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The relationship between economic growth and consumption in Iraq for the period 1990-2014

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Abstract

Consensus is almost complete among economists that consumption is the ultimate goal of economic activity, without it there is no incentive to production, diversification of outputs and renewal of its sources, and accordingly consumption is the essential variable of double characteristic, it is a dependent variable on the one hand for changes in personal income, and independent depends on the expansion of its circle GDP growth rates on the other hand, and this study comes to measure the impact of sudden changes that have occurred on the purchasing power of Iraqi society due to the wars, the blockade and the security disturbances, i.e. consumer capacity, on the paths of economic growth in Iraq for the period from 1990-2014, based on the premise that the deterioration of consumption rates and the distortion of the structure of the consumer basket of the Iraqi individual necessarily led to a clear decline in the rates of economic growth, which was not compensated by the increase in production rates in the commodity sectors even with the exclusion of the “oil component” from the national income accounts, and they were correct. This hypothesis, but with one reservation, is that it was not inevitable if the development paths were changed from the "rentier" approach to a strategy to satisfy basic needs and self-reliance. We have distributed our study on three axes, the first came in theory, and the second in descriptive monitoring of the development of consumption phenomenon in Iraq, while the third axis is concerned with measuring the relationship between the two main variables, gross domestic product, and consumption.

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The first axis: consumption ... indications and ends: The relationship between consumption and the group of producers is the relation of the incentive to the catalyst, or say the cause to the result. We eat, drink and conceal ourselves to live. Life is the starting point. The object must first ensure survival to achieve what is achieved by his personality and affirms his identity. Ricardo says in this regard: "No man produces only for consumption or sale, and never sells but the intention to buy other goods may be useful to him immediately or may contribute to his production in the future ... If people stop consumption, they will stop production). (1)

There is still a difference between contemporary economists on the definition of consumption, i.e., the use of goods or the enjoyment of services, in order to satisfy the needs and desires of consumers during a given period. (2) It is also known as the current expenditure on consumer goods and services, excluding spending on housing. In his rush to expel consumption and determine its location on the map of economic activity, Ricardo is caught in the trap of accepting the Say law, which says that "the supply creates its demand." He says, "Products are always bought with products or services. Therefore, there is no potential for overproduction, and any increase in production is accompanied by an increase in the capacity to acquire and consume (3)

The crystallization of the consumer society was the inevitable result of the interaction of a group of objective factors: the philosophy of hegemony that benefits in (that the land belongs to us, the emergence of modern materiality and technological skill and generosity of North America where the first model was established for extended consumption and the temptation of publicity and falling into the trap of easy credit as well as prices that Does not indicate the truth of the full costs and ignorance of the dangerous content of much of what we consume. " (4) (The poor, like anyone interested in brand names and interests such as comfort, luxury, identity, hold on to these things just like their adherence to religion). (5)

But if consumption is the ultimate end of human activity, we consume time, nature, human beings, and their products. Is it not necessary to have ethics that regulate this behavior and refine its manifestations and motives? "When you break the body of the

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universe with love and skill every day, it is a holy sacrifice, but when we do it in a clumsy way, it is a violation of sanctity," said Wendell Perry, "can our use of the world turn from desecration to sanctification? In the sense of whether it is possible to create a society that lives within its limits، it does not take more than its needs, replace what it takes, and does not exhaust its natural capital) (6). The German philosopher Feuerbach says that man (what he eats, if he is a luxury rich, is often an advocate of excessive consumption, and if a poor person deprived of luxury goods is inclined to call for restraint of consumption), (7) Both trends, excesses, and omissions, are not necessary choices for human life, it is between two more useful places, and the integration between man and the environment according to the law of feedback is more efficient and adequate. Thus, the patterns of production, consumption, and culture must also be rewritten, the reading of the literature on poverty should be reconsidered and the link between it and deprivation should be limited exclusively.

