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Analysis of Security Reality In Iraq for the period (1990 - 2014)

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Abstract

The task of defense is one of the tasks practiced by human societies since ancient times. This function has taken many forms and is in line with the social progress that culminated in the emergence of the state. This led to the formation of armies, thus creating the so-called military establishment, which in turn has become a vital sector within the national economy. At the same time, the whole world is witnessing a major development in the increasing escalation of military spending in most countries of the world. The State seeks to achieve security and prosperity for its societies. In order to achieve this, some of them are linked their security to their military power, which cost them huge resources in the form of military expenditures which have reached a wide range. Of these countries is Iraq, where the military expenditures constituted an increasing economic burden on the public budget. The rise in military spending in Iraq because of the security conditions that passed three decades ago and more made it a state with heavy defense burdens in the world and that the search for its effects surrounded by many difficulties, most notably that the spending comes out often from the economic range to settle in the political sphere. This means that it is difficult to control. This spending has been a disincentive for investment and the country's economic growth index has declined.so, it is necessary to diagnose the type of relationship between military expenditure and development effort variables and thus identify the real sources of threat to security and try to remove them and divert resources away from military uses and to raise the indicators of sustainable development in Iraq

Análisis de la realidad de seguridad en Iraq para el período (1990 - 2014)

Resumen

La tarea de defensa es una de las tareas practicadas por las sociedades humanas desde la antigüedad. Esta función ha tomado muchas formas y está en línea con el progreso social que culminó en el surgimiento del estado. Esto condujo a la formación de ejércitos, creando así el llamado establecimiento militar, que a su vez se ha convertido en un sector vital dentro de la economía nacional. Al mismo tiempo, todo el mundo está experimentando un importante desarrollo en la creciente escalada del gasto militar en la mayoría de los países del mundo. El Estado busca lograr seguridad y prosperidad para sus sociedades. Para lograr esto, algunos de ellos están vinculados su seguridad a su poder militar, lo que les costó enormes recursos en forma de gastos militares que han alcanzado un amplio rango. De estos países es Irak, donde los gastos militares constituyeron una carga económica creciente sobre el presupuesto público. El aumento en el gasto militar en Irak debido a las condiciones de seguridad que pasaron hace tres décadas y más lo convirtió en un estado con grandes cargas de defensa en el mundo y que la búsqueda de sus efectos está rodeada de muchas dificultades, sobre todo porque el gasto sale a menudo desde el rango económico para establecerse en la esfera política. Esto significa que es difícil de controlar. Este gasto ha sido un desincentivo para la inversión y el índice de crecimiento económico del país ha disminuido. Por lo tanto, es necesario diagnosticar el tipo de relación entre el gasto militar y las variables de esfuerzo de desarrollo y así identificar las fuentes reales de amenaza para la seguridad e intentar eliminarlas. y desviar recursos de usos militares y elevar los indicadores del desarrollo sostenible en Iraq

Introduction: -

A distinctive feature of global development is the growing escalation of military spending in most countries, which has become a burden on the budgets of both large and small States.

Since the Second World War, the developing world is gripping the lion's share of conflicts and wars which caused between (70-150) million cases, this situation ranked the developing countries, which is constantly exposed to conflicts and wars such as Iraq and Afghanistan to provide a degree of protection and security on the one hand, on the other hand, it must overcome its bitter reality of poverty and underdevelopment and accelerate the

rate of economic and social growth , as Iraq is a state that enter the circles of conflict and internal crises, which generates political instability and security, it tends to increase its military spending to protect its resources and secure its borders and repel any enemy that is directed towards him.

This is reflected in the decline in its ability to achieve development, especially human ones, where Iraq has spent over the past years huge resources on arming and building the armed forces could be directed to meet the basic needs for balanced economic development.

Hence, the study attempts to shed light on the relationship between the defense burden and some macroeconomic variables during the period (1990 - 2014)

Research importance: -

The importance of research is to analyze the phenomenon of increasing military expenditures and clarify their implications for some economic variables, as well as the increase in military expenditures have a negative impact on the areas of non-military sectors and lead to severe financial crises that impede the development process in Iraq

Research problem: -

The Iraqi economy has been exposed to many periods of political, economic and security instability, which were represented by the wars, periods of economic siege and the bloody events that the Iraqi people have suffered since (2003) until now, which reflected on the increase in military spending, which led to the depletion of its economic resources and a negative impact on its development efforts.

Research Hypothesis: -

The research starts from the hypothesis that the increase in military spending in Iraq will be at the expense of the resources allocated to the expenditure on the areas of development, especially investment and economic development programs, which has a negative impact on the development effort in the country.

Research Goal: -

The research aims to test the dialectical relationship between security and development efforts in Iraq by analyzing military expenditure, monitoring the development of the defense burden and its determinants, and uncovering the effects of military spending on the economic aspects of society.

