

Assessment of government support policies for the individual income in Iraq for the period of 2003-2016

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Abstract: *Government support policies are a subset of economic policies that aim at achieving overall stability and improved access to a higher standard of living for social groups with limited income. Examples include social protection networks (e.g. supporting ration cards, providing loans to the unemployed without interest) or support for general sectors such as health, education, agriculture and housing. While these policies are applied in most countries of the world, their application varies from one country to another depending on the philosophy of that country's economic system. Governmental support represents a stream of spending where the state decides to pay without being matched by a stream of goods and services. From this point of view, government support policies are one of the most important macro-policies for achieving economic growth and achieving social balance, as they allow for directing a portion of public expenditure to address the phenomenon of poverty by enabling the low-income classes to have the opportunity to live through redistributing income across different support groups. This occurs in accordance with government support policies and in line with the requirements of the national strategy to counter poverty in Iraq.*

Keywords: *Economics, Policies, Government support*

I. INTRODUCTION

Government support policies refer to contributions presented by the government, or any public entity, through its achievements that are interesting to people. These contributions take many forms, such as sample and monetary or price support, or individual support to people in need living under the poverty line. Government support policies are part of economic policies aimed at achieving overall stability and access to a higher standard of living for social groups with limited income. Examples include social protection networks (e.g. supporting ration cards, providing loans to the unemployed without interest) or support for general sectors such as agriculture and housing. Government support policies are considered one of the more important governmental policies, as they achieve economic growth and social balance; this is accomplished by directing parts of public expenditure to address the phenomenon of poverty by enabling the low-income classes. There have been previous studies of government support policies and their impact on the economic development in specific Arab states for the period 1990-2006, during which time governmental support has improved in term of the role of the state in supporting the industry in Iraq. The importance of these studies is represented by their relationship with human life and the amount of goods and services that the government has presented as grants, donations, loans and services, especially for poorer levels of society, along with their effect on governmental policies related to support for Iraqi income levels.

The present study aims to identify the effect of governmental support policies in Iraq on society in general, particularly on the poorer levels, and focuses on the necessity of the government preserving its role in treating economic and social crises. The study problem concerns Iraqi governmental charges and the government's responsibility for the economic burdens of these policies in order to overcome the economic and social burdens for target populations to reach the required results, without harming the living standards or capacity for growth of other social levels.

The hypothesis of the present study is that government support policies have a double effect: firstly, a positive one, through finding solutions to or reducing poverty and unemployment problems; secondly, a negative one, which relates

to the burdens that the government is charged with or exhausting the public budget. The government support can be considered in several different respects, as follows:

1. The government support

This government support indicates the direct and indirect intervention of the government in the economic activities of the population, either in terms of prices or the cost of production, as well as through its financial policies, i.e. the government's policies to reduce the prices of necessary consumer goods below the level of market prices or by providing material, financial or commercial possibilities for producers to reduce costs. In other words, the government's support eventually means the government's willingness to abandon a large amount of its general income to improve the level of the population's income by improving their ability to access goods, thus providing an acceptable level of consumption for necessary goods. In this way, governmental support policies depend on its activities on more than one economic dimension; thus, the governmental support rate also depends on the size of the gross domestic product, the diversity of its sources and the country's level of economic development . In most developing or poor countries, most governmental support goes directly to basic consumption goods, which are the 'food basket' of bread, sugar, oils and some medicines, or to support energy products. Moreover, this support in the next phase includes supporting services such as health, education, housing and farmers' loans. In some developing countries, support policies also include providing security or unemployment benefits. Support policies in these countries also contribute to supporting productive activities in both the industrial and agricultural sectors. These countries may also improve competitive abilities via support policies to sustain some economic sectors in the field of developing exports or supporting the protectoral policies of some of these sectors. The concept of governmental support remains mainly linked to protecting the low-income social classes or the poor in the hopes of helping them with the provision of consumer goods and daily living services. The position of the government in offering support and its ability to build financial policies that support income is one of the most important factors behind political and social stability and the government's ability to achieve its economic and social programmes [1].

2. The intellectual position of governmental support

The liberal economic system, which appeared in the literature of what is known as classical capitalist thought, developed in the nineteenth century, and its provisions appeared in the twentieth century on a wide scale in many economic systems worldwide. This system of economic thought supports denying the role of the state and upholding its non-interference in the economic activity of the population. According to these ideas, economic liberty is supported as a mechanism for economic facilitation and achieving the goals of balance and full operation.

