

# The Impact of The Application of Financial and Monetary Policies on The Most Important Economic Variables

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## Abstract

The research aims to identify the impact of the application of financial policies represented in (government spending) and monetary policies represented in (the rate of growth of the monetary mass) on the most important economic variables in Iraq during the period (2004-2018). The research found that there is an impact of financial policies on the unemployment rate and the effect was positive, as well as the rate of inflation, the effect was negative and on the value of foreign direct investment, the effect was positive, and the absence of an impact of financial policies on the rate of growth of GDP in Iraq during the period (2004 – 2018). Likewise, there is no effect of monetary policies on the rate of growth of the domestic product, the unemployment rate, the inflation rate, and the value of foreign direct investment in Iraq during the period (2004-2018). Research recommends the necessity for the Iraqi government to put in place more effective financial policies through which it can have an impact on economic development, increasing government spending rates on sectors that help in bringing about economic development quickly and providing job opportunities, which helps reduce unemployment rates dramatically, working to reduce the economic burden on individuals and companies in order to encourage them to work and increase production rates, which helps in achieving the required economic development. The necessity for the Iraqi government to develop more effective and influencing monetary policies on macroeconomic variables, the necessity of setting a comprehensive development plan for Iraq that includes all economic, social and political aspects.

## Keywords

Financial policies - monetary policies - economic variables - Iraq

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## Introduction

The economic policies that governments apply greatly affect the economic activity of countries. Countries depend on a set of policies through which they seek to achieve the required economic goals, reach a certain level of economic development, and solve economic problems and crises that can confront society. Through the use of macroeconomic policies that include both fiscal and monetary policy, the country tries to tackle the economic recession and achieve high and increasing rates of economic development on an ongoing basis.

## Research problem

The Iraqi government seeks, through the application of financial and monetary policies and their various tools, to achieve high rates of economic growth and development, reduce unemployment and inflation rates, and increase levels of foreign and domestic investment in order to improve the economic and social level of community members.

### Research gap:

The research problem is that it seeks to identify the impact of the application of financial and monetary policies on the most important economic changes in Iraq during the period (2004 - 2018)

## Research importance

The importance of the research is that it discusses one of the important issues in the economic field, which is the impact of monetary and financial policies on the most important economic variables, something that has not been widely discussed in research and studies, as it was interested in discussing the impact of one of the financial or monetary policies and not discussing their impact together, and thus it is considered One of the first researches and studies that dealt with the impact of the two policies on the Iraqi economy.

## Research Objectives

The research aims to achieve a basic goal which is to identify the impact of the application of financial policies represented in (government spending) and monetary policies represented in (the rate of growth of the monetary mass) on the most important economic variables in Iraq during the period (2004-2018) by achieving a set of sub-goals which are:

- 1- Knowing the effect of government spending and the rate of growth of the monetary mass on the rate of growth of GDP during the study period.
- 2- Knowing the effect of government spending and the rate of growth of the monetary mass on the rate of inflation during the study period.
- 3- Knowing the effect of government spending and the rate of growth of the monetary mass on the unemployment rate during the study period.
- 4- Knowing the impact of government spending and the rate of growth of the monetary block on the amount of foreign direct investment in Iraq during the study period.
- 5- Accessing recommendations and proposals that help in achieving the maximum effectiveness of financial and monetary policies.

## Research hypotheses

In order to achieve the objectives of the research, a set of assumptions has been assumed. They are:

### First hypothesis:

There is a statistically significant relationship between government spending and the rate of GDP growth in Iraq during the period (2004-2018)

### **Second hypothesis:**

There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of growth of GDP in Iraq during the period (2004-2018)

### **Third hypothesis:**

There is a statistically significant relationship between government spending and the unemployment rate in Iraq during the period (2004-2018)

### **Fourth hypothesis:**

There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of unemployment in Iraq during the period (2004-2018)

### **Fifth hypothesis:**

There is a statistically significant relationship between government spending and the rate of inflation in Iraq during the period (2004-2018)

### **Sixth Hypothesis:**

There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of inflation in Iraq during the period (2004-2018)

### **Seventh hypothesis:**

There is a statistically significant relationship between government spending and the amount of foreign direct investment in Iraq during the period (2004-2018)

### **Eighth hypothesis:**

There is a statistically significant relationship between the rate of growth of the monetary mass and the amount of foreign direct investment in Iraq during the period (2004-2018)

## **Research Methodology**

The research will use a set of approaches that are appropriate to the objectives of the research and achieve its purpose, whereby the research will use the descriptive approach to its relevance to the research topic through which the phenomenon to be studied is described, as well as the research will use the standard analytical approach through which standard methods and methods are used to analyze research data Through the use of E.views program to reach results and recommendations that can be used. .