Research Methodology: -

This research is based on the method of economic analysis and econometric analysis to determine the relationship between the defense burden and some macroeconomic variables.

Time and spatial limits:

The research dealt with a turbulent period in Iraq's economic history, extending from 1990 to 2014, a period which rich in political, economic and security events.

Research Results:

The research included the following paragraphs:

The first requirement - security between the traditional concept and the contemporary concept.

The second requirement - the security situation in Iraq and the developments of military spending for the period (1990-2014).

Third requirement - Trends of defense burden in Iraq for the period (1990 - 2014).

The fourth demand - the effects of the defensive burden on development efforts in Iraq.

The first requirement - security between the traditional concept and the contemporary concept

In any society, the individual looks at two things: high income and high security. Perhaps the sum of the aspirations of individuals is the well-being of the society. Security is therefore a well-established element of well-being. The welfare function can be formulated by the following description (Simth, 1980, 811)

$$W = F(C, S)$$

where welfare (W) is in a direct relationship with increased income (C) as well as with the availability of security (S)

Since all the countries of the world seek to achieve the highest level of well-being for the individual, they must make strenuous efforts to achieve and ensure security, because the opposite leads to a state of insecurity in which production is interrupted and thus reduce welfare.

On the security side, many questions arise about how to understand security? How it is achieved? How do security threats come about?

The concept of security in general refers to the absence of a hated expectation in the coming time, since security is a state of consciousness and has no value if there is no sense of it and generates the feeling that there is a difference between him and fear and if not turned into a real awareness that results in behavior confirms the existence of what reassures the pursuit of life and movement for its ages and the repair of the evil in its aspects and purposes.

The concept of security has developed in different terms. The historical

development of the concept of security in general refers to the human existence, where the search for security was at the forefront of human concerns. There is no group in human history that has lived far from concern and security issues. Since the dawn of history and throughout the ages, man has faced the dangers one by one. Therefore, we see that societies have linked security and military strength. Strong societies with large arsenals of weapons have been seen on the basis that they are secure and protected against threats, especially foreign ones.

When the military power is embodied in the weapons, arms and armaments of the society, the rival states have entered the field of armament to achieve superiority or at least ensure security and equality, and the building of military forces cannot be achieved and cannot be guaranteed except by harnessing the resources of the community to obtain its requirements. In this context, the idea is rooted in the minds of the leaders of the peoples that high military spending means a high degree of security. The reality of the situation indicates that security in today's world will remain unrealized as long as it continues to be viewed as a standard of number weapons. It should be left aside from this belief that national security can be equated with weapons.

In the 1980s, the fruits of human thought had the potential to achieve the security of societies and individuals through the contribution of two commissions on the development of the concept of security.

The First Committee: concerned with global development issues headed by Philly Prabat, which was issued in (1980) report of the North and South This Committee resulted in its report, which summarized the following:

1. Emphasize the common interests that the human element needs in order to continue in life.
2. Issues such as peace and war are not raised.
3. Issues on how to overcome hunger and the suffering of people in the world from poverty, deprivation, unemployment and lack of employment opportunities.

As the first committee made efforts in the field of security, as well as the efforts of the other committee on disarmament and security issues headed by Olf Palme, and the summary of his report on joint security. Common Security according to the report of the Committee on Disarmament and Security Issues is that people live in dignity and peace and that everyone can get a job and live in a world without poverty and destitution.

The calls for rapid consideration of security issues and the growing re-

sponsibility for common security began to rise. The Stockholm initiative, which pointed to challenges to security other than those related to political rivalries and armaments, emerged. Over time, talk of so-called treatment for the loss of security, especially in the third world countries, namely the failure of development programs, population inflation and environmental pollution.

In other words, it appears that there are many threats to national security today not only military and political aggression against the territorial sovereignty of society, but also other things, including:

1. Low economic growth rate.
2. Scarcity of resources, especially energy and non-renewable resources.
3. Population increases, where the third world countries suffer from high population growth rate.
4. Delay in the application of democracy and human rights.

Hence, the assessment of security according to the standards of access to resources must be from the perspective of providing employment and real improvement in the quality of life of individuals, and this view leads us to believe that real security requires more resources for development and less resources for armament, that there is a relationship between the three variables: disarmament, development and security. This modern perspective of national security does not mean the absence of formations of the security forces, but remains one of the elements of achieving security for the country, and this is confirmed by all security theories in the literature of strategic, military and political, there are those who support the modern perspective of security to deal with security from the perspective of the latest in terms of security and ongoing variable security. Current security is intended to deal with fixed events and ensure control, while changing security deals with emerging events both internal and external. Therefore, we conclude that security is achieved not only by increasing military expenditures to ensure the country's safety from external risks by increasing the arming and protection of military forces from foreign military forces, but by addressing many threats that take an economic, social and political direction.

