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The role of consumption in stimulating the growth factors of the Iraqi economy for the period 1990-2014

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***Abstract* :** *Whether we "eat to live or live to eat" remains the same, as we are consuming beings, we live by consumption and for this we seek and its tools and means to defend and fight, and even investment if we go deep in our analysis represents a transitional consumption in its nature and final in its functions according to economic logic . Our study examines the interests of economists in this phenomenon in terms of their development laws , the ethics of their organization and their motivations for economic growth, with an emphasis on trying to measure the relationship between consumption as an independent variable and the GDP in Iraq for the years 1990- 2015 as a dependent variable, taking into account the varying objective conditions of the extent of the study period and swing between a raging war and a delayed breakthrough, if we just tried and that we have sinned away from the sincere intention and effort.*

It can be concluded that consumption and investment are two dimensions of a single process.Investment is in fact sustainable consumption through the interaction of its components, creating final consumer tools and media, and consumption by nature is a hidden investment whose inputs shift from the solid image to its decaying counterpart, that is, from matter to energy as the fuel without which it lived. Being on the face of the simple, so our description of consumption as the fruit of production is as we say that death is the end of life, both inevitable and inevitable.

1 INTRODUCTION

It is almost self-evident to say that the surrender to the fractional view, which is the focus on the side and ignoring the other even as a reflective mirror of the manifestations of the phenomenon studied in its entirety is often delivered to the misguided and imprison the mind within the limits of perceived integrative relations to the dimensions of this phenomenon. This provision is valid for the subject of our study just as it is true of other intellectual concerns in the human and natural sciences, where economists have been a long time to hold the impressionist judgments of the pioneers of traditional development thought that economic growth is only a cumulative accumulation of capital leads to increase the productivity of the society, and hence the provision of social welfare requirements, which is the desired goal of development in all cases ,without any thought to them only the question of the source of the value of the effort, lies in its realistic embodiment or is motivated by the incentive that turns from the presence of force to the existence already .If we humble ourselves to consider consumption as an independent variable then it is necessary to count the production as a possibility that is not achieved or does not seek to achieve it only when consumption requires it, thus considering the latter an end and incentive. This is what the English economist (Keynes) understood and took as an analytical theme and based on an economic policy that worked as a midwife for the European economies that suffered from the Great Depression in 1924-34. Our study is not to mention but to shed light on the catastrophic consequences of ignoring this fact or acting as if consumption is an axiom ,and there is no need for measures to harmonize its vocabulary and its effects with the energy of the economy to response and generation, or so-called self-propelled ability.

Research problem:

Uncertainty about the possibility of obtaining accurate quantitative results regarding the relationship between GDP growth and the volume of consumption achieved in national consumption, which necessitates the economic logic in developing this relationship.

Research Hypothesis:

Consumption represents the unspoken motive for production, whether it comes first as a starting point or as a result of the promotional policies of the economic apparatus later, in both cases it is the same.

The aim of the research:

The research aims to achieve two objectives, the first seeks to extrapolate the history of the theoretical narratives of the relationship between consumption and GDP, and the second to develop the ability to strengthen that relationship and act seriously and recklessly.

Research Methodology

In our study, we adopted the inductive method with its two famous methods, the library survey of the legacy of senior economists on the subject of research and the results of the applied studies to strengthen the theoretical principles that underlie the development of the phenomenon and its economic implications as well as the use of statistical models to measure the relationship between consumption and income in Iraq during 1990-2015. In conclusion, this is a serious attempt to seek only to contribute with all the noble pens of remembrance and enlightenment.
And what is better than God?

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)
Therefore, consumption represents the sole purpose and objective of each economic activity. Total demand can only be derived from current consumption or current consumption credits. (2)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.(3)It is also known as the current expenditure on consumer goods and services, excluding spending on housing. Consumption: the value of final consumption + the value of non-commercial consumption of public administrations + expenditure on promotional services ... it is exclusively the sum of goods and services used in a very short period of time. (4) Kuznets believes that (the difficulty in moving from the gross capital formation to the net ... lie in the annual consumption of goods that live more than one year ... such as homes and other durable goods) (5). 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 is rejected by modern and contemporary economists, which says that "the supply createsits 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.(6)

Relationship between consumption and poverty:

The relationship between poverty and lack of consumption is completely positive. (The more poverty becomes, the lower the consumption of the individual or the family, and the richer the wealth becomes.) (7)If we disseminate this axiom to societies, the problem of economic growth in poor countries is evident ,where the increase in the purchasing power of limited social segments leads to a lower average tendency for consumption because of an increase in their marginal propensity to save ,and the decline of this power for the poor classes to the same result and thus lack the most vital production incentive, which is able demand to absorb the output of production.
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. " (8) (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). (9)
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 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 thanits needs, and replace what it takes and does not exhaust its natural capital) (10).If we wanted to invoke the credibility of the rebellious consumerism and disregard for any restriction that would stop us in the sense of a consumer word in English that shows that "the person who breaks or destroys and exhausts". (11) 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), (12)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, and the reading of the literature of poverty should be reconsidered and the link between it and deprivation should be limited exclusively.

