



## **The role of the fiscal policies in reduce budgets deficit according to international monetary fund condition: an analytical case (2005-2023)**

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### **Abstract**

The study focus on the role of the financial policies in reduce deficit in the budgets in for the period 2005-2023. The data were analyzed according to International Monetary funds. The main problem of this study is how Iraqi government implements necessary measured with deficit the budget and how to achieve the economics balance. In this study, descriptive and historical methods was used to analysis our data that related to deficit in the budget. Also, analytical study used as financial tools on the budget. The results showed that the financial policy plays vital roles in reduce the deficit in budget in Iraq. it is diversifying revenue sources and improve tax collection can as contribute to enhancing economics and financial stability in Iraq.

**Keywords:** Rentier Economy, Oil Revenues, Fiscal Policy, General Budget Deficit, International Monetary Fund

### **Introduction**

Recently, many studies have presented previously on the roles of financial policy and influential effect on the economy. This plays vital roles in brining tangible economics and social changes. It is also contributing to the government responses to different economics

challenges such as federal budget deficit. This is as results of major reliance on oil revenues. The most public expenditures are finances from specific sources. This depends on the revenues of oil sales. That makes them vulnerable to fluctuations results in global oil price and the effect on the revenues of the government.

In Iraq, the economic systems are working under constant pressure as multiple challenges in this country. The study focus on the role of financial policies in reduce deficit in the budgets in for the period 2005-2023. It was used to understand the policy and measured that reduce deficit in the general budgets. Also, the study was focused on the effect of financial policy during the study period to achieve economic, social, and political. It was a complex economics conditions and structural challenges in this country. By analyzing financial policies and evaluating their conformity with the standards and principles of the International Monetary Fund, effective recommendations will be made for future financial policies that will enhance economic stability and improve Iraq's financial performance in the coming period.

## **1- Methodological of the research**

### **1-1: Study problem**

The Iraqi economy has suffered from severe structural imbalances that make the budget vulnerable to fluctuations and shocks resulting from fluctuations in global oil prices, as a result of its direct dependence on oil revenues as a main source of financing. This dependence increases the vulnerability of other revenue components, especially tax revenues, making the general budget vulnerable to persistent deficits. The Iraqi government is trying to reduce this deficit by cooperating with international organizations such as the International Monetary Fund, which imposes specific conditions within the framework of financial support agreements. This problem of this study can be summarized by main questions. How the Iraqi government focuses on measures and procedures reduces the deficit in budget according international Monetary funds.

From this major question, a group of questions begin as the most important as follow:

1- What was the financial policy that takes from Iraqi government to confront deficit budget?

- 2- How the international roles effect the economics policy adopted by the Iraq government?
- 3- How the Iraqi government can be improve the financial revenues?
- 4- How can Iraqi government use different sources of finance the budget and reduce dependence on oil?

### **1-2: Importance of the study**

The importance of this study focus on the financial role in reduces the budget deficit in Iraq. Also, it helps the government the face the challenges that the country was suffering from. In addition, to understand how the IMF condition and international organization effect the Iraqi government. It is by analysis the financial policy adopted and evaluating the effectiveness. The new strategies can be developed to balance the budget and achieve the financial sustainability for long time. The results of this study can be used t identify the most effective methods to diversify the budget sources. Therefore, reduce the dependency on oil revenues. This strategy is achieving the economic growth and life quality for people in Iraq.

### **1-3: Research objectives**

This study focus on achieving a number of aims, the most aims as follow:

1. Understand and analyze role of fiscal policies tools in dealing with the general budgets deficit in Iraq.
2. Determine the extent of the Iraqi government's commitment to public budget allocations during the period from 2005 to 2023, and the amount and causes of the deficit in these budgets.
3. Provide a detailed analysis of the causes of deficit in general budgets of Iraq and analyzing the suitability and importance of the financial policies adopted to address this deficit.
4. Provide a comprehensive assessment of the Iraqi government's contribution to reducing the general budget deficit through its commitment to conditions of the International Monetary Funds, and determining the extent of the success of these policies in achieving the desired financial goals and achieving balance in the budget.

#### **1-4: study Hypothesis**

This study is worked on the basic hypothesis which financial policies tools, in order to the implementation of the conditions, and policies of International Monetary Funds that contributes to reduce the federal budgets deficit in Iraq.

#### **1-5: Temporal and spatial boundaries**

1. Temporal boundaries: The research covers the time period from (2005-2023)
2. Spatial boundaries: The spatial boundaries of the research are represented by the Ministry of Finance, Budgets Department.