The second requirement - the security situation in Iraq and the developments of military spending for the period (1990-2014)

In the last three decades, the Iraqi society has undergone delicate and delicate conditions, characterized by a dramatic decline in the security situation in the country, which has been reflected in the human development

indicators in all fields and the loss of years of work due to war, economic sanctions and siege and ended with occupation and military intervention after 2003, and the security breaches, because of the radical changes in the new political system, which marked a turning point in the history of modern Iraq. These security and military developments in Iraq have cast a shadow over economic and political developments by creating an environment of insecurity and hindering the course of social and economic policies implemented on the ground after the intervention of a number of factors undermined the security and the lack of paths of growth and development and thus constituted a new threat to human development and the security reality in Iraq. A follower of the path of political and military changes in the country believes that in the past the state was more than the possession of a military force costed huge resources in the form of military expenditures, where the level reached wide ranges to protect its borders from external dangers, but at present we see that the picture has not changed, whether it got worse as it became in addition to external defense burdens, there are internal dangers whether at the military, economic or political level, the state budget carried a new defensive burden. All this made Iraq a country with heavy defense burdens in the world. It was forced to allocate a large part of his economic resources to protect its national security based on the army as a military force, thereby increasing its military expenditures.

The follow-up of the development of military spending trends and their determination in Iraq is mainly based on the knowledge of the behavior taken by this spending. The wars that the Iraqi economy has experienced have greatly depleted its material and human resources. The first was the Iraq-Iran war in the 1980s, when the surplus that Iraq had before the war, which was estimated at about \$ 35 billion to debt burdened Iraq estimated at (124) billion dollars in (2004), because of the wars that it (the first Gulf War, the second, and the circumstances of the economic blockade) and beyond the year (2003) of events.

It is estimated that the levels of military expenditure, in figure 1, witnessed significant changes during the period of study. The expenditure was about (4311.4) million dinars in 1990, which increased to (32720) million dinars in 2000. This period was characterized by the economic sanctions imposed on Iraq in addition to that it was trying to remain in a state of readiness against any external attack on him continued military spending path up to (37,567,255) billion dinars in 2014.

As noted in Figure 1, the trends of the change in military expenditure

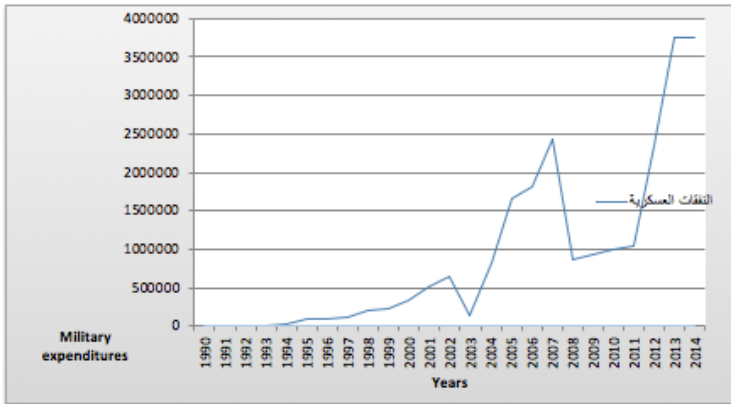
were not consistent. We note that military expenditure increased at a high rate during the period 1990-2002, and then declined during the two years (2003-2004). Because the continuation of the waves of violence in the country, the deterioration of the security situation and the desire to increase the number of armed forces, the military spending tended to rise again and significantly, as the side of terrorism took a negative and large impact on the public budget, through the expansion of military spending item and continued pressure on the expenditure side, which raises the state of deficit in the public budget, through increased government military spending, as war spending rises in times of war in a large way or face any threat to the security and stability of the country. The general military spending is divided into two parts, one of which is the general military spending for the purchase of arms and light and heavy equipment, and that this section is not only a fraction of the total military expenditure in relation to the second section, i.e. general military expenditures for the purchase of munitions and military equipment, which are consumed very large quantities during the wars, and in light of the military campaigns waged by our army against the dens of terrorism, which makes it difficult to reduce or pressure some items of that spending, which makes the state of budget deficit.

And this reflects the difficulty of addressing the deficit in the public budget in light of the continuing terrorism and poor security situation in the country, so to reduce this ratio requires resorting to the activation of sources of public revenue existing or the development of new sources of revenue to reduce this ratio.

The high level of security spending comes from the combination of many factors, whether they appeared in one or some of them at one time and these factors:

- 1- The increasing security pressures represented by regional conflicts.
2. Changes in strategic circumstances.
3. Changing internal security pressures.
4. Changes in economic conditions.