Consumption and aggregate demand: In an address from Malthus to Ricardo, he says: “We see almost everywhere unused productive capacity. This phenomenon explains that the lack of a proper distribution of the actual product makes the motivation for the continuation of production unavailable. The attempt to accumulate very quickly must curb wealth growth because it hinders the usual motivation to produce significantly).(8)We believe that this venture is the first formulation of the theory of "lack of consumption", which (Hopson) toke it and analyze its contents, which he says (the goal of production is to provide benefits and convenience to consumers. While saving increases the total amount of capital available, it also reduces the number of consumer benefits and therefore the exercise of this habit excessively should lead to the accumulation of capital in excess of what is required for use and will remain in excess production). (9). In general, the logical basis of Hobson's theory is that "excessive savings and excessive accumulation of supply result in curbing production, which means that consumption determines production in a normal state and not vice versa."(10)Capital cannot be increased (without a subsequent increase in consumption of products so that every increase in

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savings will result in an increase in the very near future consumption). (11)

Thus, Heckscher looks at austerity (it is the cause of unemployment for two reasons. First: real income is reduced by the amount of money that is not in circulation, and second, savings take money out of circulation). (13)

Luxury and consumption: To own or not possess this is the essence of consumerism. We are talking here about moral bankruptcy or emotional poverty when we criticize the culture of extravagance as if spirit issues like other goods are better understood by using financial terms. [12] (Because the total effort of capital accumulation places enormous pressure on the system, from large institutions to humble individual purchasers, the only goal of civilization is to become richer). (13) This vision is the legitimate heir to the spirit of (the raven), which was widespread during the eighteenth century, since that moment (Europe did not give up the opulence and opulence and did not reduce the cost of appearances ... but increased an increase did not know before ... In London, Paris and St. Petersburg, everything was growing fast and automatically... And rushing luxury rushing to stop at the limit) (14).

In contrast to Marshall, Thorsten Veblen argues that wastefulness plays an important social role throughout the full development of extraordinary spending. There has always been a clear implicit meaning that to gain fame, you must allocate expenses for excess things. To be famous, it must be profuse (15).

Most prominent Western economists have agreed on the positive effect of lavish spending on economic construction and the advent of cultural change. (William Betty) justifies (entertainment, luxury shows, and triumphal arches on the basis that their costs go back to the pockets of workers, bakeries, shoemakers, and those like them). (16) This is what Jean Clodian says, who considered a luxury as a "guide" of social success and dazzling ness, it is the dream that the poor yearn to achieve one day, and if they reach it, all that they have gleaned from old glamor will be dissipated. (17) Thus Gaston Pachellar sees that (People's quest for luxuries gives them a moral incentive stronger than the motivation that drives them to get the necessities, man is a creature driven by his desires ... There is no

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social difference no matter how small and belongs to luxury (18). Schumbert emphasizes that "The luxury that began with the palaces of princes in the West was the maker of early modern capitalism". (19)

If we tried to investigate the historical dimension of this phenomenon we find that (since the establishment of the first major cities and the formation of religious governments, the ruling elite is the basis that led to consumption and access to luxuries and entertainment force majeure ... Becoming the ability to live depends on the ability to get money instead of the ability to make essentials) (20). Because the dialectical relationship between the luxury and the necessary and their reflection on the social status is the boiler, which within fuse the old needs and the means of their saturation to generate from the ashes other needs of the imposition of discovery or generation of other means of saturation and so follow the patterns of production and trends of goods and services in the heat of the conflict in order to acquire the new as function excellence and transit from one port to another and from a lower center to a higher counterpart in the ladder of social progress. Even unnecessary work, as long as it works like a horse pulling a cart, is legitimized for public adoption. Keynes says in this regard: "The construction of the pyramids, earthquakes, and even wars may be useful in increasing wealth. Common sense is likely to accept the funding of unemployment benefits through loans instead of the interest rate below the current price, and the digging of the land... The most acceptable solutions" (21)

The second axis: the evolution of the consumer phenomenon in Iraq from the years 1990-2014, This axis involves two paragraphs, one of which is analytical inference and the other is statistical inference, which aims to measure the relationship between the two poles of an integrated phenomenon, income, and consumption. Based on the data in Tables (1) and (2) we note the following:

1.Consumption represents the largest part of the gross domestic product (GDP) in Iraq, with 72% distributed over private consumption (35%) and government consumption expenditure (37%) for the years 1990-2000. This is justified by the anomalous conditions that beset the Iraqi economy during the years of siege

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because this situation continued even after the elimination of the reasons leading to it. The consumption expenditure amounted to an average of (87%), (49%), (38%) for the period 2005-2014for total expenditure, Private and governmental, respectively.