Consumption and aggregate demand:

Keynes says consumption is partially satisfied by the things currently produced and in the past. As much as consumption is satisfied, a contraction in current demand is generated as part of the current expenditure cannot be returned as part of net income, and vice versa whenever something is produced sooner to satisfy consumption later expands the current demand, and new capital investment can only be increased if future spending is expected to increase. (14)

The increase in consumption initially leads to a decrease in savings rates and then investment, which is the vital part of aggregate demand, which implies a decline in overall consumption rates and is undoubtedly the main incentive for investment. In the view of Malthus (that the consumption provided by rent to those who enjoy it increases the total demand as well as the expenditure of the State on public works, which may lead to increased purchases). (15) In an address 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).(16)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 amount 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). (17)

Keynes objects to Hobson's analytical approach because he believes that "too much is stressed on the lack of consumption, rather than the fact that the relative weakness of the consumer tendency in unemployment is caused by the absence of an equal amount of new investment at the same time, despite the need for it(18). 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."(19)Capital cannot be increased (without a subsequent increase in consumption of products so that every increase in savings will result in an increase in the very near future consumption). (20)

Thus, Heckcher 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, that savings take money out of circulation).

However, this strict logical connection is far from the view of income cycle as the leak of any of its components necessarily means injecting another variable. The decrease in consumption means increasing savings and then increasing investment, or how the demand for savings increases without an investment need to justify this increase.

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. [22] (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). (23)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) (24).

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 (25).

Most prominent Western economists have agreed 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).(26)This is what Jean Clodian says, who considered the luxury as "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. (27)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 social difference no matter how small and belongs to luxury (28). Schumbert emphasizes that "The luxury that began with the palaces of princes in the West was the maker of early modern capitalism".(29)

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 was the ruling elite is the basis that led 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)(30). 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 a 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”(31).

Consumption and Globalization:

Globalization is the new open system that aims at building a single world, with harmonious economic values and replacing political citizenship with its (economic) counterpart, which begins with the standardization of production and consumption and is enhanced by the adoption of the following policies:

1- Remove all restrictions, both qualitative and quantitative, from the movement of goods and services and factors of production (labor and capital) to create a global market governed by a homogeneous consumption pattern that eliminates or contains local consumer habits. The birth of the World Trade Organization (WTO) was an expression of this trend and a sign of its generalization. (32)

2- The development of means of communication and communication to provide the means of human and institutional integration, which is the necessary condition for intellectual and moral integration and personal and institutional discipline, (the channels of space and railways and developments in the shipbuilding industry could destroy that tyranny imposed by distances, paving the way for the establishment of industry on A wide scope ... and facilitated the supervision of projects that were established in distant places).(33)

3. Mainstreaming the typical production method to provide the necessary condition for the homogeneity of the two types of productive outputs (goods and services), the world has been dominated by frequent industrial patterns:(34)

A - The pattern of agricultural production - extraction and symbolized by the agricultural shovel.

B- The traditional production pattern, which is symbolized by the production line.

C - the modern production style and symbolized by the computer.

These patterns are integrated with each other in a symbiotic manner. The first type provides the second with the inputs of the production and takes it from it, while the third type introduces the production inputs of the second pattern and receives only the cheap stereotypes because of the low wage rates of the workers. But the question that needs to be answered is for the benefit of those who carry out the process of standardization of economic activity in terms of production and consumption and ethics governing it?

"What we have mastered is the construction of a global empire," says John Perkins, one of the most important economic pirates of our time. "We are an elite of men and women who use international organizations to create conditions that other nations are subject to the economy of auyocracy, (35)(The system of companies, banks and governments combined, which seeks to consolidate the idea of the global empire and bring the life of the makers of this system as a model to be used to consume, consume and consume). (36)

The second axis:
the constraints of the consumer function

The only determinant of consumption is the love of survival, but the size and quality of this consumption depends on a range of factors, which economists modestly categorize into two groups:

First: objective factors, and include:

1. Income, consumption is a function of real net income, which represents the bulk of it (where the distribution is fair, consumption increases to 90% and sometimes 95% of income). (37)

2 - Prices, as the increase in the prices of consumer goods and services leads to a decline in the purchasing power of consumers and thus low consumption rates and adapting the contents. When oil prices rose in the seventies of the twentieth century, American consumers tend (to cancel the trips not important and resort to mass mobility instead of singles, and switch to the acquisition of the most fuel-efficient small cars). (37)

3- According to Keynesian school, (consumer spending, assuming the stability of other factors, has a negative sensitivity to interest rate changes, as any rise in it clearly reduces consumption, but the full impact of interest rate changes on propensity to spending tends to be complex and ambiguous because it depends on Conflicting tendencies, some of the motives for saving will easily be satisfied with higher interest rates). (39)

4. Expectations: Individuals and institutions usually increase their purchases of goods and services that are expected to increase prices in the near future. Many researchers concluded that with the rise in the CPI, the current consumption is increasing as the value of income and wealth stabilizes for consumers. (40)Others stressed the marginal impact of expected inflation compared to the unexpected counterpart, which affects consumers and their consumption patterns (41).