Figure (1)
Evolution of the level of military spending in Iraq for the period 1990-2014



In Figure 1, we see that military spending is rising at times and falling further, i.e. it is characterized by cycles of instability that are similar to Berne’s classification of business cycles in the economic system. (Growley: 1971: 35)

In other words, the general trend of tunnels remains high. This can be attributed to the fact that in a period of wars or conflicts and exceptional circumstances, the society tends to activate a high level of military spending for the purpose of protecting it and achieving security for it. After the conflict ends or the crisis ends, the Individuals typically accept a new set of standards regarding the level of military spending. Therefore, there is no opposition regarding the increase in defense and security allocations. The same feeling may exist in the military administration, as it is not satisfied that the level of expenditure of its institutions is lower or lower than in the past. The prevailing perception is not to bet on national security because of the financial costs, that is, no one risks the national security of the country and this is the result of high levels of spending.

We summarize from the above that the level of military spending in Iraq, although it was fluctuating throughout the study period, it was with high grades, and that there are many factors interfered in the report of its level. This high level of spending indicates that Iraq allocates a large share of its economic potential for the military sector. Figure 1 shows that military expenditure was characterized by fluctuation and irregularity over the duration of the study. The figure shows that the military expenditure did not change in absolute size, which makes the linear characterization of its

behavior against time an impractical assumption and that the quadratic description is the best. If we express military expenditure (M) and years (T), the square characterization model will be as follows:

$$M = a + b_1T + b_2 T^2 + b_3M(t-1)$$

After the selection of (A D F) to check the stability of time series of the military expenditure model, it was found that the time series stabilized at the second difference with the fixed limit and the general trend.

The results of the assessment were shown, as follows:

$$M = -14343.6 + 911.9069 T + 5105.78T^2 - 0.228999 (M t-1)$$

(0.22) (0.008) (1.31) (0.75)

$$R^2 = 65\% F = 11.645$$

The results of the estimate show that military spending has taken a form of escalation towards time, and this is its behavior during the period of research, but this expenditure includes part of its general trend and some cyclical effects and the effects of external periods of economic siege, as well as the events after 2003 from the occupation and overthrow of the regime at that time. The overall trend of military spending is counter-terrorism, which is the most important component of the spending pattern because it reflects the military strategy.

Therefore, it is necessary to isolate both the cyclical changes and the general trend in this expenditure. To achieve this, we used a dummy variable of instability (U) and the involvement of time (T). The results of the model showed the following:

$$M = -335.9 + 5550.5T + 0.68 Mt + 1 + 9636.47u$$

(1.17) (2.00) (3.53) (0.03)

$$R^2 = 78.9\% F = 24.9$$

The time coefficient (T) expresses the general trend, while the coefficient of instability and war (U) represents the periodic fluctuations. In the case of relative stability, the military expenditure (M) was increased by ID (55505) million per year during the period (1990 - 2014) and each year characterized by instability increased expenditure by (9636.47) million dinars. The results of the above model can be used to determine the strategic dimensions of military expenditure. The (T) coefficient expresses the permanent part of military expenditure reflects the permanent part of the military expenditure that represents the demand for the defense commodity and expresses long-term expenditure trends that reveal long-term defense plans and policies i.e. which has a strategic dimension and self-realization, while the coefficient (U) expresses the temporary part of the expenditure, which represents the direction of spending for the short term, i.e.

for a specific circumstance, or specialized to meet a specific situation in which the armed forces are charged. So, what is the return we get from this spending? It is well known that countries use military spending to ensure security, i.e., to provide protection. That is, defending national security is the commodity we get from military spending.

This item has certain characteristics:

- 1- Market failure to determine the optimal quantities.
- 2 - The expenditure or demand is determined by geopolitical factors, any non-market factors.
- 3 - Lack of flexibility both supply and demand.
4. Their consumption is not competitive and their benefits cannot be separated.
- 5 – They are essential goods and not luxury because of the low income elasticity on them.

(Okamura: 1991). From this we can say that this commodity has characteristics that reflect the nature of the market failure to determine the optimal quantities, i.e. spending on them will be determined by non-market factors. The commodity of defense is also a commodity, not a luxury because of the low income elasticity on it, using the elasticity equation:

$$Y = A X^b$$

$$Y = M \text{ Military expenditure}$$

$$X = \text{GDP}$$

$$b = \text{elasticity coefficient}$$

Because the equation is exponential, its solution requires converting it into a linear equation by taking the logarithm. The results of the estimation were:

$$\text{Log } M = 368.6 + 0.517 \text{ GDP}$$

$$(0.27) \quad (2.78)$$

$$R^2 = 82\% \quad F = 49.98$$

Since the income elasticity coefficient is low and less than one 0.57, for this reason, income does not affect defense, although there is a tendency to increase military spending as GDP increases. This result is logical in a country where security and political instability such as Iraq.