### **Data sources**

The research is based on data obtained from reports and statistical releases issued by the Central Bank of Iraq and the World Bank during the study period.

### **The limits of the study**

#### **Objective limits:**

studying the relationship between financial and monetary policies and the most important economic changes (economic growth - unemployment - inflation - foreign direct investment)

**Location limits:**

Iraq

**Time limits:**

Data on study variables during the period 2004-2018

**Theoretical framework****Research terms and concepts****The concept of monetary policy:**

1. Monetary policy is defined as the means and methods by which the state manages cash and regulates economic activity in [society \(Gori, Antoci, Fiaschi, & Sodini, 2021\)](#).
2. It is also known as using a set of tools and means by which to have an effect on the amounts of cash circulated in the economy. [\(Mohammed, AL-Mamoori, & Jaber, 2020\)](#)

**The concept of financial policy:**

1. It is the set of methods, methods, and procedures that the government takes in order to achieve the largest possible efficiency in managing financial activity, with the aim of achieving a set of economic, political and social goals during a specific time period. [\(RAHICHE, 2021\)](#)
2. It also means the means implemented by the state in order to reach the highest possible rates of public spending, which helps in resolving many economic and social problems while managing the means by which funding can be provided for this spending. [\(Fernandez & Wilson-Lee, 2021\)](#).

**The concept of economic development**

- It is the complete change that occurs in the lives of society members as a result of increasing the average real income of individuals as a result of exploiting the economic resources of society the best possible use [\(Hayes, 1991\)](#)
- The improvement in the economic and social standard of living of individuals as a result of the improvement of goods and services and the increase in levels and productive capacities with a fair distribution of income among members of society [\(Jones, 2021\)](#) Structural and comprehensive changes occur in income and production distributions among the society's classes, with an improvement in the level of goods and services that are produced and provided to members of society and works to improve their living conditions [\(McGookin, Gallachóir, & Byrne, 2021\)](#)

**The concept of economic growth**

1. It is the increase in the real national production of society and the accident as a result of technical and technical progress and the increase in the capacity of the available productive resources to satisfy the desires and needs of the community members [\(Hu & Yao, 2021\)](#)
2. It is also defined as the increase in the value of goods and services that are produced in the national economy sectors of a country during a certain period of time, usually a year, by improving the technological level, which is expressed through the high value of the gross domestic product of that country. [\(Fibaek, 2021\)](#)
3. The amount of the increase in the average real per capita income of a community member over a specific period of time [\(Haouas, Ochi, & Labidi\)](#)

**The concept of unemployment**

1. Individuals are not given an opportunity to work despite agreeing to all the conditions prevailing in the market [\(Heniwati, Yantiana, & Desyana, 2021\)](#)

2. The limited number of job opportunities available for the number of individuals wanting to work, which leads to an imbalance in the labor market between the low level of supply and the high level of demand (Lorenz, 1994)
3. It is the situation in which the individual is able to work, willing to work, search for and accept it at the prevailing wage level, but does not receive it. (Ben Abdesslem, 2021)

### The concept of inflation

1. It is the continuous rise in the general level of prices, which is not matched by a similar rise in the productive level of society. (Smith & Ralph, 2021)
2. It is the increase in the general level of prices as a result of the increase in the volume and amount of money that is traded in the market with no increase in the volume of production of goods and services that society produces (Islam, Alharthi, & Murad, 2021). The level of aggregate demand is higher than the level of aggregate supply, which leads to a continuous and continuous increase in the overall price level. (Hartwell, 2021)

### The concept of foreign direct investment

1. It is defined as investments that are owned or partly owned by individuals or institutions that are not resident in the state and do not bear their nationality with the aim of achieving profits and benefits (Schneider & Frey, 1985)
2. The International Monetary Fund defines it as an investment that aims to obtain individuals or institutions residing in a particular economy with permanent interests in a corporation residing in another economy in order to open new markets or increase production and benefit from the abundance of available productive resources. (Stanley, 2020)

## Literature Review

In Abel, Mukarafi, Mutohori, and le Roux (2021) entitled The role of financial policy in attracting foreign direct investment in the countries of the Arab Maghreb, which aimed at identifying the means, methods and methods used by the Arab Maghreb countries Algeria and Tunisia in attracting foreign direct investment. Foreign direct investment is a tool of growth and development, and that foreign direct investment is one of the low-cost financing sources, there are many positive effects of foreign direct investment with negative effects that must be attempted to avoid and eliminate them, the need to the host country in creating the appropriate climate for foreign direct investment, that the financial policy in Algeria has not proven its usefulness in attracting foreign direct investment, that the fiscal policy in Tunisia has proven its usefulness in attracting foreign direct investment, and that there are many factors that affect foreign direct investment other than financial policy such as Political conditions, security, and social levels.