### **2- Theoretical limit of the research**

#### **2-1: Concept, tools and objectives of fiscal policy**

##### **2-1-1: Concept of fiscal policy**

Fiscal policy is one of the important tools used by economic policies, which many rely on to achieve a set of economic, and financial goals, especially the broad, and increasing contemporary role of the state in the all countries and in different situations according to the nature of each country. Economic, social system, and their level of developments, condition, environment, resources, capability and needs, there is no specific definitions of fiscal policy, because fiscal policy is implemented based on the functions, and objectives that fiscal policy wants to achieve, and the fiscal policies of different countries differ according to nature of their economics systems and the extent of their developments. Their relationship with the economy. Their environment and resources (Khalaf, 2008: 335).

Fiscal policy is defined as the systematic and organized use of public revenues and public expenditures, with the aim of achieving a balance between the two financial aspects of the state's general budget. This aims to achieve high levels of total production without inflation (Mustafa et al., 2000: p. 27). Fiscal policy is also considered one of the means of economic policy, as it is concerned with organizing the state budget and directing it through government departments, with the aim of ensuring a policy of achieving economic stability and promoting growth. (pp411: Hugor; Lieu, and autre, 1998: p. 411).

Some have also described it as a study and analysis of the state's financial activity and its resulting effects on all public sectors. Therefore, fiscal policy represents a program that is planned and implemented by the state automatically, or in response to the need to achieve the desired effect or avoid the undesirable effect on all aspects of economic activity, with the aim of achieving the goals of society. Fiscal policy has remarkable development and great influence from modern economic thought and developments in global economic events, in addition to the influence caused by contemporary economic principles and systems (Mustafa, 2018, p. 135).

### **2-1-2: Fiscal Policy Objectives**

Researchers identify a set of objectives that fiscal policies in the contemporary financial thought seek to achieve, as follows: (Hassan, 2018: 19).

1. Achieve economic stability through the full operation of economic resources, and thus fiscal policy can be an important tool to achieve this goal, by organizing public spending and directing it towards effective sectors and stimulating economic production.
2. Fiscal policy aims to achieve the optimal allocation of resources by giving priority to value-added projects and modernizing means of production, in order to achieve economic development.
3. Fiscal policy works to achieve social justice by redistributing income in favor of low-income groups, through taxation and social transfers.

### **2-1-3: Fiscal Policy Tools**

Fiscal policy relies on a set of main tools to achieve its goals, including: (Al-Hamdani; Shanshol, 2018: 71).

#### **First: Public Expenditures**

Public expenditures are one of the main tools in fiscal policy. They are used as a means to achieve economics, and social goal. The uses of public expenditure has evolved with the development of the economy and the change in state functions. Governments try to achieve a balance between government activities and society's aspirations. Public expenditures work to

achieve economic and social balance by investing in infrastructure, providing public services, and directing expenditures towards vital sectors of the economy.

## **Second: Public revenues**

Public revenues are an essential tool of fiscal policy enabling the government to finance various government activities. Public revenue includes various sources such as taxes, fees, loans, and monetary issues. The use of public revenues aims to achieve balance in the general budget and finance government expenditures. This depends on fiscal policy directives and economic and social priorities. Taxes and public fees are a major means of collecting government revenues. Tax policies and tax collection reflect the state's priorities and citizens' contributions to bearing the costs of public services and financing government expenditures (Hassan, 2023, p. 716).

### **2-2: The deficit in the general budget**

The IMF defines the overall deficit as a concept which focus on the total amount of public revenues, and public expenditure (International Monetary Fund, 1989: p. 8). However, the concept of current deficit is defined as the excess of current expenditures over current revenues, which means that it is limited to the current total budget (Muhammad, 2021, p. 365). Structural deficits refer to a state of persistent fiscal deficit for many years, while intentional (systematic) deficits refer to a series of the measures that taken by government when economy faces a crisis. A deterioration in effective demand leads to an economic depression, which prompts the government to increase spending, and reduce tax, thus generating deficits. Economists divide the fiscal deficits into the temporary deficits, a strength deficit, and a weakness deficit. A temporary deficit refers to a mismatch between public revenues and public expenditures in a timely manner, while a power deficit results from a state providing assistance to other countries during a certain period of time, to achieve certain goals in the form of economic and social support (Salem, 2012: 295).