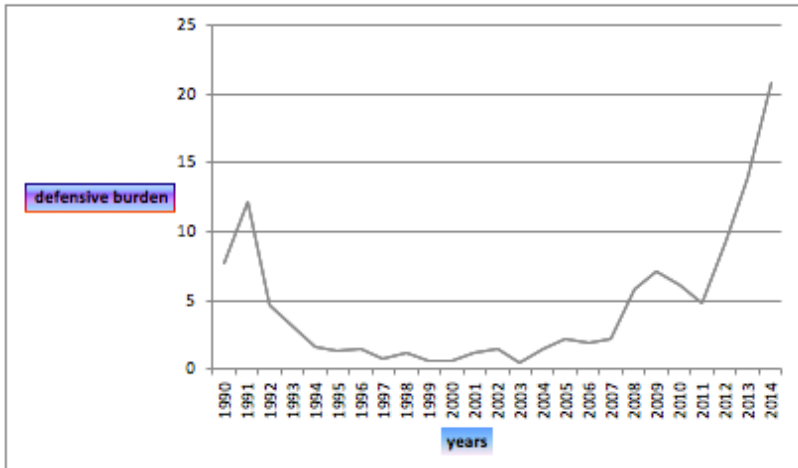
Third requirement - Trends of defense burden in Iraq for the period (1990 - 2014)

The defense burden reflects the relative relationship between military expenditure and gross domestic product (GDP). It reveals the relative amount of resources that the state draws from civilian uses (private and public) to

the military sector, as well as the relative weight represented by the defense basket in GDP. It shows the reality of the military effort in the state and measures and measures the burden of arming, i.e., the pressure exerted by the military expenditure on resources. Figure (2) reveals the reality of the defense burden in Iraq and its trends over the period (1990 - 2014).

Figure (2)

The defense burden in Iraq for the period 1990-2014



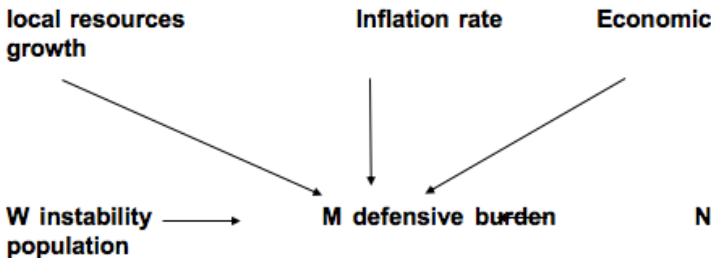
We note that the defense burden was fluctuating up and down between the period (199-2005) with an average amounted (2.7%), then increased during the period (2006-2014) to (8%). This is due to the increase in the index of terrorist attacks,

in addition to the occupation ISIS of many of the Iraqi lands since the middle of 2014, which led to an increase of military expenditures to GDP. The average defense burden during the period (1990 - 2014) was 4%, which is considered a relative average at the level of international gatherings when compared to the defense burden with a number of countries. The previous figure indicates the high defense burden in Iraq during the past years, starting from (2005 - 2014). This means that the defense function absorbs a high relative share of the community effort represented by its local product. The defensive burden, and its level and trends are affected by the level of military expenditure. We have already pointed to the unstable security and military situation in Iraq, which was the complication of external and internal factors and influences a role to make from Iraq a model of a

country is suffering from disputes and political differences, economic and sectarian reflected to load the state budget a lot of financial burden to equip the security sectors.

Therefore, the defense burden is subject to the influence of a range of variables, whether political, economic, social or strategic, and at the local or regional level. These variables may intertwine at one time. Or some of them may emerge. Thus, the transitions and changes that emerged in Figure (2) do not deviate from the effect of the complex interaction of political and economic considerations, as they determine the amount the state chooses to spend on the armed forces. It is therefore important to identify the impact of these factors by building a econometric model in which the defense burden is dependent variable, and the population, the public revenues of the state and the dummy variable, which represents instability in addition to the rate of inflation and economic growth rate as independent variables as shown in Figure (3).

Figure 3: Relationship between economic variables and defense burden



The econometric description of the model will be as follows:

$$DF = a + b1 N + b2 R + b3 W + b4 P + b5 g$$

DF = Defensive burden

N = Population

R = Public Revenue

W = Instability

P = Inflation

G = Economic Growth Rate

The defensive burden (DF) represents the variable in which the total differences are to be explained or interpreted, while the independent variables are the economic factors expressed by the entire growth rate (g) and pop-

ulation (N) as they reflect the available economic and human resources, while financial factors include public revenue (R), and inflation (p) reflects the effect of monetary factors.

As a class of variables, we adopted the ratio of military expenditures to gross domestic product, representing the defense burden, annual growth rate, and domestic financial resources. We adopted the ratio of oil revenues to GDP. We expressed the instability with a qualitative variable in which we experienced years of military wars or tensions take number (1), while the relatively quiet years took zero, while the rate of inflation was expressed by the annual growth rate of the consumer price index, while the rate of economic growth indicates the rate of annual change in GDP.

The countries with rapid growth are more likely to increase defense spending relative or absolute, but this assumption varies between countries living in peace and between countries experiencing tension and security instability.

In the first case, it increases the share of military spending because it has economic achievements that have led to a high rate of economic growth and must be protected from any external threat.

