

# دور السياسة المالية في تكوين رأس المال الثابت في العراق خلال المدة (١٩٨٠-١٩٩٨)

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# **The Role Financial policy in the fixed capital Formation in Iraq during - ١٩٩٨ ) ( ١٩٨٠**

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## Abstract

After the two world wars, the world had witnessed radical and important changes in all aspects. One of these aspects way the expansion in the role state in the economic life. A number of developing countries tried to enter the stage of a universal development and to investigate the best ways and successful policies that could be used to get ride of backwardness and infirmity of their economies.

The role and importance of the reverse can be noticed clearly in facing the problem concerned with the process of the fixed capital formation which is a strategic factor in the other factors of development.

Because of the great importance that the reveres in Iraq can play as an efficient tool in the process of the fixed capital formation on one hand, and the range of such a element on the economic and social status on the other, the practical choice of the this study entitled “The role of the financial policy in the formation the fixed capital in Iraq during the blockade” comes of the prominent and effective role the capital excreted in the economies of the developing countries which can be justified following reasons:

The importance and role of the reserves in the capital formation needs a scientific planning for this phenomenon to have its position to serve the national economy especially our country has lived in exceptional circumstances not found in the international history represented by two wars and a universal blockade which led to a weak Iraqi economy that search as long for political and then for the economic independence.

This, in turn, pushes us to adopt the practical bases built on the study and analysis, and pays the attention to the scientific planning to form the fixed capital, especially, that Iraq suffers from a great rarity of the local and foreign reserves. In addition to the shortage of goods exposition and the decline services level. All these things gave a disfigured picture of the Iraqi economy and it might continue for a long time. And because of the preceding issues and in order to participate in this field, the subject of the present study has been chosen to show clearly the role that the reserves perform to form the fixed capital and to choose a description of the formation function of the fixed capital as a

quantitative side to clarify the relationship between the economic variables and their effects on the capital formation during (1980 –1998 ). This period is chosen to supply the data and the possibility to get it during the time of writing this thesis.

In order to achieve the aims of the study, it has been divided into three chapters:

The first chapter is devoted to the theoretical frame work. It consists of three sections. The first section studies the concept of governmental reserves. The second section is to clarify the fixed capital formation. While the third section tackles the nature of the relation between the governmental reserves and the fixed capital formation.

The second chapter is dedicated to study the governmental reserves to form the capital in Iraq during (1980 –1998 ). It falls into four sections. The first one deals with the analysis of the governmental reserves in Iraq during the period above. The second section analyzes the movement of the fixed capital formation in Iraq during the period under the present study.

The third section tackles the nature of the governmental reserves and the fixed capital formation and the relation between them during the period (1980 –1998 ).

The fourth section deals with the evaluation of the exploitation tourism in Iraq during the specific period.

The third chapter is devoted to show the standard procedure in constructing three standard models of the functions related to the fixed capital and to specify the economic variables effect and their measuring and also its influence on the total capital formation and the exploitation expenditure.

The third chapter is devoted to study the regular model to build three samples to measure functions specialized for the fixed capital. Also to specify the economic variables effects and their effects on the total capital and exploited expenditure and on the budget deficiency. This can be done by using two models of the economic measurement. The first one is characterized by using (OLS) procedure and then using Ridge Regression procedure. Comparing the results of the two tests, it has been noted that Ridge Regression procedure is more accurate and suitable than the other as far as the logic of the economic theory is concerned.

Finally the researcher has pointed out some conclusions and recommendations mentioned previously.