represented by the balance of net foreign assets, then compensating a portion of them with the contractionary effect of government debt funds and non-cash liabilities. This indicates the presence of monetary stability and the absence of pressures. Inflationary growth in the Iraqi economy, and the gross domestic product rose to (267,400,000) One billion dinars due to the increase in oil exports. In the years 2015 and 2016, the broad money supply decreased for the two aforementioned years to a value of (82,595,425) and (88,082,000) billion dinars due to the economic and financial crisis, as well as the unstable political and security conditions that negatively affect the Iraqi economy, causing a clear contraction and stagnation in various sector activities. The economic situation, which was reflected in the decline in the gross domestic product due to the decline in the oil sector, increased monetary liquidity in its broad sense (M2). A decrease of (-3.6)% Compared to the fourth quarter of 2014, this is due to the decrease in the growth of money supply (M1) and other deposits. (% -5.6%) respectively, while the cash amount for the year above was (42.43%). Record the broad money supply balance M2 domestic liquidity (end of 2016 An increase of (88,082,000) billion dinars, at a rate of (6.6%)) from its level recorded at the end of 2015. The broad money supply (domestic liquidity) continued to rise, and it is also matched by the gross domestic product at current prices until the end of 2021, recording the monetary depth (46.45%).

The Central Bank played a leading and pivotal role in light of the economic crises in moving the wheel of the economy and adopting a fundamental policy supportive of improving the monetary reality by controlling the money supply and the percentage of the oil sector's contribution to the gross domestic product, as well as addressing recessions and avoiding a rise in inflation rates, and this was clear. Through the duration of study.

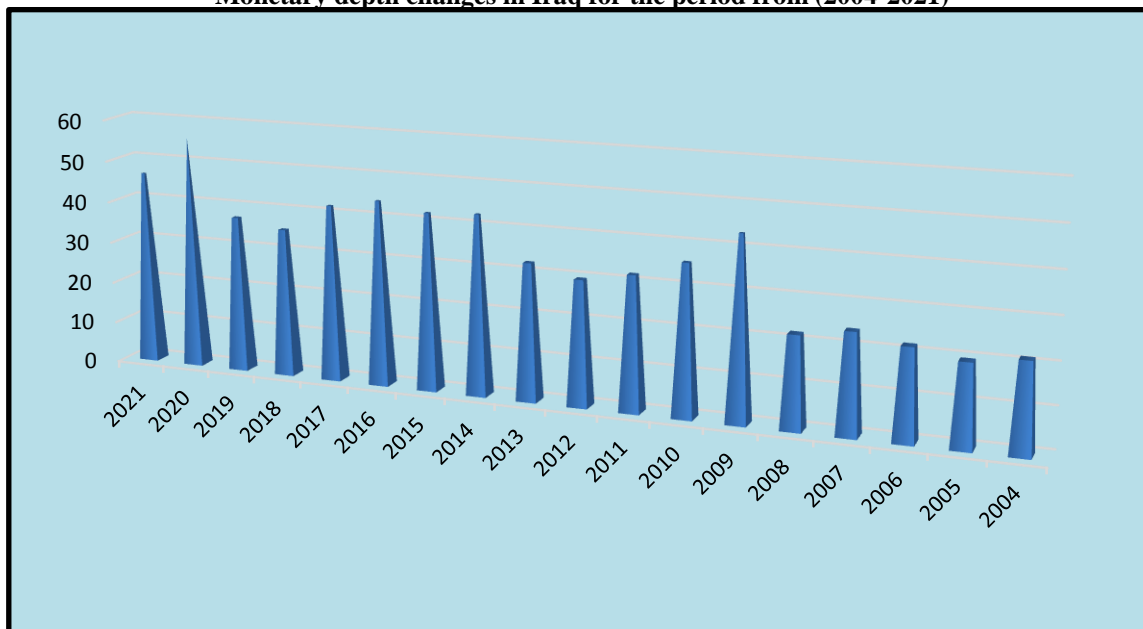
Table (2)
Monetary depth changes in Iraq for the period from (2004-2021)