In the second case, including Iraq, which suffers from structural imbalances as well as from security instability. The high rates of growth do not reflect real economic growth to activate the productive apparatus, but rather the dependence of its economy on oil revenues only, as it constitutes 95% of the GDP. Any decline or fluctuation in oil prices is reflected negatively on the share allocated to military spending and since it cannot reduce this ratio, it will be at the expense of investment allocations.

We have modeled a set of assumptions and according to the reality of the sample country: Iraq.

- Government revenue is a constraint on military spending because it is the source of its funding. The expansion of these revenues and their growth gives great flexibility in favor of the military decision to increase spending without strong opposition because it reflects the situation of financial easy and therefore expects that the parameter (b2) is significant and positive.

- The current level of military activity is an important element in determining the defense burden (Barro, 1981,1160). The defense burden is high in countries suffering from tension and conflict, and this is the case in Iraq. Therefore, the parameter (b3) is expected to be both significant and positive.

- The rise in the general price level carries the defense budget burdens of high purchasing prices as well as the salaries of members of the armed

forces, which cannot be manipulated or reduced as they must be commensurate with the standard of living of the members of the armed forces, and therefore expects parameter (b4) be significant and positive, with the need of several equipment.

- The population pressures do not enter significantly in the determination of the needs of military spending, i.e., the defense burden will not be affected much by marginal population changes and therefore expect the parameter (b1) to be insignificant.

Using the OLS method to estimate the model, the following estimates were described

$$DF = 1.46 - 0.60x1 (\text{pop}) + 5052x2^{\text{®}} + 0.71x3 (\text{w}) + 0.013x4 (\text{p}) - 0.01 \ x5 (\text{g})$$

$$(0.17) \quad (0.2) \quad (2.22) \quad (0.47) \quad (0.15) \quad (0.2)$$

$$R2 = 0.80 \quad F = 8.77$$

It is noted from the results of the estimation that the experimental adequacy of the estimate is acceptable and that the majority of the estimated parameters are reasonably significant and consistent with the assumptions on which the model is based, where a significant effect of population is observed. There is a significant impact on public revenues. The increase in the relative importance of state resources in GDP by one point drives the defense burden to rise (5.5%), as does every year of war or instability that raises the defense burden (71%).

The impact of inflation shows that it is weak on the defense burden, because the rate of inflation took a decline for the period after 2003 and so it has no impact on the defense burden in addition to the inflation rise or fall, military spending is a constraint on the economic reality because of the deteriorating security situation in Iraq. The relationship between the rate of economic growth and the defense burden was identical to that of economic theory.

The fourth requirement - the effects of the defensive burden on development efforts in Iraq

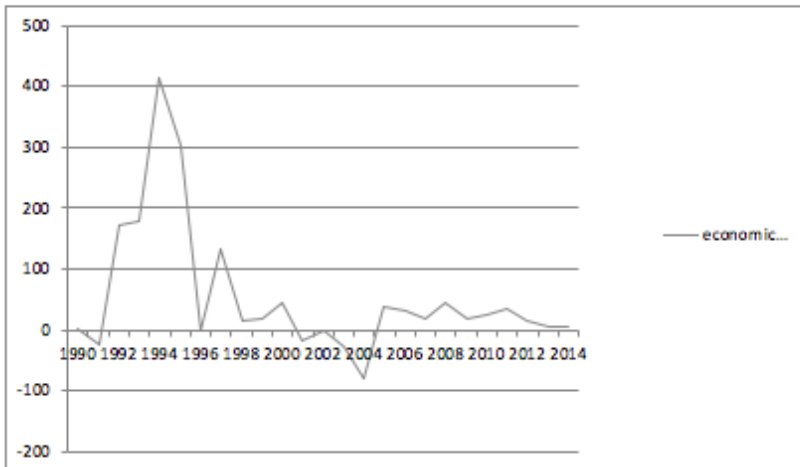
The facts that were produced by the military spending in Iraq for the period (1990 - 2014) indicate that the Iraqi economy was subject to the dominant political decision on the economic act, which was strongly reflected over the previous decades in directing the country's financial and human resources towards the militarization of society and economy at the same time due to the many regional wars and conflicts and international siege instead of directing these resources towards reconstruction and develop-

ment (Dr. Faris Karim Barihi et al., 2014, pp. 31-30). These conditions led to the destruction and deterioration of the infrastructure of the community from the services of the municipality and the infrastructure and educational institutions and health, which increased after the change that occurred in Iraq (April 9, 2003). All of this has negatively affected human development indicators. Iraq is ranked among the lowest group of medium-level human development countries, ranking 131 out of 187 countries in the world, according to the Human Development Index (0.5690) for the year 2012.