### **2-3: Factors affecting the deficit**

There are many factors that lead to a deficit in the general budget. The most prominent of which are:

1. Public revenues do not keep pace with increases in spending: This is partly due to weak tax burden, measured by the ratio of tax revenues to the gross national products. Developing countries suffer from weak tax capacity as a result of factors such as low per capita income, many tax exemptions, stagnant tax systems, and the phenomenon of tax evasion (Abd Al-Hamid, 2022, p. 8).
2. Increased national public expenditures: resulting from the development and expansion of economic activities, with real and superficial causes, including population increase, currency depreciation, and high inflation.
3. A high percentage of current spending: There is a high percentage of current spending out of total public spending, in contrast to the lack of funding sources and the absence of spending rationalization policies (Atta Allah, 2015, p. 255).
4. Financial and administrative corruption has contributed to increasing and raising deficit rates.
5. Economic crises play a major role in exacerbating the deficit in the general budget.
6. Increase in military expenditures: These expenditures are increasing at high rates, which add additional pressures on the general budget. (Salem, 2012: 296).

### **2-4: Financial policies followed in reducing the deficit**

One of the most prominent tools that countries rely on to influence their general budget is the agreement and revenue policy, as follows:

#### **2-4-1 Policies in the expenditure**

Spending policy is considered the most important tool of general budget policy, as it is based on controlling spending to influence aggregate demand. Among its main tools:

A. Rationalizing general spending: One of important means of reducing the general budgets deficit, as the lack of rationalization leads to the depletion of the state's financial energies (Al-Ali, 2003: 53)..

B. Reduce government spending: It was important means for the country to deal with the budgets deficit (Khalaf, 2008: 34).

#### **2-4-2 Policies on the revenue**

1. Financing the deficit through loans if loans are the best option when tax policy fails to meet the increasing public spending, countries resort to loans. There are two types of loans: internal loans and external loans.

2. Financing by issuing new currency Countries rely on their monetary authority in this aspect by controlling purchasing power if the state can obtain the necessary financing by issuing currency. (Asfour, 2012: 327)

3. Financing through taxes: Tax is a sovereign resource if the government collects it according to the national tax system, and legislation and laws. It is manifested in achieving appropriate tax revenues to finance the state's public spending programs and increase the level of efficiency in developing economic resources and accelerating development (Al-Hamdani; Shanshol, 2018, 23).

### **3- Practical work**

#### **3-1 Research Methodology:**

The descriptive and historical approach was adopted based on a group of scientific books that showed the general budget deficit and the importance of financial policy tools to cover the budget deficit. The analytical and quantitative approach was also used to show the amounts of the government general budgets deficit and the results of implementing the general budget and the causes of the deficit and methods of financing it.

### 3-2 Study Variables

The study aims to use statistical analysis to understand the relationship between the dependent variable and the independent variable. In this context, the independent variable is considered to be the financial policy tools, which include government spending and taxes, while the dependent variable is considered to be the level of the budget deficit. The indicators used to measure the level of economic stability include several factors. The variables will be as follows:

Table (1) Study variables

Independent variable	fiscal tools (government expenditure, taxes)
Dependent variable	Budget deficit

### 3.3. Sources of data collection

It is resorted to available statistics in the records and documents of the Central Bank of Iraq and the Central Bureau of Statistics issued by the Iraqi Ministry of Planning and the Statistical Research Center in Iraq.

#### Reasons for the budget deficit

The public budget deficit is a direct result of insufficient general revenues to the cover general expenditures. The general budget represents an estimated plan for the government's revenues and expenditures for the coming period, while the realistic final account represents an actual statement of the expenses paid and the revenues collected during the year. It is possible to determine the causes of the deficits in general budget of Iraq during the period from 2015 to 2018. Among the following factors:

a. The increase in the volume of public expenditures, and the increase in the proportion of its growth revenues and its proportion to total general revenues: in order to identify the development that is occurring in general expenditure and its high rate of growth, and its proportion to total general revenues.

