Iraq's Government Size and economic growth

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Abstract

The aim of the current research was to studying the impacts of the government size on an economic growth of Iraq. Because in spite of the high rate of the government spending, there are no good impact on economic gr owth. There is no obvious and future plans for future of economy in Iraq especially in government size side. Data was collected from the Central Bank of Iraq; the dependent variables were gross domestic product and annual growth. We have used the ARDL method to analyze the data using canonical correlation analysis. This looks to find the relationship between two sets of variables: the independent variables and the set of dependent variables. In addition, the multiple linear regression equation and tests (T) and tests (F) to test the significance and coefficients of determination or interpretation were used. the findings of research based on estimation of the regression model using ARDL showed that the government size has a positive and statistically significant effect on Iraqi economic growth. Iraq relies heavily on oil revenues to finance its public expenditures, so it is noted that fluctuations in crude oil prices are directly reflected on oil revenues and thus on the volume of public expenditures, which affects the sustainability of economic growth.

Keywords: Government size; Economic growth (Log of GDP); ARDL

Introduction

The purpose of the current study was to indicate the impactsof governmentssize on economicsgrowth using ARDL model. Thesrelationship betweenseconomic development and governmentssize was intensely debate for theslast couples of decade and the boomsexperienced haves usually been s the after math in different event, like World WarII to more recently politicalsdiscussion of an optimal welfare states. The states of researches were seemingly contra-dictory, with scholar such as Folstersand Henrekson in 2001 along to many other claiming and had found evidences for a negative relationships between asbig public sectors and growth. In other word, many countries that had the large public sectors and heavy taxes burden growing slower than other countries. The general patterns they had found was that poor country often having small public sectors and that relationships between growth and government size was positive, and in rich country vice versas(1).

This was discussed subject might be dueto convergencesand diminishing return, notice that conclusion of negative correlations were in rich country, since the result were different when examined the same conditions on smaller un-developed country in contrast tosbigger

country with high capacities, so the choice of variables of an interest may also having an effects on the result, if the chosen variables were on disaggregated or aggregated taxe, revenue or expenditures, other scholar like Agells, Lindhs and Ohlsson in 1997 claims that the evidences presented admitted no conclusionson whether relationshipswas non-existent, negative or positive. They arguesthat the result of the early researches that had found negative correlationsofflarge public sectors and an economic growth was mainly questions of what controlsvariable were included in statistical analysis test and what are the fundamental difference in thescountries, as example the demo-graphic structures and the catchingup effects referred to convergences, they requested that the scholar should verifying their result runningsthe same regressionsusing differentsstatistical analysis methods, and mostlysthat they mtsy breaking it down to more microeconomical levels and to observing the effects of different type of taxe, it was believed that the answers to this questions lies inamore dis-aggregated analyses of the effects rather than anaggregated effects of taxing, regardlesssof the conclusions, the causality of swhat effect what in early researches between government sizesand the economical growth still remain highly debated(2).

It isstrue that country have a fundamental difference in resource, demographic, culture and ofscourse difference in the influence and size of public sectors, some having high taxe, low taxe, abig established public sectors or a smaler one, regardless of difference, the purposes ofagovernment was to internalize externality and to correct market failure, it contribute with for examples healthcare, education and the over all infra-structures of a countries, this however was done via taxing the citizen and in somessense transferring collective fiscalsmeasure from one socialsgroups to another, which might get un-wanted effects than intend if did not done the rightsway. Against these backgrounds, the purpose was to test if the government size affect economic growthsand in this case, how it havng an effects (3). Mostly countries are develope and already having ansestablished big public sectors WorldsAtlas (2018), so many papers examined the economic growth in rich country, the result may not applied on poor, small and undeveloped regions, further area of interest were how the country could counteract diminished return of high taxe and economical growth, inefficient taxes and an alternative costs of thesactual taxations(4).

The twin shock of the effects of corona virus on economysand the present oil prices war may stressed Iraq budget tosthe limits, and leads to an economicscrisis if it continue for ansextended periods, while as extraordinary shock they were un-foreseeable, the Iraq budget structural imbalances would having inevitably ledsto such anseconomic crisissthe only questions being when andsnot if (5).