According to the Peace Support Index, Iraq ranked fourth in the list of the least stable countries in the world (2005-2006), respectively, and fell to second place in 2007, and this comes even before the war-ravaged countries ravaged by famine such as Somalia and Ivory Coast preceded by Sudan, and then returned to the fifth rank of the years (2008 - 2009), and then rank (13) out of (143) countries in the world for 2012 (UNDP, Human Development Report, 2013, p. 158). These data impose the following question, which is the essence of the study, what are the implications or effects of the defense burden on economic growth?

Figure (4)

Evolution of the course of economic growth in Iraq for the period (1990-2014)



To give an answer to this question requires a clear picture of the pattern of the relationship between military spending and economic growth through

Figs. (4.1), which indicate to us a number of things, including:

1. The defense burden and military growth are going in opposite directions. In most of the years marked by a high defense burden accompanied by a decline in economic growth and vice versa. This trend enables us to report firstly that the relationship between military spending and economic growth in Iraq is negative.
2. The path of the economic growth rate was more unstable than the defense burden, where in a good number of years it was negative.
- 3 - After the events experienced by the Iraqi economy after 2003 of the high rate of terrorist attacks, which took an upward path since 2003 and so far, which translated into an increase in the volume of military expenditures to GDP, where it reached (5.23%) for 2013, while the rate of economic growth fell by 6.14% in 2013.
- 4 - The volume of military expenditures increased to (375672.05) million dinars for the year 2014, which increased by (60.09%) for the year 2013 because of the unstable security situation in Iraq and the battle for the liberation of the territories occupied by the ISIS and thus allocate large amounts to finance this war.
5. The above shows that the military expenditure was a major economic burden represented by the acquisition of the bulk of the gross domestic product, which could have been directed to development projects and raise the level of individual welfare, which has become low share vis a via the share of military expenditures.

On the other hand, Iraq is the case of many developing countries, which lack many of the infrastructure, as the infrastructure of the country has been subjected to a lot of acts of sabotage and looting, as we said earlier, which means that we need more investment to promote economic growth, that is, investment will be the engine of growth (Zaki, 1981, 11). This means that investment is a key player in the economic growth function. And that the impact of military spending on investment is the indirect impact of this spending on growth, while the direct impact of which is to leave it through the spread and modernization and stimulate aggregate demand.

In order to determine the effect of military expenditure on investment,

We have modeled (Deger, Smith, 1983,340) in which we made the investment rate (I) investment as a ratio of GDP as a dependent variable. It is necessary to determine the total differences in it and in both the saving (S) and the military expenditure (M)) as a proportion of public expenditure and economic growth rate independent variables, and after conducting a

test (A D F) for the stationarity between the time series of variables has stabilized at the first difference and the results of the estimate:

$$I = 0.16125 - 0.2902 I_{t-1} + 5.3804 S - 0.5852 M + 0.025 g$$

$$(0.21) \quad (0.19) \quad (4.88) \quad (0.01)$$

$$R^2 = 0.60 \quad F = 32.66$$

The results indicate that investment in Iraq depends on domestic savings because the largest proportion of the volume of domestic savings comes from surpluses of oil revenues while saving from taxes and fees and revenues of state property at a lower rate. The change in the rate of national savings in one unit leads to a change in investment by (5.38) in the sense that 53% of the investments are covered by local savings.

However, although savings have been mobilized to serve the Iraqi economy and contribute to the increase of aggregate demand and hence the level of income of the Iraqi individual and the reduction of the level of unemployment, but the lack of exploitation so as not to be directed towards productive investment activities that achieve economic development led to a collapse in the Iraqi economy in 2014 when the deterioration of oil prices and the lack of financial alternatives available to Iraq.

It also emerged clearly that military spending has a negative and significant impact on investment, as increasing the share of defense and security in the public budget by one point leads to a decline in investment by 58%, which means that this spending is the process of expelling (Crowding Out) investment. This negative effect is explained in:

- The years of high defense burden, as we have seen in the previous figures, are the years that have seen situations of regional instability, in which private investment is usually low.
- The contradiction between the direction of military spending and the direction of investment, because of the circumstances of Iraq, we see that the public budget favors the tendency towards military spending to achieve security and face situations of tension and instability in the country.
- The increase in oil revenues during the previous years led to an increase in the ability of the state to direct the largest proportion of them to public spending, which the military spending is part of it, without the investment spending has the highest share.

It is therefore clear that military spending has an indirect negative impact on the development effort through investment. The cost of the opportunity for military spending is probably the amount lost as a result of the lack of use of resources for better alternative employment (Fischer, Dornbusch 1984: 138). Because the allocation of additional resources for military pur-

poses means that there will be less funds allocated for investment, reflecting a reciprocal relationship between military spending and investment (Chan, 1985, 415). In addition, Iraq is in the same situation as countries that have suffered from regional and local conflicts and conflicts for more than three decades. Arms are a large and important part. This means consuming a lot of foreign exchange, which means that military imports are expensive and thus increasing military spending, which will remove a lot of spending on capital goods, which could have made better achievements in investment, which lead to faster growth and higher production, and better living standards. The impact of military spending on investment is not limited to the negative result that we have reached from the previous model, which can be described as impact Direct.