In Howarth and Quaglia (2021) entitled The role of financial policy in achieving economic balance in light of the economic reform program (case study of Algeria during the period 1994-2009), which targeted the role that fiscal policy plays in achieving stability and economic balance. The study reached a set of results, including There is an important role for financial policy through its components in achieving economic stability and balance, and it is necessary to have consistency between both fiscal and monetary policy so that there is no conflict between them, which impedes them from achieving their goals, the weak impact of financial policy on the Algerian economy, the adoption of The Algerian economy is based on the income generated from the hydrocarbon sector, which makes it necessary to work on finding alternative sources of income to avoid exposure to any financial crises in the event of low oil prices. The study recommended the necessity of working to reorient government spending and work to encourage investments, rationalize government spending, increasing tax awareness among individuals, the necessity of working to diversify public revenues from several sources.

In KHALED (2021) entitled The effect of monetary and financial policy on foreign direct investment flows in Algeria during the period (1996-2012). The study aimed to identify the importance of the role of monetary and financial policy in attracting foreign direct investment. The study reached a set of results, including That foreign direct investment positively affects economic growth, lack of foreign direct investment in Algeria despite the incentives and facilities granted, the

ineffectiveness of monetary and financial policies in attracting foreign direct investment, the lack of rationality in the use of financial and monetary policies. The study recommended the necessity of reforming the adopted economic policies, especially financial and monetary policies, providing an attractive investment climate, activating laws that protect investors, rationalizing financial and monetary policies, and working to achieve complementarity among them.

In a study (Feng, Wang, & Liang, 2021) entitled The role of financial policy in achieving economic development, which aimed to identify the role of financial policy in achieving economic development in the northern state of the Republic of Sudan by following the deductive, inductive, historical, and descriptive analytical approach. The study reached a set of results which is that the support that the state takes it from the state and contributes to a much greater rate of development than the contribution of the state's revenues, and that the support provided by the state and the state was able to achieve high development in health, education and fighting poverty, and that the state is working to implement a policy. It leads to an increase in its revenues annually, and the study recommended that attention should be paid to setting up projects that increase the state's revenues, as well as encouraging the private sector to invest and use a specific policy in the field of gold mining.

In the study of Muhammad, (Coenen, Montes-Galdon, & Schmidt, 2021). entitled The role of financial policy in achieving macroeconomic stability in Algeria during the period 2001-2016 which aimed to identify the impact of financial policy on indicators of macroeconomic stability by identifying the components of financial policy and its impact on the most important economic indicators. Such as the inflation rate, the unemployment rate and the rate of growth. The study reached a set of results, including that financial policy has a major role in achieving overall economic stability, and that the role of financial policy is linked to oil prices, so it is necessary to work to provide other sources of financing for the economy. D Algerian and not rely entirely on income from oil.

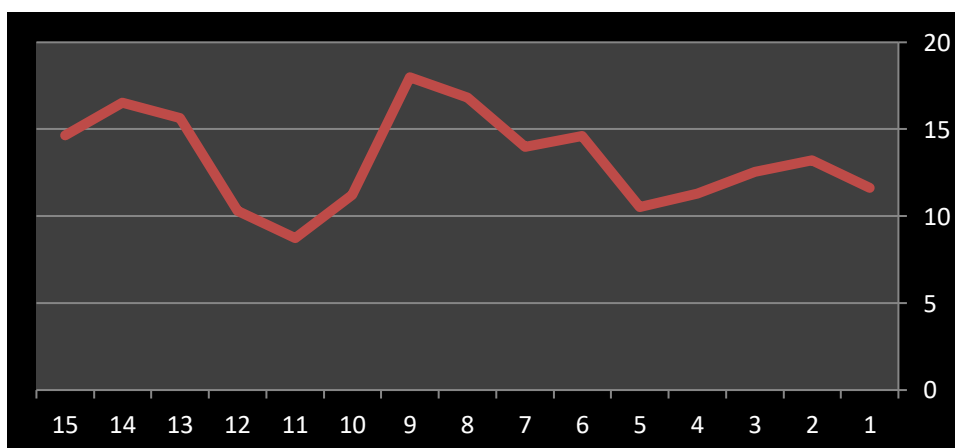
In a Satalaksana entitled The role of monetary policy in attracting foreign direct investment in Algeria (2000-2015), which aimed to find out the means by which monetary policy can attract foreign direct investment, and the study reached a set of results, including that the Algerian economic policy I have started working to encourage foreign direct investment, and despite the facilities granted, the level of foreign direct investment is low and concentrated in the hydrocarbon sector, and it is necessary to work to maintain economic stability in order to provide an appropriate and appropriate environment for foreign investment. Direct.