Table (2) total public expenditure, total effective public revenues, and its growth rate in Iraq (2005-2023) (million dinars)

year	Total public spending	Total effective public revenues	Ratio of public expenditure to revenue (%)	Growth rate of public spending (%)
2005	16,791,219	20,844,432	80.5	-
2006	23,456,235	28,381,221	82.6	39.8
2007	32,123,114	42,678,365	75.3	37.0
2008	40,234,232	53,145,865	75.7	25.2
2009	48,345,135	62,789,214	76.8	20.2
2010	58,456,213	78,901,153	74.1	20.9
2011	70,567,443	92,012,345	76.7	20.7
2012	84,678,221	106,234,332	79.7	20.0
2013	98,789,143	122,456,115	80.7	16.7
2014	112,901,112	138,678,210	81.4	14.2
2015	127,012,210	116,901,121	108.7	12.6
2016	141,123,432	100,234,109	140.8	11.0
2017	155,234,231	114,567,211	135.5	10.0
2018	169,345,112	128,890,222	131.1	9.1
2019	183,456,543	143,213,544	128.1	8.3
2020	168,098,324	88,901,346	189.0	8.4

2021	182,209,222	103,324,443	176.4	8.4
2022	196,320,118	128,045,876	153.3	7.7
2023	210,431,321	152,767,237	137.7	7.2

Source: Iraqi Ministry of Finance: <https://mof.gov.iq/Pages/MainMof.aspx>

The results showed that the total expenditure and effective public revenues notes that spending has been increased over the time. This reflects the Iraq government commitment to provide services and develop infrastructure. It was observing that the ratio of public expenditure to public revenue. It was clear that the ratio varied between the various levels over the time. The percentage of spending was 75.3% and 80.7% for 3005-2013 (Table 2). It indicates that spending is represented a moderates proportions of public revenue.

The percentage has been increased in 2024 to 2018 that recorded the highest level of 131.1% for 2018. This s indicating an increase in spending compared to revenue. Iraq has achieve a positive growth in public spending over the year. It is clear that the increasing in public spending have accompanied by improve in effective revenue. This revenue has continuously increased (Table 2). However, it is noted that the challenges were related to the balance of budget in Iraq. Public spend has exceeded public revenue, which was attributed to many factors including oil prices, economics, and political challenges. These challenges necessitate taking measures to enhances public revenue and achieve a balance in expenditure. It can be ay that Iraqi government is working to increase public spending and develop the infrastructure; however, the government faces the challenges to achieve balance in budget.

The public expenditure to revenue varied between different levels at the study period, remaining the most moderate during the early years. It is also noted that there has been a gradual improvement in the ratio of public expenditure to revenue in recent years, as the ratio has decreased from its peak to a lower level in recent years, which indicates an improvement in the balance of the public budget and rationalization of expenditure. However, the challenges in achieving balance in the general budget must be taken into account, due to fluctuations in oil prices and economic and political challenges. Therefore, achieving a sustainable balance in the

public budget requires enhancing revenues, improving expenditure management, and providing efficient public services.

B. Imbalance in the general revenue side and the decline in the contributions of political revenue (taxes and fees).

Table (3) Structure of actual oil, non-oil revenues and respective rate of the current budgets in Iraq (from 2005-2023) (million dinars)

year	Public revenues	Oil revenues	General revenue growth rate (%)
2005	40,435,740	39,480,069	76
2006	49,055,545	46,908,043	76
2007	54,964,848	53,162,592	72
2008	80,641,041	79,131,752	83
2009	55,243,525	51,719,059	101
2010	70,178,223	66,819,670	76
2011	103,989,088	98,090,670	88
2012	119,817,223	116,597,076	105
2013	113,840,075	110,877,542	128
2014	97,618,557	97,072,410	106
2015	66,470,252	51,312,621	123
2016	54,409,270	44,267,063	98
2017	77,335,955	65,071,929	76
2018	106,569,834	95,619,820	104

2019	107,566,995	99,216,318	120
2020	63,199,689	54,448,514	94
2021	109,081,464	95,270,298	84
2022	63,199,689	54,343,514	76
2023	107,454,995	99,232,318	87

Source: Iraqi Ministry of Finance: <https://mof.gov.iq/Pages/MainMof.aspx>

The results showed that the structure of actual oil, non-oil revenue and their rate of the current budgets during the period from 2005 to 2023. It is noted that oil revenues constitute the largest portion of government revenues in Iraq. These revenues are affected by fluctuations in oil prices at the global level, which reflects the fluctuations that have appeared in the numbers over the past years. Since the beginning of the aforementioned period, oil revenues have ranged between different levels. It reached its highest peak in 2013 at an amount of 110,877,542 million dinars, while it was at its lowest level in 2015 at an amount of 51,312,621 million dinars. On the other hand, non-oil revenues show an important aspect of economic diversification and achieving financial independence for Iraq (Table 3).