5- The change in the values of sudden capital assets (which has not been taken into account when calculating net income. Consumption of the wealth class may be highly vulnerable to unexpected changes in the monetary value of its wealth. This must be classified as factors capable of making short-term changes in the tendency to consume). (42)

6 - Fiscal policy, the impact of this factor depends on the goals and tools, if the objective of this is policy redistribution of income in favor of low-income classes then the effect of the tax is positive and significant on the propensity to consume and vice versa. (43)It should also be taken into account (the effect of government funds on the repayment of non-performing loans that are financed from ordinary taxes. These funds represent a kind of collective savings that should be considered under certain circumstances as reducing the propensity to consume). (44)

7- Demographic factor: The increase in population, the change in the structure of reconstruction, and the geographical distribution of settlements between rural and urban areas affect the size and pattern of long-term consumption. The expansion of cities and the decline of the countryside expand consumerism as civilians consume more than the rural population. In terms of changing the structure of the job, the increase in the number of farmers and individual contractors reduces the propensity for consume because the average saving rate of these workers is higher than that of the wage earners, and such an effect affects the quality of housing, as renters save less than owners of their homes.

8 - Keynes characterizes a set of motives for the pressure of consumer spending and its rationalization by families and individuals: saving for emergencies and reserves for the future, securing cash reserves for speculative purposes, the desire to inherit children and grandchildren, and very abject. In terms of production facilities and institutions, the following are: securing funds for future investment, the desire to provide liquidity to cope with difficulties, emergencies, depression and the administrative maneuver, as many managers want to provide increased income to overcome the expected criticisms of adverse policies because it is difficult to distinguish between increased income attributable to the accumulation of real and its counterpart generated by the efficient utilization of productive resources (46).

9 - the abundance or scarcity of consumables, resources are limited while the human desire for acquisition is almost limitless, yet we are constrained by the scarcity of resources, including the time available ... Because we cannot meet the quantity we want from everything so we have to choose between different alternatives (47).

Second, subjective factors:

The psychological characteristics of human nature, social institutions and practices that, although subject to change, are unlikely to undergo fundamental change in a short period of time except in extraordinary circumstances.(48)Since "lavish consumption" means a clear review of estimated spending, it has become the means by which individuals reveal their economic resources and hence a stable economic situation. (49)As a general rule or on average, people tend to increase their consumption as their income increases but not the same amount of increase That: dcw / dyw positive and less than the right one, especially in short periods, as is the case for so-called periodic expenses ...during which time is available to adapt the customs (50). According to the new classical school vision, the pattern of consumption stems from the random distribution of individual taste and preference, as well as other variables such as family structure and income level. In comparison, the distribution of taste and preference corresponds to a clear structure, among which is the social class. (51)But it is not only the class that forms the consumption pattern, but the so-called cultural capital that people gain (through socialization and educational background, where opinion polls have shown that all cultural practices such as museum visits, concerts, reading etc. are closely related to the level of education. Each hierarchy of socially recognized art corresponds to a social sequence of consumers. (52) The relationship between propensity to consumer and class affiliation is confirmed by the nature of US indebtedness. It accounts for a large share of household income, 89% in 1979. The majority of American borrowers are not poor and most of their debt consists of mortgage and university loans. Many of them go to buy expensive cars, clothes, watches and recreational equipment. Even borrowing at an interest rate of up to 18% or more for the purchase of luxury clothes has become commonplace in American life. (53)This trend of consumerism is further enhanced by commercial advertising hints and temptations that increase the consumer audience's looking gap.

The third axis:

the evolution of the consumer phenomenon in Iraq for 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 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 79.3% distributed over private consumption (40.8%) and government consumption expenditure (38.5%) for the years 1990-2002. This is justified by the anomalous conditions that beset the Iraqi economy during the years of siege because this situation continued even after the elimination of the reasons leading to it. The consumption expenditure amounted to an average of (83.5%), (49%), (34.5%) for the period 2003-2014for 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 -8.8% for the period 1991-1995 and a compound growth rate of -182% led to a decline in the growth rate of government consumption expenditure to -40.4%and the growth rate of private consumption expenditure to -17.9%. When the growth rate of the GDP for the subsequent period (1996-2002) increased by (20.4%), the rate of private and government consumption increased to (10.4%), (105.9%), respectively. 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 3.08% for the years 2003-2014, The growth rate of private consumption (3.5%) and the growth rate of government consumption expenditure (10.2%). 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.

4- With the implementation of the oil-for-food program in 1995,GDP growth rates have shifted from negative to positive (-8.8%) for the period 1991-1995 and (20.4%) for the period 1996-2002. With this increase, the growth rate of private consumption increased from -17.9% to -10.4% and the growth rate of government consumption from -40.4% to 105.9%.