## Applied framework

**First: rate of growth of the monetary mass, unemployment rate, inflation rate, GDP growth rate, government spending and foreign direct investment in Iraq during the period 2004-2018**

It is clear from Table (1) and Figure (1) that the rate of growth of the monetary mass in Iraq during the period (2004 - 2018) reached 8.74% as a minimum in 2014, and it reached 17.99% as a maximum in 2012 with an average of 13.31% and the annual growth rate was 25.1% during the study period.

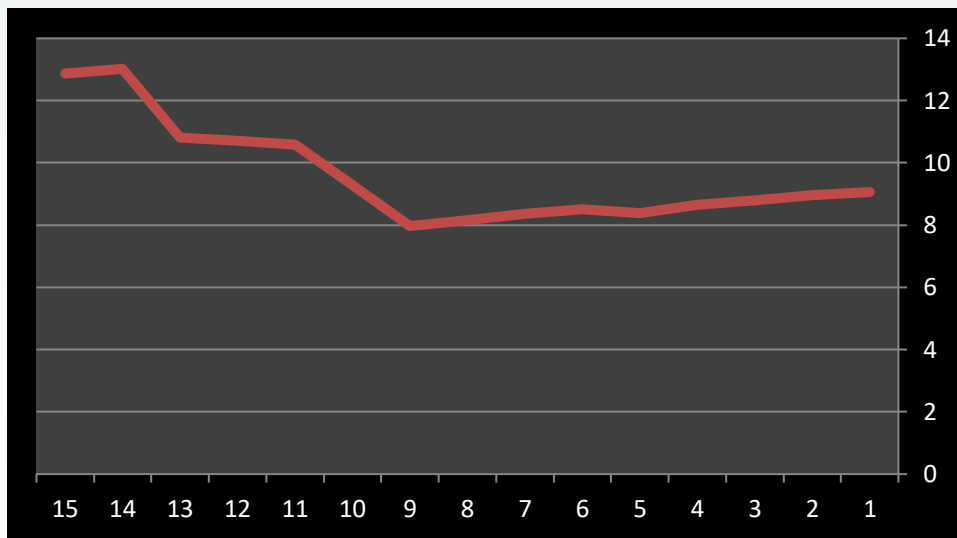
**Figure (1)**



**Source: Data in Table (1)** It is clear from Table (1) and Figure (2) that the unemployment rate in

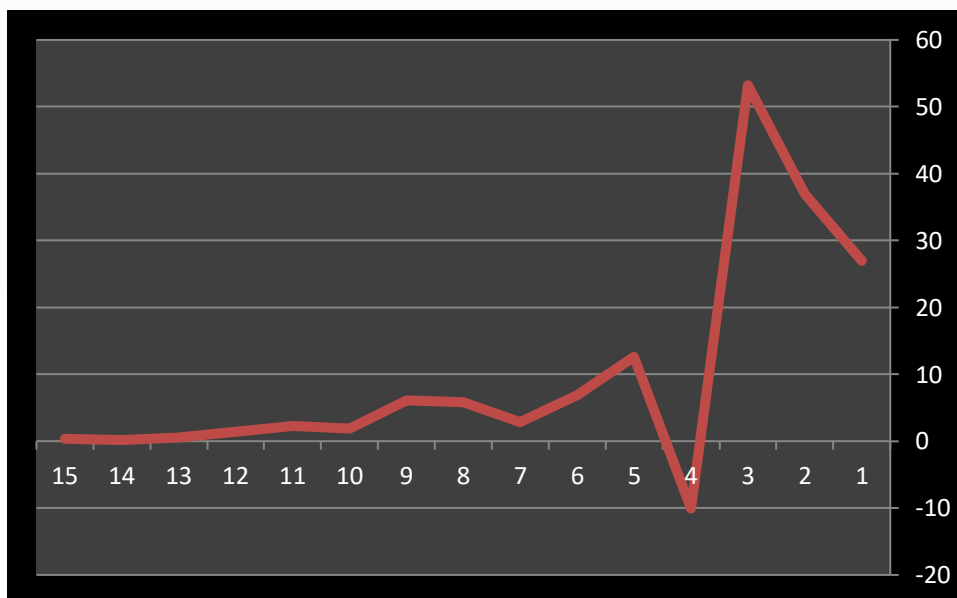
Iraq during the period (2004 - 2018) reached 7.97% as a minimum in 2012, and it reached 13.02% as a maximum in 2017 with an average of 9.61% and the annual growth rate was 22.4% during a period studying.