rate of change %	*Depth Cash 4/2	local production Total current prices	growth rate %Annual	Cash offer broad sense M2	Cash offer narrow sense M1	the year
6	5	4	3	2	1	
-	21.59	53235359	-	11498148	10148626	2004
2.2	19.93	73533599	27.49	14659350	11399125	2005
2.20	22.02	95587955	43.60	21050249	15460060	2006
1.58	24.15	111455813	27.88	26919996	21721167	2007
4.55	22.20	157026062	29.50	34861927	28189934	2008
2.63 -	43.71	130642187	30.10	45355289	37300030	2009
3.64	36.08	167093204	32.92	60289168	51743489	2010
5.65	32.21	233677005	19.54	72067209	62473929	2011
2.79	30.01	251666999	4.81	75536128	63735871	2012
1.68	32.79	267400000	16.10	87700000	7,385,000	2013
1.92 -	43.07	266332655	3.45	90728448	72692448	2014
4.09	42.43	194680971	8.96 -	82595425	65435425	2015
2.69	44.31	198774369	6.64	88082000	70733000	2016
2.67	42.20	225722375	8.16	95266800	76987000	2017
4.31	35.47	268918874	9.53	95391725	77828984	2018
7.32	37.45	276157867	8.43	103441000	86771000	2019
2.54 -	55.61	215661516	15.9	119906193	103353665	2020

Source: Central Bank of Iraq, General Directorate of Statistics and Research, Annual Statistical Bulletin for the period (2004-2021) , column (3,5,6), the work of the researcher.

* Monetary depth = (M2 / GDP at current prices) x 100

Figure (2)
Monetary depth changes in Iraq for the period from (2004-2021)



)Source : Prepared by the researcher based on the data in Table (2)

Third : Monetary stability factor

It is noted from Table (3) and Figure (3) that the monetary stability factor has witnessed fluctuations accompanying the changes in the supply of... Monetary In the year 2005, the monetary stability factor recorded a low number, as its value was less than the correct one, and this explains that there are deflationary pressures in the Iraqi economy, and the monetary stability factor continued to decline until the year 2007, when it achieved an increase in its value of (3.07) to M1 and (2.15) to M2, and this rise is the result of the increase in the money supply.

After that, the monetary stability factor decreased to less than the correct one as a result of the consequences of the mortgage crisis in 2008, then it improved in 2009 to reach (2.90) for M1 and (2.72) for M2 due to the increase in oil revenues resulting from the increase in global oil prices. Which was reflected in the increase in the narrow money supply to (37,300) billion dinars, compared to the size of the decline in the size of the gross domestic product, amounting to (11 -%) as a result of the slowdown in the overall production of the Iraqi economy.

The monetary stability factor declined to below the correct one in the years 2014 and 2015 as a result of the decrease in the money supply due to the lack of oil revenues and the security problems to which the Iraqi economy was exposed in those two years, which caused the emergence of deflationary pressures . Then it began to improve slightly after the improvement in oil prices, reaching (2, 88) in 2019, then it decreased in 2020 due to the emergence of the Covid -19 crisis, reaching 0.67%, and continued to decrease until 2021, reaching 0.57% . It is also clear that the Iraqi economy has suffered from monetary instability, The pressures were deflationary in most years of the study The monetary stability factor also recorded inflationary pressures in the years (2004 , 2007 , 2010, 2013, 2019), while in the remaining years it recorded deflationary pressures . This fluctuation in the monetary stability factor indicates that monetary policy has not adopted a real stability goal, and that most of the measures taken by monetary policy in directing and managing monetary variables towards monetary stability are inaccurate measures that led to a decline in the growth rate of the gross domestic product.

Table (3)Analysis of the monetary stability factor in Iraq for the period (2004-2021 (million dinars)