Aslow oil prices environment expose the structural faultines of the budgets with project revenue not covering present spending, which was mostly compose of salary, pension and welfare spendings, these was increased from fifty persent of present expenditure during 2004 to ansestimated ehghty one percent in 2019, and was likely to be more than eighty five percent in 2020 (5). Asssuch the defaultschoice for governmentswill be to cancelsall investment spendings, particularly non oil investments spending, and resorting to borrow strategies, such measure had allowed the governmentsto continues functionings, but those came at ashuge costs to the economy, global debt market were not as acommodating assthey were in 2014 to 2017 given Iraq estranged relationships with united states toward Iraqi economy, as suchsthe governmentswould having to resorts to domestic source, which ultimately mean in-direct monetary operation at the expensesof it foreign reserve as happen in 2016 (6).

The budget, but not need to address the imbalancee, Iraqi 2019 budgets, initially proposedeby the prioregovernment, submitted with minors change by the present government

and was approved by theecurrent parliament, perpetuate the sameeweaknesses and deficiency of all Iraqi budget since the year 2003, crucially, it deepends the structural imbalances between the budget current and investment expenditure, where public sector wage consumed an everincreasing share ofegovernment revenue (7). Moreover, it reversed and undermine most of theesmall, but essentials, fiscal reform agreed with "IMF" in the year 2016 StandeBy Agreement to addressing this structural imbalances; and which need considerable followup reform over the year to put theecountry on sustainable patheto growth and reducing the economy vulnerability to the volatileeoil market, the extent of those vulnerability came to theefore during the collapses in oil price in the year 2014 (7).

Problem Statement

The research problems centers on lacking of clarity. In spite of the high rate of the government spending, there are no good impact on economic gr owth. There is no obvious and future plans for future of economy in Iraq especially in government size side. These points in addition to improve consumer and public expenditure must be resolved and applicate hard in all government foundations (as an economic source), there is clear and weak economic planning, so it's expected to effects Iraqi society and may become more worse in the future. So in current study we planned to find out correlation between government size variables (dependent and non-dependent) and economic growth rate in Iraq after collecting information in a picture of tables and figure and then analyze their role as a positive and significant effective factors on Iraqi economy situation.

Research Questions

Does increase in government size reduce economic growth in Iraq?

Research Hypothesis

Government size has a negative and significance effect on economic growth in Iraq.

Research Objectives

The stufy aimed toemeasure andeanalyse the impacts of the public spendingein economic growth in Iraq utilizng the AugmentedeA.R.D.L model and testing the stability of time-series, in addition to Bounds test.

Literature Review

The conceptual framework of government spending and economic growth

Government spending refers to money spent by the public sector on the acquisition of goods and provision of services such as education, healthcare, social protection, and defense. In national income accounting, when the government acquires goods and services for current use to directly satisfy the individual or collective needs and requirements of the community, it is classified as government final consumption spending, when the government acquires goods and services for future use, it is classified as government investment. This includes public consumption and public investment, and transfer payments consisting of income transfers (8).

The term economic growth is defined as the process whereby the country's real national and per capita income increases over a long period of time, considering its quantitative

property, economic growth has often been considered an index of wealth. Nonetheless, it does not represent the well-being of a given country. In fact, it lacks information on how this wealth is redistributed or on the indirect effects of the said production, such as environmental consequences. Economic literature highlights the difference between economic growth and development, attributing to the latter a holistic definition, which takes into account additional factors, such as collective well-being, social equity, life expectancy, quality of institutions, and environmental quality (9).

The relationships between economic growth and government size was a topic to discussed more thansone centurysago, wheneWagner (1883) come up withsWagner Law, swhich place the importanceson economicegrowth assa drivereof the governmentssize, recently decade had seen the escalations of thiss debateeas increases governments sizesand loweeconomic growthsrate had became aprominent features of todayseconomy, the thrustsin thesdiscussion was onswhether the governments expenditures thatsdrive economicegrowth or the economic growthethat cause government expenditures (10).