Thus, the government is likely to have no economic practice as long as belief in these ideas is sustained; the belief in the ability of the price apparatus to facilitate prosperity through its unchecked operation, along with the claim that market relations represented by supply and demand forces are able alone and without government intervention to achieve a competitive economic system, are considered key ideas that result in the benefit of the population regarding all goods and services and at the level of prices and types of products. Thus, liberalism holds that, without government intervention or the provision of any kind of governmental support other than the legal and security framework of the government's function, the individual goals and happiness of all can be achieved through the free individual project system without the presence of the government. However, the pace that the classical school wanted to maintain in the economic reality did not achieve a level of sufficient control and was unbalanced until it collapsed during the Great Depression of the 1930s, which hit most of the economies of the capitalist countries. This cast doubt on the ability of the market system and the price machine, as well as the neutrality of the state, to achieve the goals of balanced economic and social stability. As the recessionary effects appeared strong and the economic indicators were

forecasting a decline in the level of wages and total demand, a new economic approach to capitalism was called for that tried to adapt and correct by abandoning confidence in the principles of the neutrality of the government and the price machine. Therefore, the Keynesian approach was developed. This was a modified capital approach allowing the government to play an active role, intervening in economic activity through having a greater hand in expansionary fiscal policy. This often included policies of government support for individual income, where Keynesians emphasised the role of the government in raising the level of total demand. Here, liberal governments found motivation to provide sufficient government support for individuals. Programs such as supporting the population's purchasing capacity via efforts to address unemployment problems were put in place; social benefit programmes and expansionary fiscal policies were also implemented by increasing public spending to support increasing the total demand, thus increasing total income and disposable income. Thus, at the level of the principles of non-capitalist economic schools, we find that government support is not available to the absolute negation of the neutrality of the government. The Marxist school and the socialist schools derived from it found that the natural mass ownership of capital and wealth imposes a role for the government. Thus, the government will become socially responsible for the consumption and welfare requirements of the population rather than an income supporter.

The government has the authority to regulate social production and is directly responsible for its distribution in a way that achieves social justice: this is what the Marxists, leftist parties and other advocates for socialism are proposing. The model of democratic socialism emerged after socialism failed to achieve a sustainable reality, because the existence of socialist economies and societies necessitate a radical approach in which the State is responsible for the level of production and distribution. Therefore, social systems and government subsidies are programmes that are acceptable to democratic socialists, in order to meet the requirements of the population and the challenges of the market and the price machine, with all their associated periodic crises[2].

2. World Bank and International Monetary Fund thesis

By the end of the 1970s, there was a return to capitalist economic thought, such that Keynesian policies that upheld a greater governmental role in supporting individual income began to be abandoned. Returning back to the principles of supply-side policies at the classic level, and in the context of the existence of a government with a less interventionist approach to the price machine, privatisation programmes began in many capitalist economies. Both the World Bank and the International Monetary Fund adopted these sorts of programmes at the level of the international economy. These two institutions began to defend their position regarding the withdrawal of governmental support, arguing that the reasons behind government support are insufficient at a practical level to protect the poor and reduce the burden on low-income groups over the erosion of public budget support programmes. The negative effects of such subsidy programmes have been shown to increase the burden and the fiscal deficit of public budgets, as well as distort the price apparatus. This is in addition to the inability of most governments to provide safe programmes to support prices or subsidy programmes, as most of these programmes were made in the absence of investments; moreover, prevailing corruption in the government apparatus and reliance on rural goods contributes minimally to the creation of added value and sustainable income. In addition, the government subsidy programmes did not withstand the rise in global prices, which in turn led to deficits in public budgets, forcing many of these economies (which were facing social pressure by the public) to adopt domestic and external borrowing just to maintain the stability of their authority. Moreover, these governments failed to provide sufficient financial

credits for investment spending and resorted to the adoption of inflated items of transfer spending, which in turn deepened the debt crisis and their inability to repay the origin of the debt and the associated fees [3] .