2.The elasticity of government consumption in relation to GDP changes is greater than the elasticity of private consumption expenditure. The decline in GDP growth rate to -18.9% led to a decline in the growth rate of government consumption expenditure to -54.4%and the growth rate of private consumption expenditure to -35,5%.for the period (1991-2000) increased by (20.4%), the rate of private and government consumption increased to (10.4%), (105.9%), respectively for the period(1991-2000)and (-3.5%),(-1.9%),(-5,4%) respectively for the period(2005-2014) . This regular hierarchy reflects the fact of the relative stability of private consumption, especially if it remains trapped, due to limited income, in the saturation of necessities.

3. Consumer spending remained more sensitive to income changes even during the period of liberalization of the economy from external constraints (economic sanctions) and internal constraints (resource scarcity and totalitarian system). With an average growth rate of (-3.5%) for the years 2005-2014, The growth rate of private consumption (-1,9%) and the growth rate of government consumption expenditure (-5,4%). These two rates hide another fact: the moderation of this growth relative to the previous period, due in large part to high inflation rates, which in turn resulted from the deficit financing policy to fill the gap in the cost of consumption generated in both government and private sectors.

5. In the previous two tables, we can monitor the positive relationship between consumption and income as the first increases with the increase of the second and goes down. This can be explained in the light of economic theory as consumption as an incentive for income and income growth to feed consumption, but what cannot be trusted is the complete integration relationship between the two variables. In a rent economy, we cannot distinguish the independent variable from the independent as well as verify the mutual influence between them. The question that has been held on hold is: Is consumption really an incentive to increase production

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and diversify its sources in the Iraqi economy? In order to obtain a satisfactory answer to that question, we sought to quantify the relationship between the two variables.

Table (1) Percentage of consumer spending of GDP in Iraq for the years 1990-2014%

Years	*Percentage of private consumption expenditure of GDP*	*Ratioof government consumption expenditure of GDP*	
1990	0.45	0.40	
1995	0,44	0.38	
2000	0.17	0.33	
Arithmetic mean	0.35	0.37	0.72
2005	0.52	0.48	
2010	0.53	0.35	
2014	0.44	0.33	
Arithmetic mean	0.49	0.38	0.87

Source: Ministry of Planning, Central Bureau of Statistics, various statistical bulletins for the years 1990-2015.

Table (2) GDP growth rates at constant prices and private and government consumption in Iraq for the years 1990 - 2014 (base year 2007 = 100)

Years	Growth rate GDP%	Composite growth rate%	Growth rate of private consumption expenditure%	Growth rate of government consumption expenditure%
1991	72.9 -		41.2 -	57.2 -
1995	15-		3.3	23.6 -
2000	31.2		2.4	45.3
Average	18.9-		35.5-	54,4-
2005	2.3	3	21.3-	
2010	20,9	3	8.7	
2014	12.7-	11.8-	16.8-	
Average	3,5-	1.9-	5.4-	

Source: The table of the work of the researcher is based on the data contained in the statistical publications issued by the Central Bureau of Statistics / Ministry of Planning of Iraq for the years 1990 - 2015, (miscellaneous years)

Measuring the relationship between consumption and GDP in Iraq for the period (1990-2014)

To achieve the desired objectives of the measurement, we adopted the statistical program (Eviews9). We extracted the data from official and non-official sources and subjected them to statistical tests.

In order to avoid falling into the trap of the imaginary correlation or the so-called "false regression", the time series method was used as a valid analytical tool to fulfill this purpose. (22)

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Table (3) GDP and consumer spending in Iraq for the years 1990-2014

Year	GDP (Y)	Government Consumption Expenditure (X1)	Private Consumption Expenditure (X2)
1990	216826923	23623077	97288462
1991	58682857.14	10047571	57180428.6
1992	107754100	8691400	63339200
1993	76402025	3942950	25058500
1994	68291430.43	1858026.1	24511217.4
1995	58038302.73	1419251.8	25312090.9
1996	67998618.28	1707046.2	25745817.2
1997	86006592.98	11285581	40682730.7
1998	105132664.9	23058045	41617140.5
1999	199000881.6	26395904	42843364.6
2000	261103098.1	38352625	43865624.5
2001	189491746.7	36049930	45131511.7
2002	158714866	36837059	46309890.7
2003	71645492.68	12653641	47444254
2004	104556436.8	37387218	53677947.8
2005	106986830.9	29425632	55297073.5
2006	105313380.1	19613160	46500444.6
2007	93981672.4	20871484	42963013.3
2008	115219440.5	23193581	43559321.8
2009	90646733.82	22537068	55901878.1
2010	109553405.1	24508988	57574999.2
2011	139455577.1	28008753	58601509.2
2012	154754953.8	30091816	72305225.6
2013	167656868.8	35731944	73439660.2
2014	146282582.6	29734449	64772814.9