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 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	
1991	0.97	0.02	
1992	0.59	0.31	
1993	0.33	0.47	
1994	0.36	0.44	
1995	0.44	0.38	
1996	0.38	0.42	
1997	0.47	0.17	
1998	0.40	0.28	
1999	0.22	0.45	
2000	0.17	0.39	
2001	0.24	0.54	
2002	0.29	0.38	

Arithmetic mean	**40.8%**	**38.5%**	**79.3%**
2003	**0.66**	**0.28**	
2004	**0.51**	**0.42**	
2005	**0.52**	**0.48**	
2006	**0.44**	**0.34**	
2007	**0.46**	**0.30**	
2008	**0.38**	**0.32**	
2009	**0.62**	**0.34**	
2010	**0.53**	**0.35**	
2011	**0.42**	**0.32**	
2012	**0.47**	**0.30**	
2013	**0.44**	**0.36**	
2014	**0.44**	**0.33**	
Arithmetic mean	**49%**	**34.5**	**83.5%**

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 -**
1992	**83.6**		**10.8**	**13.5 -**
1993	**29.1.**		**60.4 -**	**54.6 -**
1994	**10.6 -**		**2.2 -**	**52.9 -**
1995	**15 -**		**3.3**	**23.6 -**
Average	**8.8 -**	**182-%**	**17.9 -**	**40.4 -**
1996	**17.2**		**1.7**	**20.3**
1997	**26.5**		**58**	**561**
1998	**22.2**		**2.3**	**104.3**
1999	**89.3**		**2.9**	**14.5**
2000	**31.2**		**2.4**	**45.3**
2001	**27.4 -**		**2.9**	**6.**
2002	**16.2 -**		**2.6**	**2.2**
Average	**20.4**	**3%**	**10.4**	**105.9**
2003	**54.9 -**		**2.4**	**65.6-**
2004	**45.9**		**13**	**195.5**
2005	**2.3**		**3**	**21.3-**

2006	**1.6-**		**15.9-**	**33.3-**
2007	**10.8-**		**7.6-**	**6.4**
2008	**22.6**		**1.4**	**11**
2009	**21.3-**		**28.3**	**2.8-**
2010	**20.9**		**3**	**8.7**
2011	**27.3**		**31.8**	**14.3**
2012	**11**		**23.4**	**7.4**
2013	**8.3**		**1.6**	**18.7**
2014	**12.7-**		**11.8-**	**16.8-**
Arithmetical average	**3.08%**	**35%**	**3.5**	**10.2**

Source: The table of the work of the researcher 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 (Eviews 9). We extracted the data from the official and non-official sources and subjected them to the 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. (54)

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

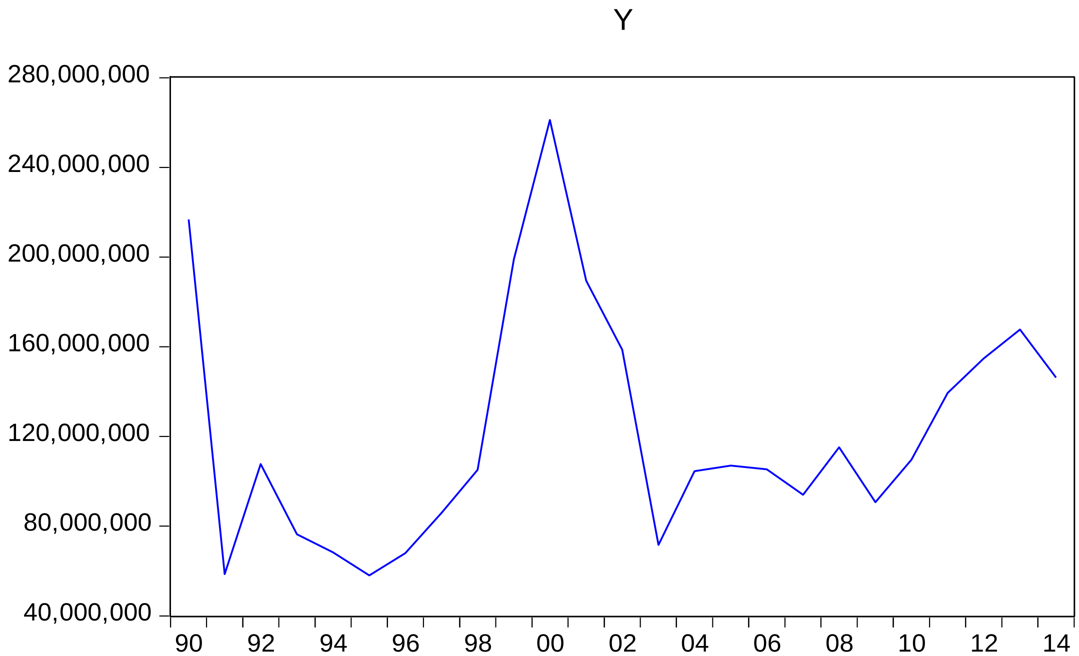
Source: Ministry of Planning and Development Cooperation, the Central Bureau of Statistics and Information Technology, various statistical bulletins for the years 1990-2015

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, as shown in Figure 1.