The response from international institutions when faced with the crises in these countries was to impose liberal economic policies in order to help the troubled economies. The first of these policies was to request these economies to abandon most of the government support programmes. Another was for the government to abandon externally imposed measures of economic efficiency, leaving the price machine as the sustainable mechanism to stimulate investment and to attract direct investment. These institutions had been pushing these economies vigorously towards the abandonment of many social welfare programmes, taxation and floating currency, as well as the adoption of stabilisation and structural adjustment programmes. Here, the international institutions aimed to impose their vision, which was compatible with capitalist liberalism, on the troubled governments. Today, economic policy and fiscal policy specifically face complex administrative negotiations with international donor institutions such as the IMF and BW, which are governed by three main axes [4]:

- a) The liberalisation of prices, which requires the prices of goods and services that face the forces of supply and demand to be liberalised. Therefore, this requires in context that the state abandon excessive subsidies for the prices of some of these services and goods, because this financial support by nature does not reflect the cost of real production and thus distorts the budget items.
- b) Transformation of the private sector, also known as privatisation of the commodity and service sectors, in accordance with the models available to them: either in the manner of transferring the entire ownership of the public sector to individuals, or the method of the private sector's participation in the management of the public sector.
- c) Trade liberalisation, along with the adjustment of trade policies to support the development of trends towards exports and reduce the deficit in the balance of trade. This is accomplished through policies based on the liberalisation of quantitative restrictions, the reduction of import fees, the abandonment of protectionist policies and support for the legislative representation of foreign trade agencies.

3. Data on government support in the Iraqi economy

Iraq's economy can be considered as one of the economies that has most resorted to government support, as it has provided this support for many economic activities in a way that raises the percentage of the dependency ratio in distributing income to more than 43%. Most of the economic sectors and the population receive public services at simple and sometimes nominal prices, such as electricity: the unit production cost of a kilowatt is at 180 Iraqi dinars, but these are sold at about 10 Iraqi dinars before applying investment in the electricity field. The government also provides a social welfare support programme that benefits about 10% of the low-income population. Moreover, the government also provides programmes to support some of the items of the 'food basket', especially oil, sugar and flour, a programme adopted in 1991 and connected with the ration card programme and other transfer expenses that support individual income in Iraq. As such, the average ratio of government support, according to the data presented Table 1, represents 22% of GDP. Government subsidies also represent a large proportion of public expenditure at an average of about 44%. The indicators presented in the table below also show that the government subsidy rate of public revenues has increased by about 60% over the stated period. In addition, the security instability in Iraq has contributed significantly to increasing the government's commitments on the side of transfer costs. Here, public compensation for war damage and support for the families of victims of terrorism represent very large sums and represent high percentages of allocations for transfer expenditures. Moreover, the programmes supporting the economic and service

sectors provided by the government in the fields of agriculture, housing and education did not achieve the expected value of production, leading to a great waste of Iraq's revenue; these programmes also failed to make a significant impact on the productivity of these sectors, and did not contribute to raising the level of gross domestic product [5].

4. The warping economic effects of government support

According to the theory of free economic activity, which the capitalist school has provided with moral and utilitarian justifications, government subsidies result in a distorted effect on economic activity. Thus, state intervention can be represented in a way that is not in favour of the price mechanism to decide the best level of macroeconomic activity. In the case of the Iraqi economy, even if it is not subjected to the conditions of the free market, the requirements for sustaining government support policies have not been sufficient or are unjustified for what they are today to achieve positive results for Iraq's economic performance. The overall components and data of the fiscal policy, which are based on giving a greater role to government support, have had warped, destructive effects on the future and maintenance of the Iraqi economy. Here, we emphasise the effects of government support on the public budget's level of efficiency, which has seen a growing deficit and a continuous decline in the size of the financial reserve (falling to about 40 billion in 2017). Iraq achieved a financial reserve of up to \$86 billion in 2014; moreover, government subsidy policies, and especially inflation in the items of public social transfer, have extended to the level that the government cannot sustain the provision of conditions necessary for the creation of pensions (such as social benefits, fuel and energy subsidies, and compensation for victims of terrorism). Government support policies in Iraq today represent an increase in the role of the government as an organisational apparatus that does not allow the Iraqi government to sustain its role without its partners. Therefore, the government support policies, in addition to being distorted and inefficient programmes in terms of productive performance, have become one of the most significant sources of financial corruption in the government apparatus and sources of influence on local political forces [6].

Government support policies in Iraq may have been, and still are, among the programmes that have contributed most to the decline in the role of the price mechanism and exercised destructive roles in the price system, particularly when considering the direct effects of government subsidies on the general budget revenues achieved by the official sectors. The nature of government support in Iraq is constantly leading to the waste of economic resources and the inefficiency of the economic sectors, as well as encouraging these sectors to use resources inefficiently. Many government support programmes in Iraq continue to exert negative influence on the continued existence of the official or state-owned sectors as a result of the existence of the sources of deficit and inflation of transformational expenditures. Many governmental projects that lose money are still part of the government's most important expenditure components, and the government still pays a large part of their losses. The Iraqi government's dependence on government subsidy programmes are based on its reenter resources from the revenues from the sale of oil. As a result of the decline in these revenues in the past three years, which has been significant and comes alongside public pressure facing the government, the government is always forced to adapt.