Source: Ministry of Planning and Development Cooperation, the Central Bureau of Statistics and Information Technology, various statistical bulletins for the years 1990-2015

First: specification of the sample data: The sample size was determined by 25 observations and three variables: GDP (Y), government consumption expenditure (X1), private consumption expenditure (X2), (ID million) (1988) as the base year adopted

Second: (ARDL) Model estimates and error correction model

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Table (4)

Null Hypothesis: Y has a unit root				
Exogenous: Constant				
Lag Length: 1 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.2214	-2.170625	Augmented Dickey-Fuller test statistic		
	-3.752946		1% level	Test critical values:
	-2.998064		5% level	
	-2.638752		10% level	

Source: From the work of the researcher using the statistical program Eviews9

Table (5)

Null Hypothesis: Y has a unit root				
Exogenous: Constant, Linear Trend				
Lag Length: 1 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.5043	-2.127970	Augmented Dickey-Fuller test statistic		
	-4.416345		1% level	Test critical values:
	-3.622033		5% level	
	-3.248592		10% level	

Source: From the work of the researcher using the statistical program Eviews9

From the two tables above, it is shown that the variable (GDP) is not static because (P-value) is higher than (5%). Therefore, we rejected the alternative hypothesis and accepted the null hypothesis. This means that the variable Y suffers from the unit root problem.

Table (6)

Null Hypothesis: D(Y) has a unit root				
Exogenous: Constant				
Lag Length: 0 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.0000	-6.353211	Augmented Dickey-Fuller test statistic		
	-3.752946		1% level	Test critical values:
	-2.998064		5% level	
	-2.638752		10% level	

Source: From the work of the researcher using the statistical program Eviews9

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Table (7)

	Null Hypothesis: D(Y) has a unit root			
	Exogenous: Constant, Linear Trend			
Lag Length: 0 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.0003	-6.008014	Augmented Dickey-Fuller test statistic		
	-4.416345		1% level	Test critical values:
	-3.622033		5% level	
	-3.248592		10% level	

Source: From the work of the researcher using the statistical program Eviews9

Tables (6,7) above show that the variable Y follows the first difference and shows that the value of P-value for both variables is less than 5%. This means that we reject the null hypothesis and accept the alternative hypothesis

Table (8)

	Null Hypothesis: X1 has a unit root			
		Exogenous: Constant		
Lag Length: 0 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.3217	-1.911618	Augmented Dickey-Fuller test statistic		
	-3.737853		1% level	Test critical values:
	-2.991878		5% level	
	-2.635542		10% level	

Source: From the work of the researcher using the statistical program Eviews9

Table (9)

	Null Hypothesis: X1 has a unit root			
	Exogenous: Constant, Linear Trend			
Lag Length: 0 (Automatic - based on SIC, maxlag=5)				
Prob.*	t-Statistic			
0.1901	-2.864931	Augmented Dickey-Fuller test statistic		
	-4.394309		1% level	Test critical values:
	-3.612199		5% level	
	-3.243079		10% level	

Source: From the work of the researcher using the statistical program Eviews9

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tables (8.9) above show that the variable (X1) is non-static with P-value, which is higher than (5%). Therefore, we reject the alternative hypothesis and accept the null hypothesis. This means that the variable X1 has a unit root problem as shown in the two tables above.

Table (10)

		Null Hypothesis: D(X1) has a unit root	
		Exogenous: Constant	
	Lag Length: 0 (Automatic - based on SIC, maxlag=5)		
Prob.*	t-Statistic		
0.0000	-6.396169	Augmented Dickey-Fuller test statistic	
	-3.752946	1% level	Test critical values:
	-2.998064	5% level	
	-2.638752	10% level	

Source: From the work of the researcher using the statistical program Eviews9

Table (11)

		Null Hypothesis: D(X1) has a unit root	
		Exogenous: Constant, Linear Trend	
	Lag Length: 0 (Automatic - based on SIC, maxlag=5)		
Prob.*	t-Statistic		
0.0002	-6.188866	Augmented Dickey-Fuller test statistic	
	-4.416345	1% level	Test critical values:
	-3.622033	5% level	
	-3.248592	10% level	

Source: From the work of the researcher using the statistical program Eviews9

Table (11) shows the stationarity of the variable (DX1) after taking the first difference and shows that the value of (P-value) is less than 5%, which means that we reject the null hypothesis and accept the alternative hypothesis.