Figure (2)



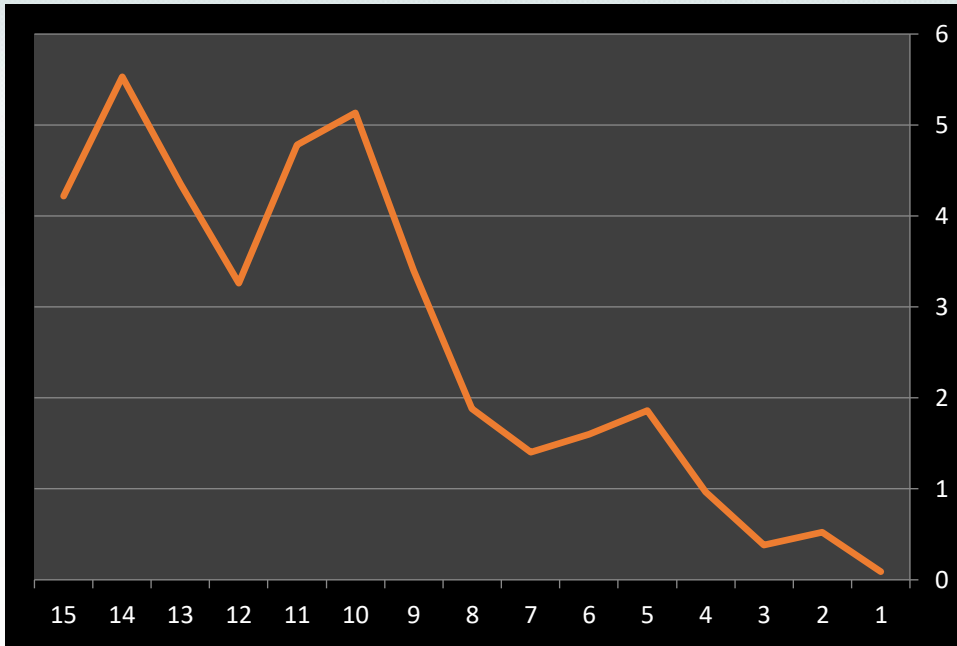
\Source: Data in Table (1) It is clear from Table (1) and Figure (3) that the inflation rate in Iraq during the period (2004 - 2018) reached -10.07% as a minimum in 2007 and reached 53.23% as a maximum in 2006 with an average of 9.87% and the annual growth rate was 5.3% during The study period.

Figure (3)



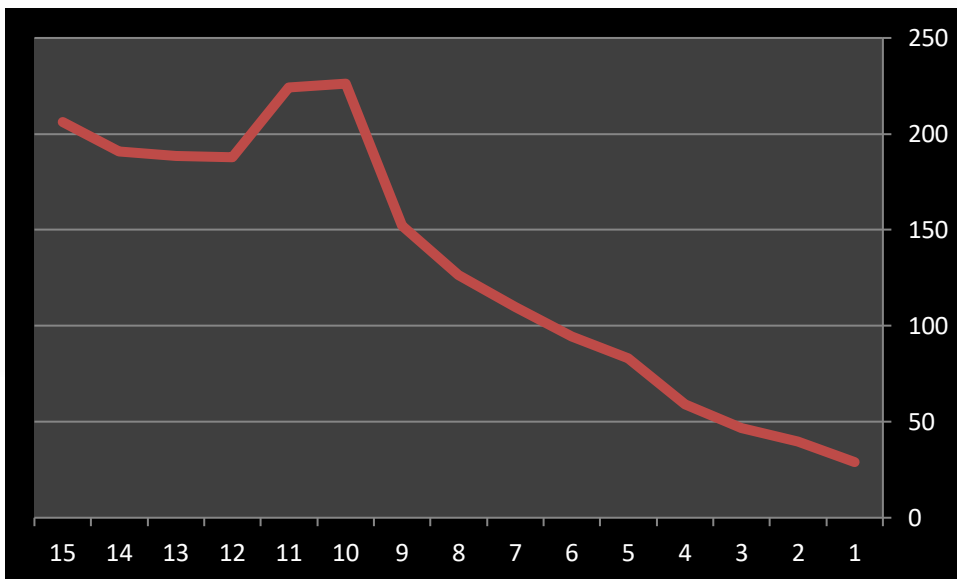
Source: Data in Table (1) It is clear from Table (1) and Figure (4) that the rate of GDP growth in Iraq during the period (2004 - 2018) reached -2.49% as a minimum in 2017 and reached 54.16% as a maximum in 2004 with an average of 8.84% and an annual growth rate of 12.3 % during the study period.

Figure (4)



Source: Data in Table (1) Table (1) and figure (5) show that the value of government spending in Iraq during the period (2004 - 2018) amounted to a minimum of \$ 29 billion in 2004 and reached a maximum of \$ 226.2 billion in 2013 with an average of \$ 130.97 billion and the annual rate of increase 48.6% during the study period.

