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ANALYSIS AND MEASUREMENT OF INTERNAL BALANCE POLICIES (IS-LM MODEL) AND ITS EFFECTIVENESS IN THE IRAQI ECONOMY BETWEEN (2004-2020)

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Abstract

Iraq faces a clear problem in its internal balances, which is reflected by economic activity with its various indicators. After 2003, macroeconomic policies were crystallized to address this problem through financial, monetary and trade policies, but it still suffers from this problem. Therefore, the research aims to study this problem, analyze and measure the impact that it has. The internal economic balance policies are performed by formulating a standard model using simultaneous equations to know the nature of the relationship between national income and internal balance variables. Thus, he can reduce inflationary pressures, by providing imported goods to create a balance between supply and demand for goods and products, so the relationship will be inverse between imports and national income because it represents an element of leakage from national income. Thus, imports are a remedy to confront the imbalance in the external balance model occurring in the Iraqi economy. There must be diversity in the Iraqi economy because it suffers from the stagnation of its production apparatus, as the commodity sector relied on the outside in a very large way.

Keywords: internal balance, investment, money supply and demand, unemployment, fixed exchange rates, fiscal policy.

Introduction

Economic balances are the best cases confirmed by economic studies at the micro and macro levels. In the field of macroeconomic studies, countries seek to achieve total balance through economic policies set by monetary, financial and trade policy makers. These policies are implemented by setting specific goals for each policy, taking into consideration the priority of each of these goals on the one hand, and the absence of conflict with each other on the other. The effectiveness of these policies is measured by the extent to which the set goals are achieved.