Despite Mastic and foreign loans to sustain its support programmes, the government did not find the social and political environment sufficient to make structural or financial adjustments to correct its budget imbalances or to produce financial budgets that conform to the requirements of economic reform programmes; this has been a constant slogan of its government programmes, which are still taking place in a vacuum. Therefore, we find that in recent years, Iraq is witnessing a growing pace of foreign indebtedness; the consequences of internal debt and the public debt at the end of 2016 are more than 110 billion dollars. Despite the social objectives of the government support programmes in Iraq, all statistical data indicates that these programmes cannot improve the government's ability to complete its strategic policy to eliminate poverty, or to show real results in improving the level of public services in Iraq; the Iraqi economy still suffers from a clear deficit of about 3 million housing units, and the need to build 4,000 schools and more than 1,000 health service units still exists, along with the deterioration of the energy and sanitation systems and the need to improve the quality of water. These programmes were also unable to create jobs, as Iraq still suffers from a high unemployment rate of about 23% of the population who are able to work. Moreover, many types of government support programmes have led to an increase in the percentage of dependency in Iraq of about 1/6, which represents

unacceptable relative rates. Most important is the failure of the government in the management of its support programmes. In addition to its failure to design programmes that help motivate the population to contribute to the creation of additive productive values, most of these programmes were concerned with social transfer spending, which was one of the sources of consumption enhancement; in the meantime, the government had to design support programmes to help integrate the population into the productive and service sectors. This is the reason why we find that most government support programmes go to unemployment benefits, social welfare, or direct food aid, in addition to what can be referred to the ‘warped’ effects of the government support programmes in Iraq [7] .

efforts are being made to eradicate poverty, which has escalated; the differences in the standard of living in Iraq have become very high, and there can be no subsequent human development without improving the well-being of the poor in society. However, the data presented in the table above indicates that the ratio of support to GDP in 2003 was 28%, while in 2004, the ratio witnessed a boom (at 55.3%) with an increase of 27.3%. This increase occurred for two reasons: the first was the high GDP of 479 trillion dinars, while the second reason was the support of fuel in order to alleviate the crisis that occurred after the destruction of liquidation project infrastructure after the events of 2003.

Table 1: General revenues and operating expenses (million IQD), Government support (trillion dinars) For the years 2003-2016

Government subsidies (social transfers) billion dinars	Operating expenses Million dinars	Rate of increase in expenditure %	General EXPENSES MILLION DINARS	Rate of increase in revenues%	General Revenues MILLION DINARS	YEAR
8.261	3631159	-	4901961	-	15985527	2003
264.9	13608947	543	31521427	106.3	32988850	2004
106.3	14683390	2.2-	30831142	2206	40435740	2005
16.3	32778999	25.9	38806679	21.3	49055545	2006
1808	32719837	1.3	39308348	12	45964850	2007
29.5	52301181	71.2	67277197.0	46.7	80641041	2008
23.2	59410630	17.4-	55589721.0	31.5-	55243526	2009
30.1	54580860	26.2	70134201.0	27	70178223	2010
33.6	60925553.5	12.3	78757666.3	48.2	103989089	2011
37.9	75788623.7	33.5	105139575.7	15.2	119817224	2012
41.1	78746806.3	13.33	119127556.3	4.9-	113840076	2013
-	7674172.6	29.9-	.112192125	7.4-	105553850.0	2014
28.7	78248392.4	6.5	11942429.5	10.9-	94048964.1	2015
26.3	80149411.11	11.3-	105895722.6	13.1-	81700803.1	2016

5. Government subsidies drain the GDP

The increase in the ratio of government subsidies to GDP is aimed at improving the economic situation. Intensive In 2006-2007, the support rate reached 1.7% and went on to rise slightly in 2008 to a level of 1.9%. The increase in oil revenues reached 70 trillion dinars, which was one reason behind the increase of gross domestic product amounting to 1570 trillion dinars in the same year. However, in 2009, the index fell slightly to 1.8% and GDP fell to 1312 trillion dinars due to the global financial crisis in 2008. This led to lower oil prices and a decline in revenues for the general budget. Moreover, in 2010, the ratio of support to GDP rose slightly (up to 1.9%) due to the increase in GDP, which reached 1596 trillion dinars; at the same time, government subsidies for social transfers increased by 30.1 trillion dinars, representing an increase of 6.9%. All of these indicators (which we have correlated with the warping effects of government support in the past) have led to the assertion in the present paper that government support is associated with the depletion of GDP for unproductive purposes, or the notion that it does not create additive value (as we also have noticed that most government support decisions are related to social expenditure, as in [8]).