Figure (1)

Gross domestic product (GDP) for the period (1990-1994)



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

Second: - (ARDL) Model estimates and error correction model

First "- Stationarity test:

The stationarity tests of time series are often "the first step in the applications of co-integration models because the absence of the stationarity feature of the time series leads to false regression.)55(Therefore, modern standard methods must be used to ensure that the estimated results are realistic. The most common tests in determining the stationarity or non- stationarity of the time series are the unit root tests. There are a number of tests that can be used to determine whether or not this problem exists. The most common of these is the Augmented Dicky-Fullertest and Autoregressive Distributed Lag Model (ARDL), which is used to test the existence of a long-term relationship between the dependent variable and the explanatory variables, regardless of whether they are at the zero (zero), the first (1) or both. "

What is required of this model is the necessity of conducting unit root tests of the variables examined before applying them to determine whether the variables are all (I (0) or I (1)) or a combination of the two types, but the constraint on applying the ARDL model is not to be any of the variables (I (2)) To be sure, we resorted to an Augmented - Dicky fuller test.

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

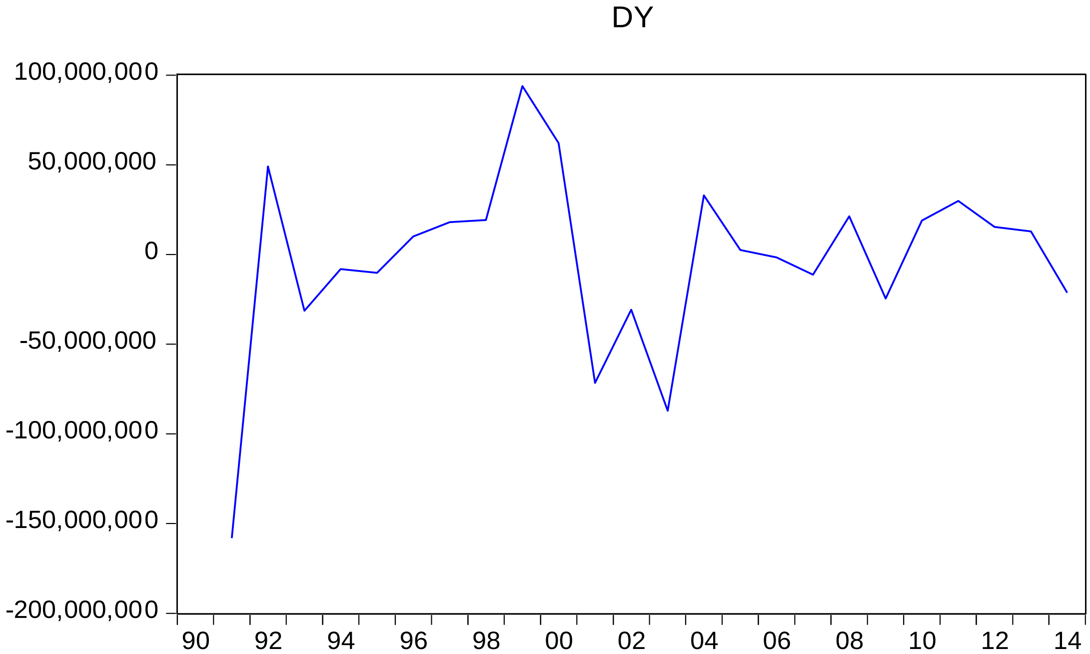
Lag Length: 1 (Automatic - based on SIC, maxlag=5)

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.

Figure (2)



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

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

Table (7)

Null Hypothesis: D(Y) has a unit root

Exogenous: Constant, Linear Trend

Lag Length: 0 (Automatic - based on SIC, maxlag=5)