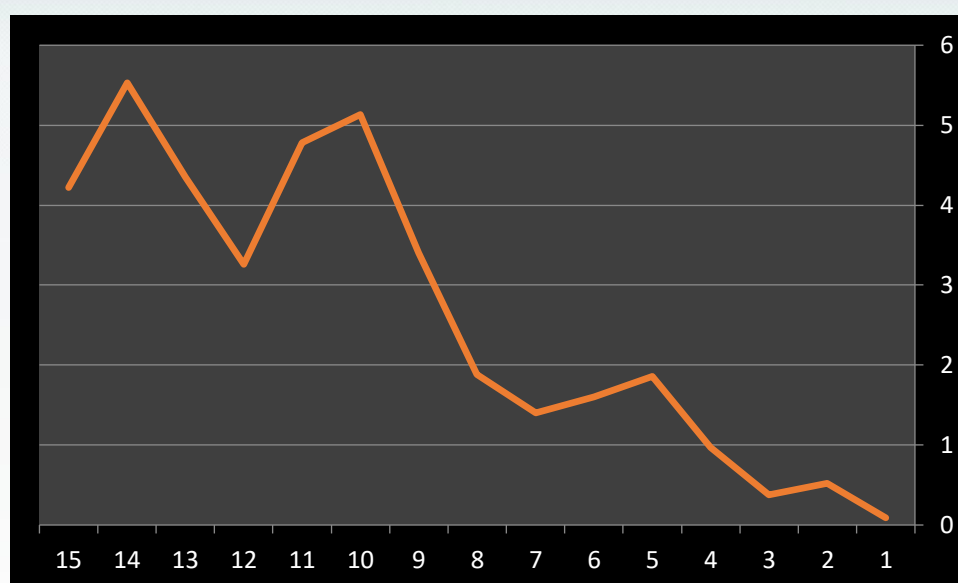
Figure (5)



Source: Data in Table (1) It is clear from Table (1) and Figure (6) that the value of foreign direct investment in Iraq during the period (2004 - 2018) amounted to 0.09 billion dollars as a minimum in 2004, and reached a maximum of \$ 5.53 billion in 2017 with an average of \$ 2.63 billion and the rate of increase The annual rate is 10.5% during the study period.



Figure (6)



Source: Data in Table (1)

Table (1)

Rate of growth of the monetary mass, unemployment rate, inflation rate, GDP growth rate, government spending and foreign direct investment in Iraq during the period 2004-2018

Years	rate of growth of the monetary mass %	Unemployment rate %	Inflation rate %	GDP growth rate %	Government spending (Billion Dollar)	Foreign direct investment (Billion Dollar)
2004	11.62	9.06	26.96	54.16	29.00	0.09
2005	13.21	8.97	36.96	4.40	39.79	0.52
2006	12.54	8.80	53.23	10.16	46.74	0.38
2007	11.30	8.65	-10.07	1.38	59.18	0.97
2008	10.54	8.39	12.66	8.23	83.04	1.86
2009	14.62	8.50	6.87	3.38	94.47	1.60
2010	13.97	8.37	2.88	6.40	109.75	1.40
2011	16.82	8.16	5.80	7.55	126.51	1.88
2012	17.99	7.97	6.09	13.94	152.08	3.40
2013	11.23	9.28	1.88	7.60	226.20	5.13
2014	8.74	10.59	2.24	0.70	224.32	4.78
2015	10.31	10.71	1.39	2.48	187.96	3.26
2016	15.63	10.82	0.56	15.21	188.55	4.35
2017	16.52	13.02	0.18	-2.49	190.73	5.53
2018	14.66	12.86	0.37	-0.56	206.24	4.22
<b>Average</b>	<b>13.31</b>	<b>9.61</b>	<b>9.87</b>	<b>8.84</b>	<b>130.97</b>	<b>2.63</b>

Source:

(Al-Tameemi & Abd-Alghafur, 2020)

<https://data.albankaldawli.org/country/iraq>

<https://ar.tradingeconomics.com/iraq/gdp>

## Second: Hypothesis study

### **First hypothesis :There is a statistically significant relationship between government spending and the rate of GDP growth in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between government spending (the independent variable) and the rate of growth of GDP (dependent variable) and the non-significance of the model as a whole was shown, as the value of F was not significant at the level of 0.05 and also it became clear that the variables included in the model explain 18.1% of The changes that occur in the GDP growth rate while the rest of the changes are due to other factors that were not included in the model used, which is a weak percentage, and the effect of government spending on the Iraqi economy on the rate of GDP growth during the period (2004 - 2018) is not significant at the level of significance 0.05, which indicates that the study hypothesis is incorrect First, It is clear that there is no impact of financial policies on the rate of growth of GDP in Iraq during the period (2004 - 2018). (Table 2)