Table 2: GDP at current prices, amount of government support (trillion dinars), and the ratio of government support to GDP%

Percentage of * government support to %GDP	The amount of government support (social transfers Trillion dinars	Gross Domestic Product (trillion dinars)	Year
28	8.261	29.58	2003
497.6	264.9	53.23	2004
144.5	106.3	73.53	2005
17	16.3	95.58	2006
16.9	18.8	111.45	2007
18.8	29.5	157.02	2008
17.7	23.2	130.64	2009
18.6	30.1	162.06	2010
15.5	33.6	217.32	2011
15	37.9	254.22	2012
15.1	41.1	273.58	2013
-	-	266.42	2014
14	28.7	207.87	2015
13.4	26.3	196.53	2016

- There is no data for 2014 due to publication issues with items for the year 2014.

Source: Ministry of Planning, Central Organisation for Statistics and Information Technology, Group Statistical Yearbook (2003-2016) , and Ministry of Finance, General Budget Department.

* The ratio of government support to GDP has been extracted based on the equation (government support)/ GDP × 100% (from the researcher's work)

The inflation of government support for the years 2004-2005 is due to the addition of fuel subsidies to the amount of government support.

6-Measurement of the poverty level in Iraq

Measurement of the poverty level in Iraq included understanding and identifying the best method to employ achieve accurate [7] results. This meant identifying the poverty problem, in which the first step was considered to be an assessment of the known number of poor people and their representative proportion in the population, such that we could understand the style of life at or below the poverty line. This style depended on the system of resource distribution in Iraqi society with reference to two categories (‘poor’ and ‘not poor’) and the poverty line. Through this, it was identified that the total cost of the required prices and services applied to the basic consumer needs on the basis of the poverty line represent the value of the system of poverty indications, which include the poverty range, poverty gap and poverty severity. This style is widely used to measure and analyse which requirements apply and consequently provide suitable data regarding expense and family income [8] .

Table 3: Major poverty indicators in Iraq from the geographical point of view (source: www.cosit.gov.ig)

Gene factor			Poverty severity index			Poverty Gap Index			the poverty ratio			Governorate
Total	Urban	country side	Total	Urban	Country side	total	Urban	Countryside	total	Urban	Countyside	
25.5	26.6	24.5	5.9	2.3	9.6	15.2	6.6	23.8	51.5	29.1	73	Muthanna
25.1	26.2	24	5.3	3.2	7.4	13.7	8.7	18.8	50.9	38.2	63.7	Qadisiyah
26.4	28.7	24.2	4.3	1.5	7	11.5	5.2	17.9	44.4	27.8	61	Maysan
29.4	26.3	28.3	5.4	2	8.8	13.3	6.5	20.2	46.1	32	60.2	DhiQar
28.1	28.2	26.8	2.6	1.8	3.7	8.4	6	10.9	34.5	27.7	44.9	Mosul
29.1	28.7	28.4	2.5	1.7	3.6	6.5	4.8	9	26.1	21.3	32.8	Wasit
26.6	27.2	24.7	1.1	4-	1.4	4	1.6	4.8	20.5	10.1	25.4	Diyala
26.9	25.7	26.8	1	6-	1.6	3.1	2.5	5.3	16.6	15.2	25.2	Salahaddin
22.8	25.5	27.7	8-	5-	1.3	2.7	1.9	4.2	15.4	11.1	21.1	Anbar
24.4	26	23.3	8-	3-	0.6	2.8	1.2	2.8	14.9	6.4	20	Basra
25.9	23.8	26.5	7-	7-	1.2	2.6	2.5	4.1	14.5	13.7	19.6	Babylon
24	26.7	21.7	5-	5-	0.8	2	1.8	3.3	12.4	9.7	18.7	Karbala