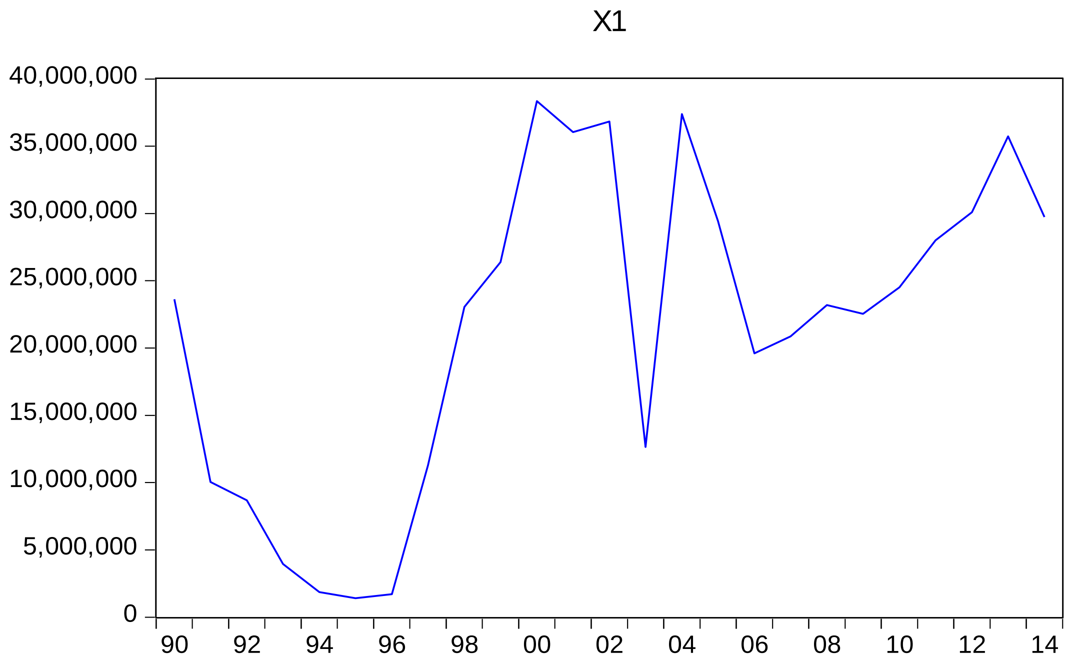
Prob.*	t-Statistic			
0.0003	-6.008014	Augmented Dickey-Fuller test statistic		
	-4.416345		1% level	Test critical values:
	-3.622033		5% level	

-3.248592	10% level

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

Figure (2) and 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.

Figure (3)



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

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

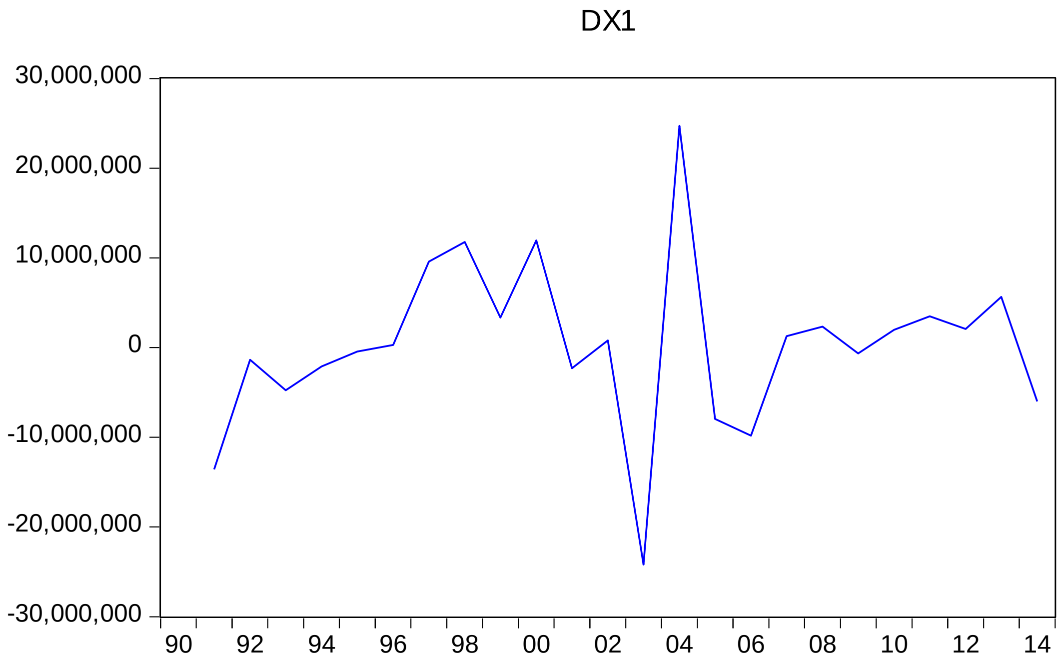
Lag Length: 0 (Automatic - based on SIC, maxlag=5)

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

Figure (8) and 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.

Figure (4)