The relations between economic growth and government spending

Following Lanee(2000)and Hägee(2003), governments could be define asea state bodysfor the general decisionsmakes and the outcome, agovernment, thuse, impart directions to the societysthrough different collectively decisionemaking mean, and the exercisesethe state authorities on adaily basise, the governments often had two arm, the directsarms and thesindirectearm, throughsthe direct arms, the governmentsraise revenues through colection of taxe, allocate and redistribute study through sub-sidies and were grant, and produce and consumers good and service (11). All those activity performed by an direct arms can be narrow down to a monetary values, however, the in-direct arms of the governments are responsible for benefits and costs related to regulations indirect taxe, and subsidies in forms of tax allowance allow the government substantial powere over national restudie, none-theless, with little reflections on expenditures and employmentedata (12).

Government sizeecould be measure in term of revenue, expenditure and employment, however the expenditures measure is the most common utilized indicators, this expenditures was derived from theenational account, on an agregate basis, the total government expenditures was usually utilized to signifying the sizes ofsthe governments, the lesssgovernment spend, the smaller sizes, and thesmore governmentsspend in agregate term, theslarger ofssize, although thissmeasures was commonly utilized, it could be argued the appropriate measures of governmentesize in some instance but not in other, due to impacts differential related to the component of government expenditures (13).

Cusack and Fuchse(2002) further split governments expenditure in to five component consumption expenditure and investment, as well as subsidiese, social transfer, and interest payment, some studies had been looked for beyond the over all government spends when analyze the relationships between government sizeand different macro-economic variable, the considerations of different components of government expenditures by different researcher was premises on the understand that different government expenditures category may had a different impacts on the macro-economic variable, even when component of government expenditures was considered (14).

Research, Conceptual Model, and Theoretical Framework

"The equation of the model can be formulated as follows":
"GDP = (GE,) GDP = $\beta 0 + \beta 1GE + \beta 2IE + Ui$ (1)"

GDP= [Gross domestic product](#)
 G*E*= Government expenditures
B0, β1, β2= Short and long-run elasticity
IE, *Ui*= Positive and negative effects on the dependent and independent variables.
"To applying a modern, standarised method, there must be sufficient numbers of variable. "

Introduction of indicators, variables, their measurement methods, studys of the data and information, and the method of analysis

To measure the Impacts of Investment Spending and Consumer on the Growth Rate of GDP in Iraqi In current researches, the objectives of standardsmodels will be tosshowing thesimpacts of spending on the growth rate of economic in Iraqi and it was affirmation to hypothesis concerned with economicstheories. So, the standard models equation may include two type of variable, an external variables (in-dependent) which includes investments spending and consumer. The nternal variable included GDP growth to represent dependent variables and to express the economic growth rates in Iraq.

Research Method

Data will be derived from maximum data available.the theoretical frameworks of the standardsmodel:

Teststhe stationary of time seriess:

Test the stabilitysof time series: Thesmost important steps in data analyses was to testing the stability offthe time seriessin order tosavoid problem of spurious regressions. Regardless offthe good result of the ts, F and R2stestss, they donot give realsvalues to thesresult and cannotsproviding ameaningful economicsexplanation. There were three condition thatsshould besmet forsthe times seriessto besstable:

1**.**   Thesstationarysof thesarithmetic means:$E(Yt)$ s =;.
2.   Stationary offany variationsmean :var s (YT) =ð2Y;ands
3.   The presence of a commonscorrelation betweensthe two time seriess $(Yt + k, Yt)$ thatsdepend on the amounts of displacements (k) so thatsthe variances was as follow:
$$"YK=C0V (Yt ,YT+K)=E[(YT-\mu)(Yt+k-\mu)]".(2)$$

Were severalsunits roots test tosdetermining thesstationary offthe times seriessand thesdegreesof integration. Example offthese test are asimple DickeysFuller, phillipsperron and Augment DickeyFuller (ADFs) tests developed by DavidDickey and WayneFuller. It was the most commonlysused in standards test and take the following formulaes.
$$"1. \Delta Xt = a1Xt-1 + \sum \beta j \Delta Xt-j" (3)$$
$$2." \Delta Xt = a0 + a1Xt-1 + \sum \beta j \Delta Xt-j + et" (4)$$
$$3. "\Delta Xt = a0 + a2Xt-1 + \sum \beta j \Delta Xt-j + et" (5)$$

Aftersthe ADFs, twoshypotheseswill be testeds: The firstswas the nulls hypothesiss (HOs= as= os), the secondsthe alternativly hypothesiss (H1: sa>s0). If thescalculatedst values was great than tstabular values, the null hypothesis was rejected in favtheirsof the alternativeshypothesis. This mean there was no unit rootsfor the timesseries and was stable at LevelsI (0). If it wasacase where the calculate t value was less than thestabular valuet, the null hypotheses was accepted. This mean that the timesseries was unstable.