### **Second hypothesis: There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of growth of GDP in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between the rate of growth of the monetary mass (the independent variable) and the rate of growth of the GDP (dependent variable), and the non-significance of the model as a whole was shown, as the value of F was not significant at the level of 0.05 and also it became clear that the variables included in the model explain 0.2 % Of the changes that occur in the GDP growth rate, while the rest of the changes are due to other factors that were not included in the model used, which is a very weak percentage, and the insignificance of the effect of the monetary mass growth rate in the Iraqi economy on the rate of domestic product growth during the period (2004 - 2018) ) at 0.05, which indicates no The validity of the second study hypothesis, and It is clear that there is no impact of monetary policies on the rate of growth of GDP in Iraq during the period (2004 - 2018). (Table 2)

### **Third hypothesis: There is a statistically significant relationship between government spending and the unemployment rate in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between government spending (the independent variable) and the unemployment rate (dependent variable), and the significance of the model as a whole was shown, as the value of F was significant at the level of 0.05, and it became clear that the variables included in the model explain 38% of the changes that occur in The unemployment rate, while the rest of the changes are due to other factors that were not included in the model used, which is a low percentage, and shows the significance of the impact of government spending in the Iraqi economy on the unemployment rate during the period (2004 - 2018) at the level of significance 0.05, which shows the validity of the third study hypothesis, and it is clear The effect of financial policies on Unemployment rate in Iraq during the period (2004 - 2018) The impact was positive, which shows that the more government spending increases by 1%, the unemployment rate increases by 26.55%, which shows that government spending in Iraq is not directed to sectors that help provide many job opportunities and reduce unemployment rates. (Table 2)

### **Fourth hypothesis: There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of unemployment in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between the rate of growth of the monetary mass (the independent variable) and the unemployment rate (dependent variable), and it showed that the model as a whole was not significant, as the value of F was not significant at the level of 0.05 and also it became clear that the variables included in the model explain 0.2% of The changes that occur in the unemployment rate while the rest of the changes are due to other factors that were not included in the model used, which is a very weak percentage, and the insignificance of the effect of the growth rate of the monetary mass in the

Iraqi economy on the unemployment rate during the period (2004 - 2018) is at a significant level of 0.05 which is What illustrates the incorrectness of the fourth study hypothesis, and it becomes clear Lack of influence of monetary policies on the unemployment rate in Iraq during the period (2004 – 2018) (Table 2)

**Fifth hypothesis: There is a statistically significant relationship between government spending and the rate of inflation in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between government spending (the independent variable) and the inflation rate (dependent variable), and the significance of the model as a whole was shown, as the value of F was significant at the level of 0.05, and it became clear that the variables included in the model explain 38.6% of the changes that occur in The rate of inflation while the rest of the changes are due to other factors that were not included in the model used, which is a low percentage, and shows the significance of the impact of government spending in the Iraqi economy on the rate of inflation during the period (2004 - 2018) at the level of significance 0.05, which shows the validity of the fifth study hypothesis, and it is clear The effect of financial policies on an infectious device For inflation in Iraq during the period (2004 – 2018)The effect was negative, indicating that the more government spending increased by 1%, the inflation rate decreased by 2.628%.(Table 2)

**Sixth Hypothesis: There is a statistically significant relationship between the rate of growth of the monetary mass and the rate of inflation in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between the rate of growth of the monetary mass (independent variable) and the rate of inflation (dependent variable), and it showed that the model as a whole was not significant, as the value of F was not significant at the level of 0.05, and it also became clear that the variables included in the model explain 1% of The changes that occur in the inflation rate, while the rest of the changes are due to other factors that were not included in the model used, which is a very weak percentage, and the insignificance of the effect of the growth rate of the monetary mass in the Iraqi economy on the rate of inflation during the period (2004 - 2018) is at a significant level of 0.05 which is illustrates the incorrectness of the sixth study hypothesis, and the lack thereof The effect of monetary policies on the inflation rate in Iraq during the period (2004 - 2018) (Table 2)

**Seventh hypothesis :There is a statistically significant relationship between government spending and the amount of foreign direct investment in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between government spending (independent variable) and the value of foreign direct investment (dependent variable) and showed the significance of the model as a whole, as the value of F was significant at the level of 0.01 and also it became clear that the variables included in the model explain 91.6% of the changes that It occurs in the value of foreign direct investment while the rest of the changes are due to other factors that did not enter the model used, which is a very high percentage, and shows the significance of the impact of government spending in the Iraqi economy on the value of foreign direct investment during the period (2004 - 2018) at the level of significance 0.01, which shows the validity of the seventh study hypothesis, and it is clear that there is an impact of financial policies on the value of foreign direct investment in Iraq during the period (2004 – 2018)The effect was positive, which indicates that the more government spending increases by 1%, the greater the value of foreign investment by 36.237% (Table 2)

