الجامعة المستنصرية
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قياس العلاقة التبادلية بين التضخم وعجز الموازنة العامة لدول عربية مختارة مع إشارة خاصة للعراق للمدة ١٩٨٠-١٩٩٨

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من قبل
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Abstract

The reciprocal relation represents a mode of thinking whether economically, politically, or socially. There is a certain reciprocal relation between man and the book, for instance. For the book influences the man by its words, sentences or ideas. Accordingly, the book might possibly change the value system of the man. But, there is also another influence which works in the opposite direction, since the man, in turn, should give to the book. He should give time, effort and thought. Then he could get the above mentioned ideas. Thus, he could reach a new system of ideas and values which might be translated into another book. So there is a relationship between both of them, and it is a reciprocal relation.

On economics level, there are many reciprocal relations. There is a reciprocal relation between the gross domestic product and the aggregate consumption; between the exchange rate and the foreign trade; between the exchange rate and the interest rate. Also there is such a relation between inflation and the public budget and this particular point is the subject of the present study.

The reciprocal relationship between inflation and public budget deficit is more likely to happen in the cases of the developing countries, which suffer from great deficits in their public budgets and also suffer from high rates of inflation. Deficit in the public budget nourishes the inflationary pressures due to the methods adopted to finance the deficit in those countries, which either turns to abroad borrowing, or to domestic borrowing from their monetary authority. Both are

accompanied by a large increase of money supply. But those countries face a very limited aggregate supply due to the elasticity of their production system is very low. This may lead to transform this increase in money supply into a surplus demand leading to increase the general prices level. This later increase has different influences on the general economic variables, and the public budget is one of them. The inflationary pressures may lead to increase the deficit in the public budget of the government in the developing countries. The increase of prices leads to decrease the purchasing power of money. This means that the government will need to increase the public expenditure in order to meet the needs of the same requirements of the aggregate demand before the rise of prices. That is to say that the public expenditures will increase noticeably due to inflation.

On the other hand, the developing countries suffer from the so-called fiscal lags periods, which signify the interim periods between the rise of prices and the increase of revenue. Such countries need long span of time to modify their tax systems after the inflation. Also, the developing countries originally suffer from problems in increase tax revenue because of many tax evasions and many tax exemptions along with the lack of the tax consciousness. The final result is that inflation leads to an increase in the public expenditures more than its influence on increasing the tax revenue, and then increasing the deficit in the public budget after the inflation.

Thus, economic will revolve in a vicious circle between inflation and public deficit, for each will feed the other in feedback manner.

Four developing countries were studied; Iraq, Egypt, Jordan and Sudan, because of the reciprocal relation between inflation and public budget in these countries. The researcher concluded that this relation is very possible especially in the countries of high inflation and large budget deficit. Results clearly showed this relation more vivid in Iraq and Sudan economic but not in Jordan and Egypt.

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