Characterizations of ARDLs

Recently development in econometricsanalysissrevealed that moststimes seriesswere usually unstables. So, it was possiblesto finding thatssome timesseries move away fromstheir

averagesover time, whilesother may converges on average overstime. Time series thatsdeviate from the mean were unstables, therefore the conventional estimates gives false result or false regressions (R2 was greater thansDW. So, several model have emerged thatsdetermine the commonsintegration of unstablestime series like Engel in 1981, Johansen in 1991 and EngelGranger in 1987, ARDL.

Bound Tests

The ARDLsmodelsworks in Is (0) and Is (1) so thereswas two tabulars value forsthesF counts, where thesfirst value represent the assume and minimum that the information was stablesat I (0) s. The second values represented the upper limitsand assume that the information was unstable in it levels but stable atsI (1). When compare the values of the tabularsF statistics.

Results

Study sample, design and method of statistical analysis

The sample of the current study included two groups, where the first group included the dependent variables, which included two dependent variables, in which the first dependent variable Y_1 : Gross domestic product in which (NY.GDP.MKTP.CN .), second dependent variable Y2 (final government general consumption expenditures) as annual growth percent which is clarified and represented as (NE.CON.GOVT.KD.ZG)".

While the second group, where a group of independent variables included eight independent variables were: X1: changes in inventories (in constant local currency prices) (NE.GDI.STKB.KN), X2: exports of goods and services (in current prices in US dollars) (NE.EXP.GNFS.CD), X3: exports of goods and services (balance of payments, currently price in US dollars) (BX.GSR.GNFS.CD) X4: gross domestic savings (percent of GDP) (NY.GDS.TOTL.ZS) and X5: GDP growth (percent per annum) (NY.GDP.MKTP.KD.ZG), X6: inflation, GDP deflator (percent per year) (NY.GDP.DEFL.KD.ZG), X7: exports of goods and services (percent of GDP) (NE.EXP.GNFS.ZS): X8: central government debt, total (percent of GDP (GC.DOD.TOTL.GD.ZS).

Statistical tools were employed in data analysis, using canonical correlation analysis, which looks to find the relationship between two groups of variables, a group of independent variables and a group of dependent variables, and then the correlation to measure the strength of the relationship between the studied variables. Then study the effect relationship between the independent variables and the dependent variables, each independently.

Description of the variables
The dependent variables
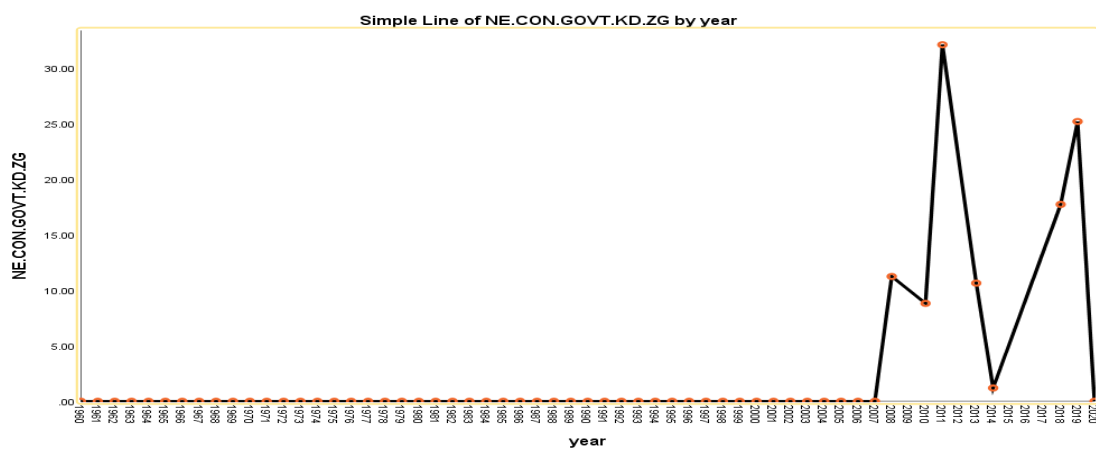## Gross domestic product (NY.GDP.MKTP.CN)