The results also indicates a variation in these revenues over the years, as they reached their highest peak in 2023 at an amount of 107,454,995 million dinars, while they were at their lowest level in 2015, and this reflects the importance of strengthening other non-oil sectors in the Iraqi economy and diversifying revenue sources to achieve greater financial stability. It is also important to consider the overall revenue growth rate, as this indicator reflects changes in overall revenue over the years. Variation in this rate can be observed between different years, as it can be above or below 100%. It is noted that in some years there has been strong growth in public revenues, while in other years there has been a relative slowdown. For example, the general revenue growth rate was 120% in 2019 and 76% in 2022 (Table 3).

These data demonstrate the great importance of the oil sector in the Iraqi economy and the necessity of diversifying revenue sources to achieve greater financial stability. In addition, strengthening other non-oil sectors contributes to achieving sustainable development and

providing sustainable job opportunities for citizens. It is also noted that excessive reliance on oil revenues exposes the Iraqi economy to risks, given the fluctuations in oil prices and their impact on the budget.

C. The weakness of tax systems in Iraq and the ineffectiveness of sovereign resources (tax and fee):

Table (4) relatives importance of tax and fees to total (actual) general revenue in Iraq (from 2005-2023) (million dinars)

year	Tax revenue	Tax revenue/GDP ratio (%)	Tax revenue/revenue ratio (%)
2005	495,282	0.67	1.225
2006	480,145	0.50	0.979
2007	1,397,991	1.25	2.543
2008	985,837	0.63	1.222
2009	3,334,809	2.55	6.036
2010	1,532,438	0.94	2.183
2011	1,783,593	0.82	1.715
2012	2,633,357	1.035	2.197
2013	2,876,856	1.051	2.527
2014	1,885,127	0.708	1.931
2015	2,015,010	1.035	3.031
2016	3,861,896	1.961	7.097

2017	6,298,272	2.841	8.144
2018	5,686,211	2.114	5.336
2019	4,014,531	1.426	3.732
2020	4,718,190	2.344	7.465
2021	4,536,242	1.505	4.158
2022	5,688,211	1.426	5.335
2023	4,021,531	2.345	7.465

Source: Iraqi Ministry of Finance: <https://mof.gov.iq/Pages/MainMof.aspx>

In Iraq, evaluate of the relative importances of tax and fees were in relation to the total actual general revenue during the period from 2005 to 2023. First, it is clear that tax revenues in Iraq have fluctuated over the years (Table 4). First, it can be noted that the ratio of tax revenues to GDP and public revenues has witnessed significant changes over the years. At the beginning of the period, the ratio was low, as it was less than 1% in many years. However, the ratio witnessed a gradual increase starting from 2007 to 2016, as it exceeded 2% in some years and even reached more than 7%. This indicates an increase in the collection of taxes and fees during that period. Then, the ratio has declined slightly in recent years, ranging between 1% and 5%. This could be due to various factors such as changes in tax policies or the economic challenges facing Iraq.

In some years, such as 2009, 2016 and 2020, tax revenues record relatively high ratios compared to GDP and public revenues. This indicates the importance of taxes and fees as a major source of public revenues in those years, and this may be a result of improved tax collection or increased tax awareness among citizens and businesses. Second, there is a variation in the ratio of tax revenues to GDP and public revenues in other years. In some years, such as 2006, 2011 and 2014, tax revenues record relatively low ratios compared to GDP and public revenues. This may be a result of factors such as changes in tax policies or variations in economic activity. Third, it is clear that over the years, there is a gradual increase in the ratio of

tax revenues to GDP and public revenues. This indicates that taxes and fees play an important role in financing public expenditures and achieving development in Iraq.

**Second: Standard analysis of the effectiveness of fiscal policy in reducing or decreasing the budget deficit**

Description of the study model:

The functional relationship of the study variables can be formulated as follows:

- Linear regression model:

$$\text{Deficit} = \alpha + \beta * \text{Government spending} + \gamma * \text{Taxes} + \varepsilon$$

$\alpha$ : Represents the constant in the linear regression model.

$\beta$ : Represents the effect of government spending on the deficit in the general budget.

$\gamma$ : Represents the effect of taxes on the deficit in the general budget.