**Eighth hypothesis: There is a statistically significant relationship between the rate of growth of the monetary mass and the amount of foreign direct investment in Iraq during the period (2004-2018)**

In order to test the study hypothesis, the simple regression coefficient was calculated between government spending (independent variable) and the value of foreign direct investment (dependent variable) and showed the significance of the model as a whole, as the value of F was significant at the level of 0.01 and also it became clear that the variables included in the

model explain 91.6% of the changes that It occurs in the value of foreign direct investment while the rest of the changes are due to other factors that did not enter the model used, which is a very high percentage, and shows the significance of the impact of government spending in the Iraqi economy on the value of foreign direct investment during the period (2004 - 2018) at the level of significance 0.01, which is illustrates the incorrectness of the eighth study hypothesis, and it is clear that there is an impact of financial policies on the value of foreign direct investment in Iraq during the period (2004 - 2018). (Table 2)

**Table (2)**

Hypothesis study

<b>hypothesis</b>	<b>b</b>	<b>t</b>	<b>f</b>	<b>R<sup>2</sup></b>
<b>First hypothesis (Relationship between government spending and the rate of GDP growth)</b>	<b>-2.209</b>	<b>-1.694</b>	<b>2.871</b>	<b>0.181</b>
<b>Second hypothesis (Relationship between the rate of growth of the monetary mass and the rate of growth of GDP)</b>	<b>-0.010</b>	<b>-0.178</b>	<b>0.032</b>	<b>0.002</b>
<b>Third hypothesis (Relationship between government spending and the unemployment rate)</b>	<b>26.548</b>	<b>2.824*</b>	<b>7.976*</b>	<b>0.380</b>
<b>Fourth hypothesis (Relationship between the rate of growth of the monetary mass and the rate of unemployment)</b>	<b>0.079</b>	<b>0.171</b>	<b>0.029</b>	<b>0.002</b>
<b>Fifth hypothesis (Relationship between government spending and the rate of inflation)</b>	<b>-2.628</b>	<b>8.186</b>	<b>-2.861*</b>	<b>0.386</b>
<b>Sixth Hypothesis (Relationship between the rate of growth of the monetary mass and the rate of inflation)</b>	<b>-0.016</b>	<b>-0.354</b>	<b>0.125</b>	<b>0.010</b>
<b>Seventh hypothesis (Relationship between government spending and the amount of foreign direct investment)</b>	<b>36.237</b>	<b>11.93**</b>	<b>142.329**</b>	<b>0.916</b>
<b>Eighth hypothesis (Relationship between the rate of growth of the monetary mass and the amount of foreign direct investment)</b>	<b>0.188</b>	<b>0.466</b>	<b>0.217</b>	<b>0.016</b>

**Source:** Analysis of study data using EViews10

## Conclusions

- 1- There is no impact of financial policies on the rate of growth of GDP in Iraq during the period (2004 - 2018).
- 2- There is no impact of monetary policies on the rate of growth of GDP in Iraq during the period (2004 - 2018).
- 3- The effect of financial policies on Unemployment rate in Iraq during the period (2004 - 2018)
- 4- The more government spending increases by 1%, the unemployment rate increases by 26.55%.
- 5- There is no impact of monetary policies on Unemployment rate in Iraq during the period (2004 - 2018).
- 6- The effect of financial policies on an infectious device For inflation in Iraq during the period (2004 – 2018)
- 7- The effect was negative, indicating that the more government spending increased by 1%, the inflation rate decreased by 2.628%.

- 8- there is an impact of financial policies on the value of foreign direct investment in Iraq during the period (2004 – 2018)
- 9- the more government spending increases by 1%, the greater the value of foreign investment by 36.237%
- 10- There is an impact of financial policies on the value of foreign direct investment in Iraq during the period (2004 - 2018).

## Recommendations

1. The necessity for the Iraqi government to put in place more effective financial policies through which it can have an impact on economic development
2. Increasing government spending rates on sectors that help in bringing about economic development quickly and providing job opportunities, which helps reduce unemployment rates dramatically.
3. Working to reduce the economic burden on individuals and companies in order to encourage them to work and increase production rates, which help in achieving the required economic development.
4. The necessity for the Iraqi government to develop more effective and influencing monetary policies on macroeconomic variables.
5. The necessity of setting a comprehensive development plan for Iraq that includes all economic, social and political
- 6.

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