Table (12)

		Null Hypothesis: X2 has a unit root	
		Exogenous: Constant	
	Lag Length: 0 (Automatic - based on SIC, maxlag=5)		
Prob.*	t-Statistic		
0.0194	-3.439086	Augmented Dickey-Fuller test statistic	
	-3.737853	1% level	Test critical values:
	-2.991878	5% level	
	-2.635542	10% level	

Source: From the work of the researcher using the statistical program Eviews9

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Table (13)

	Null Hypothesis: X2 has a unit root	
	Exogenous: Constant, Linear Trend	
	Lag Length: 0 (Automatic - based on SIC, maxlag=5)	
Prob.*	t-Statistic	
0.0014	-5.286030	Augmented Dickey-Fuller test statistic
	-4.394309	1% level Test critical values:
	-3.612199	5% level
	-3.243079	10% level

Source: From the work of the researcher using the statistical program Eviews9

The above table reflects the stationarity of the variable (X2), and this is indicated by the value of (P-value) which is less than (5%) which means that we reject the null hypothesis and accept the alternative hypothesis, i.e. there is no direction in the data being analyzed.

Table (14)

Dependent Variable: DY				
Method: ARDL				
Date: 01/26/18 Time: 21:53				
Sample (adjusted): 1993 2014				
Included observations: 22 after adjustments				
Maximum dependent lags: 4 (Automatic selection)				
Model selection method: Akaike info criterion (AIC)				
Dynamic regressors (4 lags, automatic): DX1 X2				
Fixed regressors: C				
Number of models evaluated: 100				
Selected Model: ARDL(2, 2, 2)				
Note: final equation sample is larger than the selection sample				
Prob.*	t-Statistic	Std. Error	Coefficient	Variable
0.5577	-0.601707	0.235250	-0.141552	DY(-1)
0.0581	-2.077685	0.222892	-0.463099	DY(-2)
0.0008	4.335545	0.932649	4.043542	DX1
0.0470	2.193705	1.304224	2.861083	DX1(-1)
0.0374	2.318499	1.134056	2.629308	DX1(-2)
0.7667	0.302937	0.842512	0.255228	X2
0.2399	-1.231714	1.122897	-1.383089	X2(-1)
0.1341	1.597844	0.932025	1.489230	X2(-2)
0.4456	-0.786698	28851548	-22697450	C
1751295.	Mean dependent var		0.644250	R-squared
39390712	S.D. dependent var		0.425328	Adjusted R-squared
37.55409	Akaike info criterion		29860973	S.E. of regression
38.00043	Schwarz criterion		1.16E+16	Sum squared resid
37.65923	Hannan-Quinn criter.		-404.0950	Log likelihood
1.727816	Durbin-Watson stat		2.942821	F-statistic
			0.040832	Prob(F-statistic)
*Note: p-values and any subsequent tests do not account for model				

Source: From the work of the researcher using the statistical program Eviews9

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Table (14) shows the results of the ARDL estimation. We should mention that there are (100) specifications of the model studied. Although the model (2,2,2) (ARDL) has been tested, we can find other good specifications give lower values to the AIC standard.

Table (15)