27.4	22.6	22.5	5-	3-	1.2	2	1.6	3.9	12	12.4	18.2	Baghdad
27.2	25.3	23.9	4-	3-	0.7	1.7	1.2	2.8	10.8	6.1	15.4	Najaf
26	25.3	20.7	4-	5-	0.4	1.7	2.1	1.8	9.1	12.3	12.5	Altaamim
27.1	26.3	27.2	2-	2-	0.4	9-	7-	1.7	5.8	4.1	10.5	Dohuk
28.2	27.7	25	1-	1-	0.3	5-	3-	1.3	3.6	2.4	9.3	Erbil
25.7	25.5	25	1-	1-	0.3	4-	3-	1	2	1.4	4.8	Sulaimaniyah
28.3	28.9	27.8	2.1-	7-	2.7	5..5	2.5	7.6	22.1	13.5	30.7	Total

Muthana province is the most poverty-stricken of all the Iraqi provinces, amounting to 51.05%, while the Al-Qadisiya province amounts to 50.9% and Missan province is at 44.1%. Accordingly, analysis of the geographical distribution of poverty reveals that the southern provinces are the poorest, and are also the provinces that have suffered from security issues (such as Nineveh, amounting to 34.5%, and including the three Kurdistan provinces). There are also lesser ranges of poverty in Iraq, such as Sulamania (amounting to 3.1%), Erbil (5.8%) and Duhok (7.3%). This is due to the improvement in the economic situation in these regions after 2003 compared to other part of Iraq. It is also related to security stability, which is the most prominent aspect of standard of living which has led to a clearly decrease in the range of poverty in the provinces of the region. Moreover, its geographical site on roads to Turkey, Iran and Syria were the cause of increased trade movements, which led to a rise in production ranges due to an increase in investment and a subsequent attraction of capital to the region. The overall poverty gap in Iraq is 5.05%, while the rural population gap amounts to 7.6% on three levels and is 2.5% for civil areas. This means that rural people present a lower rating. Finally, the overall G value in Iraq is 28.3%, 27.8% in rural area and 28.9% in and civil areas.

6. The Government supports a redistribution of income or a constellation to the poor:

One of the most important results of the doctrine of economic freedom and the subject of production relates to the spontaneous market forces that have increased income inequality between the different sectors of society. This problem has been addressed using the tools of fiscal policy; the most important of these tools is public expenditure, which shows its role in income redistribution through its influence on initial distribution. "It is intended to distribute income among the individuals who participated in its generation, which is in the form of salaries, rents, and its impact on the final distribution... which is intended to introduce adjustments to the primary distribution, which means distributing income among consumers". General expenditures, broadly speaking, do not have the same effects on the redistribution of income. Transfer expenditure may be used by the government to redistribute income directly, such as in the form of social security and pensions, which often benefit the low-income classes; this leads to the distribution of income in cash. Moreover, economic expenditure is used by the government to support particular projects for the purpose of protecting the national industry, or to combat high prices, which leads to the redistribution of income indirectly and in a 'cashless' manner through the recipients receiving goods or services for free or at a price which is lower than the cost. Iraq still does not have an economic philosophy which practices income distribution, as the Iraqi economy continues to be closer to an uncontrolled chapter in deciding its economic activities. Therefore, government support policies do not actively redistribute income in the sense of implementing political policies that depend on that form of political discourse. It is therefore an unproductive and wasteful policy for managing materials and achieving a better level of operation. Despite Iraq's adoption (especially after 2003) of strategy and policies for combating poverty through government support programmes, the indicators of these programmes did not show a significant increase in the number of these programmes according to Ministry of Planning statistics for the year 2016. Roughly 30% of the population, or about nine million people, are classified as living at or below the poverty line, but these programmes did not have a significant impact on reducing the geographical disparities of the distribution of the poor in Iraq [9].

7. Conclusions:

Government support policies in Iraq have contributed to negative and distorted economic effects on the performance of the general budget. As a result of the government support policies adopted in Iraq, the economy shows clear imbalances as regards the distortion of the price apparatus and motivation for the population to continue contributing actively and effectively to the creation of added values, since high allocation rates of government subsidies fall under the terms of social transfer expenses. Government support policies have not supported changes in operating and usage policies in Iraq, since these policies have shown a clear tendency towards social support and have neglected guidelines for job creation. The burden of the budget deficit and Iraq's consequent recourse to foreign and domestic borrowing was a result of the failure of government support policies.

8. Recommendations:

The researcher recommends the following: that the government gradually abandon the excessive adoption of social policies at the expense of economic policies where government support policies are concerned; directing government support policies to empower people to create jobs; supporting development effectiveness, along with supporting the effectiveness of the private sector in providing workers with opportunities that contribute to the creation of sustainable additive values; supporting the investment environment and providing real opportunities for foreign investment; building an economic programme for correction and economic stabilisation that depends on the requirements of efficiency and competition in the restoration of capacity.

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