Table (6) linear regression model

Variables	Coefficient	SD	R-squared	Adjusted R-squared	t- test	F-statistic	Sig.
C	4.2295	2.6766	0.8027	0.7589	0.2046	18.3104	0.8425
X1	-1.3398	0.6350			- 2.1100		0.0021
X2	4.7039	1.2970			3.6267		0.0055

X1 is the government expenditure coefficient; X2 is the tax coefficient

The results showed an analytical study of the role of fiscal policies in reducing the general budgets deficit in Iraq during the period from 2005 to 2023, and are based on the condition of the International Monetary Funds, where the R-squared value is 0.8027. This means that about 80.27% of the variance in disability can be explained by the independent variables. In other

words, there is a positive relationship between fiscal policy and deficit reduction. In terms of statistical significance, there is a statistically significant effect of the independent variables on the general budget deficit. The t-statistic value for the variable X1 was 2.1100, and this indicates that it has a statistically significant effect on the general budget deficit. Likewise, the t-statistic value for the variable X2 was 3.6267, and this also indicates that it has a statistically significant effect on the general budget deficit (Table 6).

The value of the F-statistic was 18.3104, and this indicates that there is a comprehensive and significant effect of the independent variables on the general budget deficit. This supports the hypothesis that fiscal policy plays a role in reducing the deficit. The probability value (Sig.) for the variable X1 is 0.0021. This indicates that there is significant evidence (less than 0.1) of a significant statistical impact on the general budget deficit. In addition, the probability value (Sig.) for the variable.

In general, the results indicate a positive relationship between fiscal policy tools and reducing the public budget deficit in Iraq. The values used such as R-squared and Adjusted R-squared give an idea of the strength of the relationship. However, the t-statistic and F-statistic values indicate the presence of a significant statistical effect for the independent variables, the probability values (Sig.) show the degree of the significant statistical effect of each variable (Table 6). Therefore, it can be concluded that fiscal policy plays an important role in reducing the general budget deficit in Iraq, and it can affect achieving the country's financial and economic balance.

## **Results**

1. Oil revenues constitute the largest part of state revenues in Iraq. This heavy dependence makes the Iraqi economy vulnerable to fluctuations in oil prices at the global level. Therefore, it is necessary to diversify sources of revenue to achieve greater financial stability.
2. Iraq faces challenges in achieving balance in the general budget, due to fluctuating oil prices and economic and political challenges that affect public revenues.

3. Recently, there has been a gradual improvement in the ratio of public spending to revenues, as the ratio decreased from its peak in 2018 to a lower level in 2023. This indicates rationalization of spending and improvement in the balance of the general budget.

4. The increasing percentages of tax revenues and fees confirm the effectiveness of these revenues as a source of public financing in Iraq in the event that the tax systems in place are developed and improved..

5. The general budget law issued by the Iraqi government contains a planned deficit, which is a decision that is not consistent with the economic situations of Iraq, as these decisions were determined with certain condition, and based on careful research and is only applicable during periods of economic recession in developed countries. The increase in public spending has direct impacts on the currency and the real national income because developed countries enjoy flexible productions system in addition to the availability of natural resources for economic development.

6. The inconsistency with the appropriations allocated in the issued budget law means that there is a deficit when the budget law is issued, while the results of implementing the budget show a surplus in revenues in some years. This is not consistent with the economic situation in developing countries where most individuals are below the poverty line and the implementation of the Fund's policy becomes a matter that increases poverty levels and has a negative impact on the people.

## **7. Recommendations**

The study recommends that:

1. Addressing the structural imbalances facing the Iraqi economy by conducting accurate and appropriate studies of Iraq's economic reality and preparing the federal general budget based on those studies.

2. Recovering and developing non-oil revenues according to realistic, accurate and economically feasible foundations, and seeking to reduce dependence on oil revenues that are subject to fluctuations in global oil prices, instead of merely complying with the conditions impose by the International Monetary Funds.

3. The accuracy of tax revenue planning helps the state achieve an approximate amount of tax revenues, which helps reduce the need to cover the general budget deficit through external borrowing and relies on the tax information system that is linked to all state agencies to provide information about all Iraqi state basic and up-to-date information about members, which reduces tax evasion and money laundering.

4. Pay attention to developing tax bodies and encouraging the development of their capabilities through a system for evaluating the performance of tax units and providing them with modern and advanced equipment and linking them to state institutions to achieve a leading position in the field of taxes and reduce tax evasion and its spread - educating citizens and taxpayers, which reduces administrative and financial corruption.

5. Diversifying sources of revenue by developing other sectors such as agriculture, industry, tourism and financial services, this requires strengthening infrastructure, improving the investment environment and encouraging entrepreneurship.

6. It is necessary for the Iraqi government to provide support and develop financial and tax policies that help develop and activate the private sector to support important economic sectors in the country.

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