		ARDL Bounds Test		
		Date: 01/26/18 Time: 21:57		
		Sample: 1993 2014		
		Included observations: 22		
Null Hypothesis: No long-run relationships exist				
		K	Value	Test Statistic
		2	6.716919	F-statistic
		Critical Value Bounds		
		I1 Bound	I0 Bound	Significance
		4.14	3.17	10%
		4.85	3.79	5%
		5.52	4.41	2.5%
		6.36	5.15	1%
			Test Equation:	
		Dependent Variable: D(DY)		
		Method: Least Squares		
		Date: 01/26/18 Time: 21:57		
		Sample: 1993 2014		
		Included observations: 22		
Prob.	t-Statistic	Std. Error	Coefficient	Variable
0.0581	2.077685	0.222892	0.463099	D(DY(-1))
0.0008	4.335545	0.932649	4.043542	D(DX1)
0.0374	-2.318499	1.134056	-2.629308	D(DX1(-1))
0.7667	0.302937	0.842512	0.255228	D(X2)
0.1341	-1.597844	0.932025	-1.489230	D(X2(-1))
0.4456	-0.786698	28851548	-22697450	C
0.0044	3.434720	2.775753	9.533934	DX1(-1)
0.5548	0.606265	0.596058	0.361369	X2(-1)
0.0006	-4.478247	0.358321	-1.604651	DY(-1)
-3202070.	Mean dependent var		0.802092	R-squared
52812254	S.D. dependent var		0.680303	Adjusted R-squared
37.55409	Akaike info criterion		29860973	S.E. of regression
38.00043	Schwarz criterion		1.16E+16	Sum squared resid
37.65923	Hannan-Quinn criter.		-404.0950	Log likelihood
1.727816	Durbin-Watson stat		6.585901	F-statistic
			0.001538	Prob(F-statistic)

Source: From the work of the researcher using the statistical program Eviews9

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Note from Table (15) that the value of the (F-statistic) to test the limits is (6.716) and it is clear that this value exceeds even the critical value at the level of (1%) to the upper limit, which leads us to reject the hypothesis of nothingness, which states that there is no long-term relationship.

Table (16)

Breusch-Godfrey Serial Correlation LM Test:

0.6355	Prob. F(2,11)	0.472619	F-statistic
0.4188	Prob. Chi-Square(2)	1.740881	Obs*R-squared

Source: From the work of the researcher using the statistical program Eviews9

Table (17)

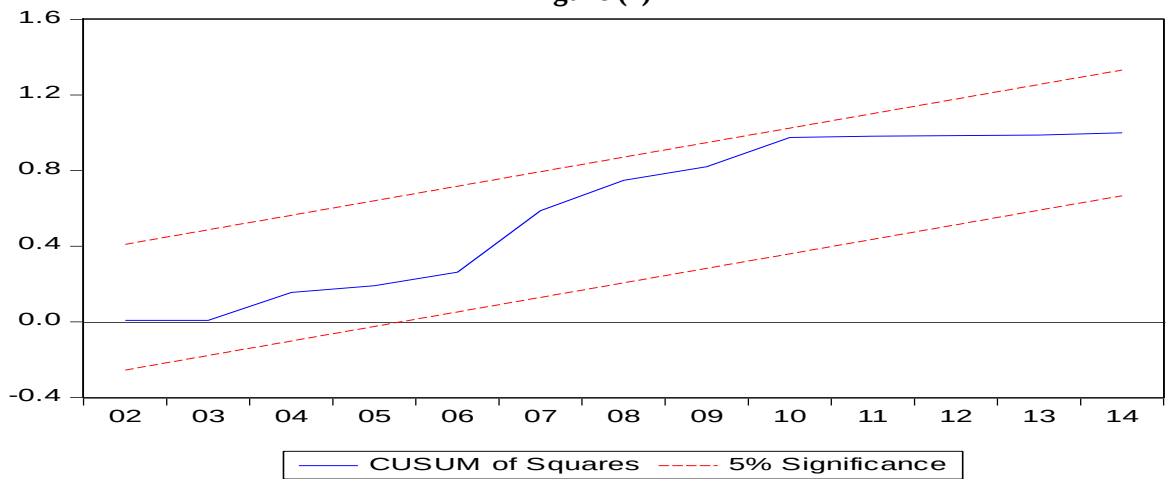
Heteroskedasticity Test: Breusch-Pagan-Godfrey

0.5703	Prob. F(8,13)	0.861066	F-statistic
0.4715	Prob. Chi-Square(8)	7.619851	Obs*R-squared
0.9927	Prob. Chi-Square(8)	1.501693	Scaled explained SS

Source: From the work of the researcher using the statistical program Eviews9

As long as the value of P-value (obsr. -squared) is greater than 5%, it is not possible to reject the null hypothesis that the model residuals do not suffer from a self-correlation problem. In order to ascertain the stability of the coefficients we resorted to the cusum test.

Figure (1)



Source: From the work of the researcher using the statistical program Eviews9

The graph indicates the stationarity of the parameters and the absence of any structural imbalance in them.