According to the scheme shown in the figure (1) below, we find that the value of the GDP has gradually increased during the study years (starting from 1960 to (2020)).
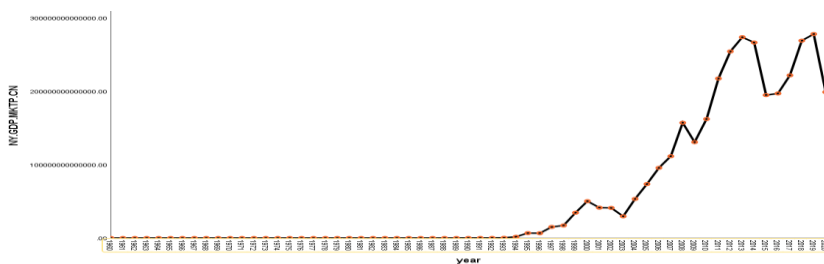
Figure (1) *Show the values of NY.GDP.MKTP.CN via years.*

Final government general consumption expenditures (percent annual growth) (NE.CON.GOVT.KD.ZG)"

According to the scheme shown in the figure (2) below, it is found that the value of the final expenditures for public consumption of the government (percent annual growth), increased gradually during the study years (starting from 1960 to (2020)).
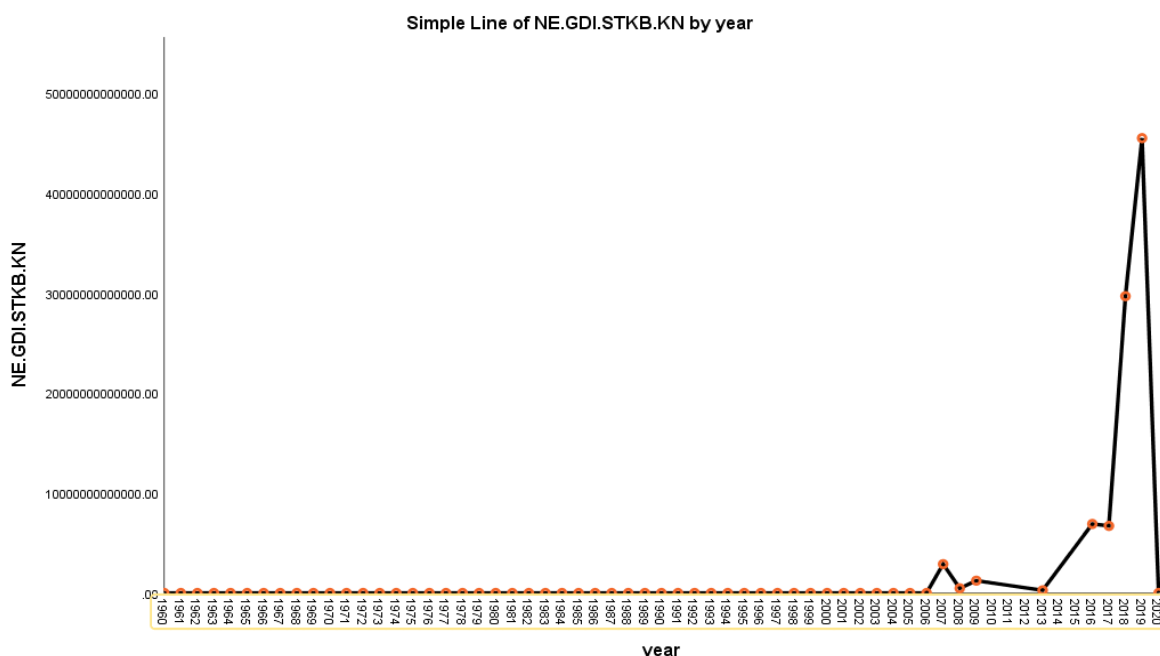

Figure (2) *Show the values of NE.CON.GOVT.KD.ZGvia years.*

Independent variables
***Changes in stock (in constant local currency prices) (NE.GDI.STKB.KN)***

Through the chart shown in the figure (3) below, we find that the value of changes in inventory (in constant local currency prices), gradually increased during the study years (starting from 1960 to (2020)).