The indirect effect can be diagnosed, which is the effect on investment through savings, especially when it emerged that saving is the main basis for investment. As is known, the supply of physical capital is motivated by savings. In the absence of sophisticated financial markets in Iraq, the source of the new capital comes from household savings, surplus government budget and foreign savings derived from oil revenues, and as most of the savings directed to finance military spending, this means exposing savings Individuals decline which adversely affects investment.

In order to measure the impact of military expenditure on economic growth directly through mobilizing resources, the following model was built, where the economic growth rate (g) was a dependent variable, while the investment rate (I), population (pop), oil revenue rate (R) and defense burden (M) as independent variables.

The estimation results for the period (1990 - 2014) were as follows:

$$g = 166.56 + 0.44 POP + 7.50 M + 1.95 I + 0.97 R$$

$$(1.08) \quad (0.01) \quad (1.73) \quad (0.83) \quad (3.7)$$

It is clear from the above results that investment is the mainstay of economic growth, and changing the rate of investment by one percentage point increases the growth potential by almost 2% and the signal of variables is consistent with the logic of economic theory. The important phenomenon in the model is the estimators of the defensive burden parameter, which showed a high and negative significance, meaning that the increase of the defense burden by one point reduces the growth rate by 7%. This reflects the negative impact of the increase in military expenditure. This measures the relationship between military expenditure and economic growth. Military spending is channeled into channels that are not effectively productive in the national economy. Naturally, the transfer of economic resources

from the civilian sector to the military sector leads to an imbalance in the nature of economic activity through the low level of contribution of the military sector in aggregate economic growth. Iraq does not have the culture and technological development sufficient to develop the civilian economic sectors and link them to the military sector, so the military sector is only a drain on the state's capabilities. In other words, the increase in military spending does not result in any economic growth, that is, not spending in productive channels that increase economic growth rates.

Thus, we conclude that military spending has direct and indirect negative effects on economic growth. The counter trends shown in Figures 1 and 4 are a real expression of the inverse relationship between them. The erratic trend of economic growth in Iraq is attributed in large part to the increase in military expenditures and this reflects the economic cost of military spending.

As the missing part of the gross domestic product (GDP) attributed to the declining rate of growth due to the defense burden must be added to the defense budget to obtain a real and exact total cost of the national security opportunity. In addition, the rate of high military absorption in Iraq, which means the increase in the number of those involved in the armed forces sector, where the number of armed forces from the defense and security sectors (675000) people in 2004 (www.almostaqbal.com) and then increased to (1060000) people in 2011 (Jaafar Mohammed, 34.2011). This number reached (1756000) people for the year 2015 (www.mod.imil.iq), indicating the emergence of high military expenditures suitable with the nature of this stage. These figures reflect the increased military use of civilian resources and the decline in civilian production because the output of the military sector does not find its way into the market.

So we conclude that there are many negative effects on the level of economic growth in Iraq has formed a force to repel investment and thus reduce the potential for economic growth

Conclusions:

1 - The lack of equality in spending between the military side and the developmental aspects created the imbalance that led to an increase in the deterioration of economic reality, as increased spending on armaments has serious implications for development and human well-being.

2. The increase in military and security spending was due to the deterioration of the security situation and the expansion of the Iraqi government in increasing the number of army and security services and the purchase of weapons and pay the salaries of military personnel and members of the

security forces.

3 - Military expenditures constitute a major economic burden on the public budget in Iraq in particular and on the Iraqi economy in general, represented by the acquisition of the important part of GDP, which would originally be spent on economic infrastructure projects, which has become a small share vis a vis the share of military expenditures.

4. The increase in military expenditures has negatively impacted the economic sectors and the purchase of arms has created severe financial crises for Iraq that have ended the economic surplus of oil revenues, which would have made it possible to make a qualitative leap in all areas of economic and social development.

5 - The challenges facing the current government is very large. The decline in oil prices and the increase in terrorist operations and the resulting war spending and compensation for the families of victims of terrorism and security instability and the consequent effects make it difficult to make economic decisions with a developmental dimension that protects the economy of the country and maintains on the stability of Iraq.

Recommendations:

1 - Stay away from the process of arms race, which is useless in relation to the destruction of the country and the depletion of financial and human resources

2. Military expenditures must be directed in a manner that ensures a national army that defends the security of the state, protects its citizens, its wealth and interests, and faces all internal and external challenges and threats.

3 - The fight against terrorism through increased military and security spending cannot achieve its goal as long as there is no real investment in human development, as the conversion of part of the financial allocations devoted to spending on military purposes (the possibility of measuring the alternative opportunity for the Iraqi economy), i.e. spending on development needs in the areas of education, health, infrastructure and social welfare works to accelerate the achievement of human development goals.

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