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Conclusions: We concluded from our study a set of conclusions Summarized as follows:

Second: as a result of the Iraqi economy's rent, consumption at high rates has not stimulated the diversification of sources of income, because the necessary consumption threshold, which is similar to the subsistence level of poor communities, was based on the general budget, as a caring parenting state that ensures the development of life paths and the provision of compliance conditions as well as the growing dependence on the external market to fill the total consumption gap, imports were and remained a frustrating competitor to the national product, which has lost the production machinery the motivation to expand and renew.

Thirdly: the components of the national consumer basket are not natural or voluntary, but they were generally given externally as a result of friction, openness and integration with mature economies created through historical stages without prior models that impose the phenomenon of shift from overstatement and rationalization to excess and waste as the basis of modern consumer style, unjustified diversity of the items of the consumer basket and the complexity of its scientific and technological content deepened the weakness of the flexibility of the national production system to respond to the increase in consumption quantitatively and in kind and thus this became a tool of type of depletion tools and the deepening of the phenomenon of disproportion ate exchange between the Iraqi economy and advanced economies, and become out of this impasse process complex and costly target without borders.

Fourthly: the statement of the relationship between absolute consumption and income based on quantitative measures conceals the fact that elite consumption varies with the general consumer trend in terms of the first being a personal income function. There is no doubt that the availability of any country to a wealthy elite, regardless of its source of wealth. The impact of the decline in GDP rates is neutralizing the necessary consumption, and this seems clear during the years of the embargo in Iraq (1990-2003), which led to the erosion of the purchasing power of the majority of Iraqis, where the markets of consumption is still alive and active such as the market of cars, real estate and recreational services because the lack

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of consumption caused by the decline in purchasing power coincided with the increase in consumption rates elite, which benefited from the policy of deficit financing and activity in the rental sectors, which in some respects represent a dual activity, consumer - investment, many of the owners of renewable wealth invested their money in the purchase of houses, landو goods and flammable items etc. We therefore it is necessary to take the method of income distribution in consideration when using quantitative measurement tools in estimating the consumption function.

Fifth: In light of the statistical model, there is no causal functional relation between income and consumption. As we observe from the data of tables (7), a, b, and c indicate that the p. value is greater than 5%, i.e. calculated (F)is greater than the tabulated (F) which means acceptance of the null hypothesis between the two variables, expenditure, and income. This can be explained by the fact that both variables in the short term are a function of an external variable: the rate of export of oil and its value as the main source of economic growth in Iraq. As long as consumption continues around the level of the subsistence level as a result of the economic blockade and the modest increase in rates even after the end of sanctions and the return of things to the normal case. Therefore, the relationship between variables, private consumption, public consumption, and GDP, it was static. The integrative relationship between these variables in the long term was realized. The data of Figs. (8) refer to the stationary of the coefficients of the statistical model and the lack of self-correlation between them. This confirms the long-term integrative relationship between the three variables.

Recommendations

First: in order to maintain a level of consumption that stimulates economic growth, care must be taken to ensure an annual investment rate of at least the optimal level defined by Rus. to in his theory “Economic Growth Phase” (10-20%of GDP). In the rental economy is the random distribution of income in accordance with the behavior of the patriarchal role of rent countries and through the windows of the public job, which leads to inflation of the government apparatus and the consequent effects of the frustrating economic progress as the loss of productive and creative capacities available and the

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abandonment of public funds without expected production productivity.

Second: Adhering to a regular and serious policy of manufacturing in order to import replace and in accordance with the annual investment programs to build the production apparatus and the infrastructure necessary to provide the items of the consumer basket, taking care to liquidate these projects and transfer them to the private sector after completion of its construction and its success to ensure compliance with economic efficiency standards in their job.

Third: Developing the banking system and its tools to preserve the cash surplus within the income cycle and not to leak it through the hoarding and smuggling of the currency or waste it in the investment opportunities are not necessary for the national economy at the current stage, as in the case of real estate speculation or car trade and other common havens for whitening (laundering) Money.

Fourthly: the process of rationalization of consumption requires distinguishing between consumption directed to the local market and which can be satisfied locally through the policy of industrialization in order to replace import and recreational consumption associated with the external market. In this regard, it is necessary to ensure the level of entry of consumers of the first type and to increase its a catalyst for the expected investment expansion of the inevitable harmony between the improvement of the indicators of life and the high standard of living. Time and openness impose their rhythm on humans as a result of the aspirations and simulation

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