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

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

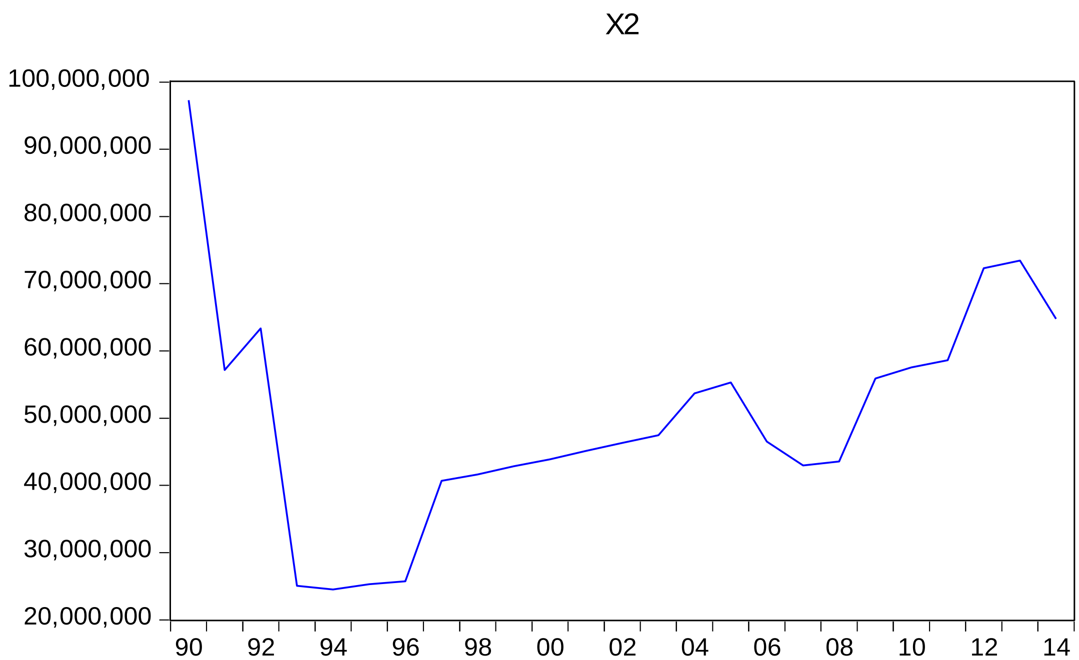
Lag Length: 0 (Automatic - based on SIC, maxlag=5)

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

The figure above 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.

Figure (5)



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

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

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 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

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

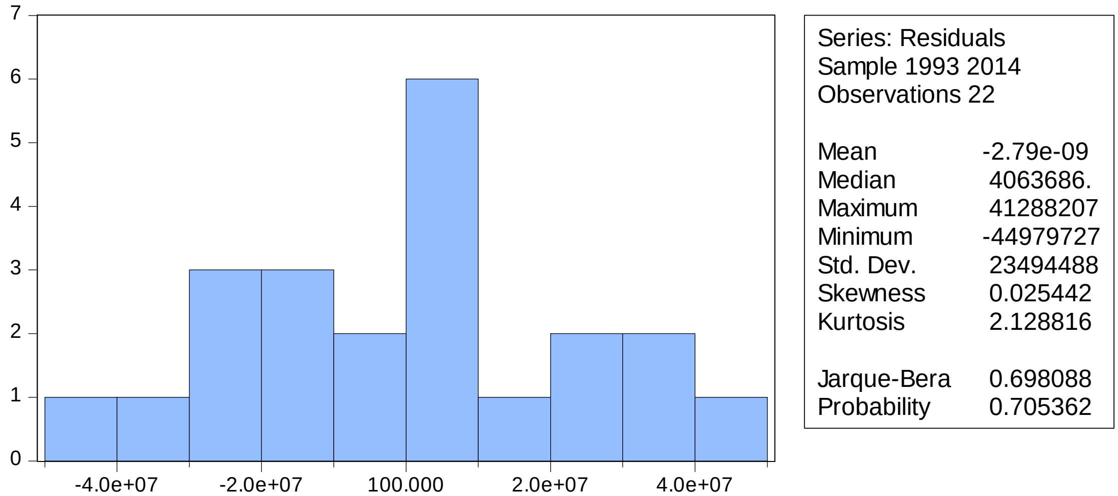
Prob.	t-Statistic	Std. Error	Coefficient	Variable
0.0581	2.077685	0.222892	0.463099	D(DY(-1))
0.0008	4.335545	0.932649	4.043542	D(DX1)
0.0374	-2.318499	1.134056	-2.629308	D(DX1(-1))
0.7667	0.302937	0.842512	0.255228	D(X2)
0.1341	-1.597844	0.932025	-1.489230	D(X2(-1))
0.4456	-0.786698	28851548	-22697450	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

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.

Figure (6)



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

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)