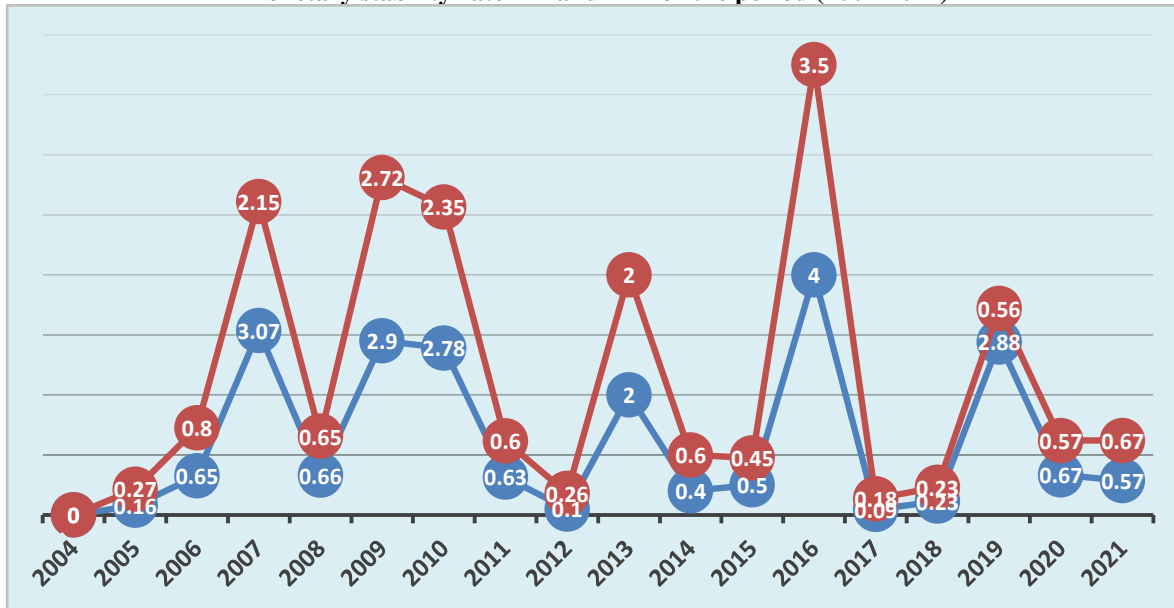
an average stability Cash M2 4/6 (8)	an average stability Cash M1 1/6 (7)	Growth rate The resulting the local %Total (6)	The resulting the local Total (5)	an average the %change (4)	an offer M2 cash (3)	an average the %change (2)	an offer CashM1 (1)	the year
-	-	-	35429	-	12254	-	10148	2004

0.27	0.16	74	61673	20	14684	12	11399	2005
0.8	0.65	55	95588	44	21080	36	15460	2006
2.15	3.07	13	107828	28	26956	40	21721	2007
0.65	0.66	45	155982	30	34919	30	28189	2008
2.72	2.90	-11	139330	30	45437	32	37300	2009
2.35	2.78	14	159253	33	60386	39	51743	2010
0.60	0.63	33	211300	20	72177	21	62474	2011
0.26	0.10	19	251907	5	75466	2	63736	2012
2	2	8	271100	16	87679	16	73830	2013
0.6	0.4	- 5	258900	3	90728	- 2	73830	2014
0.45	0.5	- 20	207900	-9	82595	- 10	65435	2015
3.5	4	- 2	203900	7	88081	8	70733	2016
0.18	0.09	11	225700	2	89441	1	71161	2017
0.23	0.23	13	254800	- 3	87173	- 3	68766	2018
0.56	2.88	9	277885	19	103400	26	86800	2019
0.57	0.67	- 28	198774	16	119900	19	103400	2020
0.67	0.57	9	207889	19	139885	16	119944	2021

Source: Central Bank of Iraq, General Directorate of Statistics and Research, Annual Statistical Bulletin for the period (2004-2021) Column

Column (2,4,6,7,8) prepared by the researcher

Figure (3)
Monetary stability rate M1 and M2 for the period (2004-2021)



Source : Prepared by the researcher based on the data in Table (3)

Conclusions

1-Central Bank of Iraq cannot maintain its independence unless it commits itself not to yield to any desire on the part of the government to liquidate its excessive debts.

2-The Central Bank of Iraq must maintain the bias of public opinion, because citizens are the primary source of its strength and independence.

3-The Central Bank has played a leading and pivotal role in light of the economic crises in moving the wheel of the economy and adopting a fundamental policy supportive of improving the monetary reality by controlling the money supply.

4-The Iraqi economy suffered from monetary instability. Deflationary pressures had a prominent impact in most years of the study.

Recommendations

1-The central bank must maintain the dominance of its monetary policy, by being able to reliably promise that it will not bail out the government by monetizing the public debt in the event it defaults.

2-The government must take advantage of the financial and monetary stability provided by monetary dominance to advance the country's economic reality in a way that accelerates the process of sustainable development.

3-The central bank must work to limit the effects caused by changes in foreign assets on the (monetary basis) by making an adjustment in the size of the money supply.

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