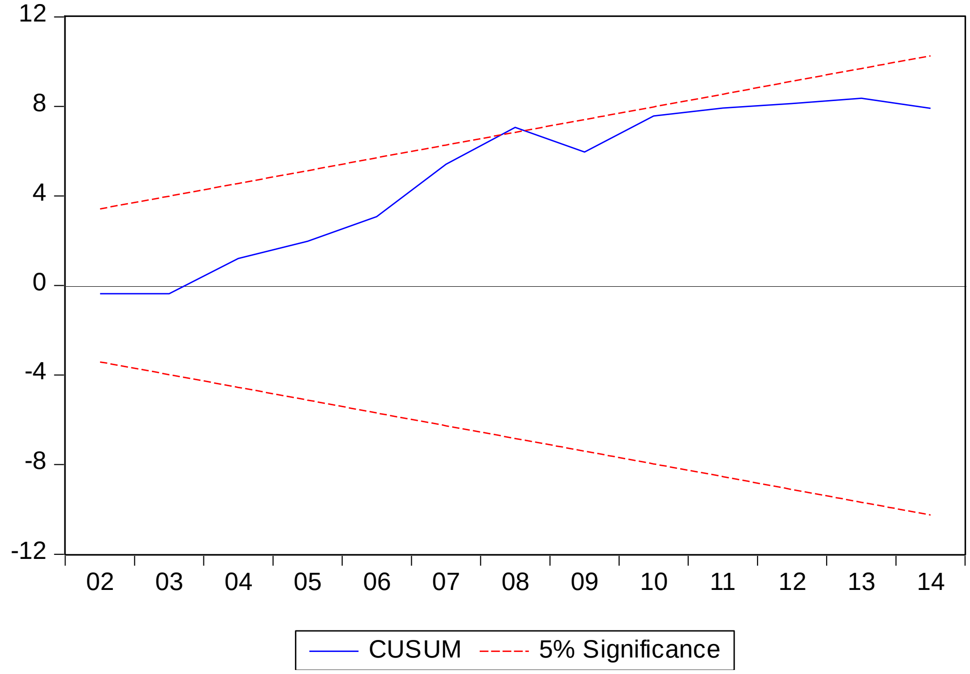
Heteroskedasticity Test: Breusch-Pagan-Godfrey

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

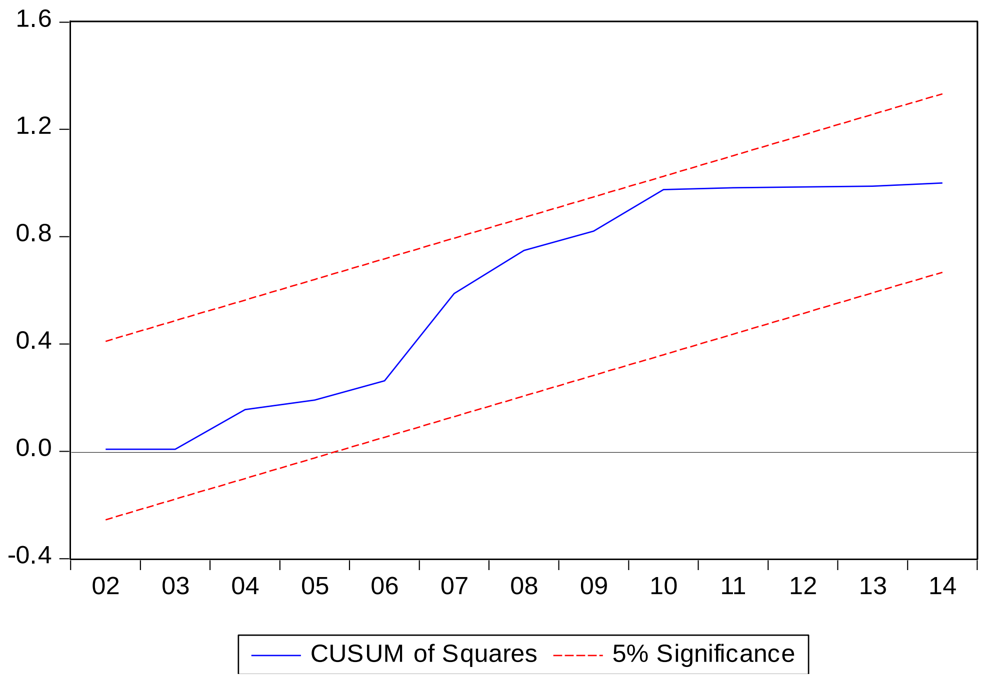
As long as the value of P-value (obsr. -squared) is greater than 5%, it is not possible to reject the null hypothesis that the model residuals do not suffer from a self-correlation problem. In order to ascertain the stability of the coefficients we resorted to the cusum test.

Figure (7)



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

Figure (8)



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.

Conclusions

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

First, consumption and investment are two dimensions of a single process. Investment in its realty is a sustainable consumption and is created through the interaction of its components, tools and final consumption tools. Consumption by nature is a backdoor investment that transforms its inputs from the solid image to its decomposing counterpart, i.e.

from matter to energy as a fuel that would otherwise have lived an object on the face of the earth, so our description of consumption as the fruit of production is like saying that death is the end of life, both are inevitable and we have no obligation to do so.
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 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, land و 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 the 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, c indicate that 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 is 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. This share increased only by 4.2% despite the increase in the GDP growth rate to 35% for the years 2003-2014. Therefore, the relation between variables, private consumption, public consumption, GDP, as if it were static. The integrative relationship between these variables in the long term was realized. The data of Figs. 7 and 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 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 simulations.

Fifth: Encouraging individual initiatives, investment and creativity, and providing the conditions for transforming the private sector into a private sector that has the motivation, experience and capabilities, while providing a comprehensive database of internal investment areas and facilities that the government undertakes to provide to investors whether it is guaranteeing legislation or material and non-financial support, because societies that emerge from continuous wars are forced to bear the burdens of patience and exhausting guarantees.

Margins

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