Figure (3) *Show the values of NE.GDI.STKB.KN via years.*

***Exports of Goods and Services (Current US Dollars) (NE.EXP.GNFS.CD)***

According to the chart shown in the figure (4) below, we find that the value of exports of goods and services (at current prices in US dollars), increased gradually during the study years (starting from 1960 to (2020)).
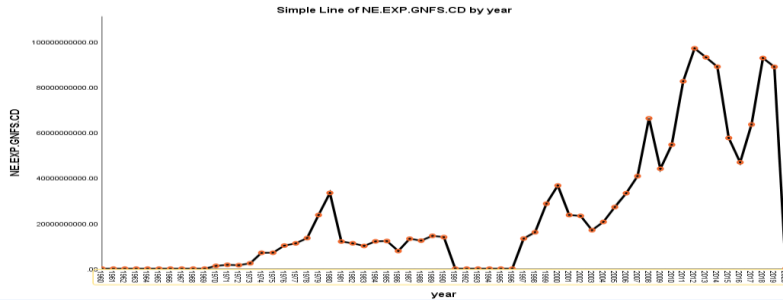
Figure (4) *Show the values of NE.EXP.GNFS.CD via years.*

***Exports of goods and services (balance of payments, current prices in US dollars) (BX.GSR.GNFS.CD)***

Through the chart shown in the figure (5) below, we find that the value of exports of goods and services (at current prices in US dollars), increased gradually during the study years (starting from 1960 to (2020)).
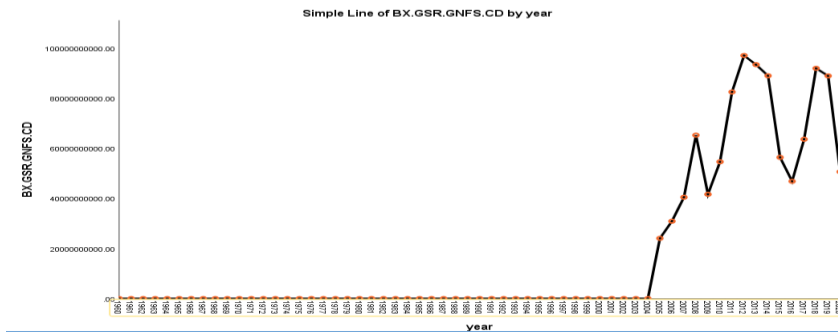
Figure (5) *Show the values of BX.GSR.GNFS.CD via years.*

Gross domestic savings (percent of GDP) (NY.GDS.TOTL.ZS)

Through the scheme shown in the figure (6) below, we find that total domestic savings (percent of GDP), gradually increased during the study years (starting from 1960 to (2020)).
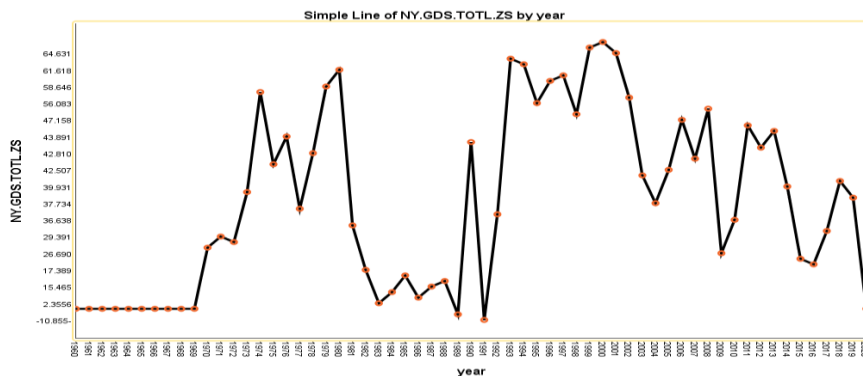
Figure (6) *Show the values of NY.GDS.TOTL.ZS via years.*

Analysis of the relationship of the right correlation between the variables of the study

The correct correlation analysis focuses on finding the relationship between two groups of variables, variables that fall within the independent variable and the variables that fall within the dependent variable, and finding the intertwined and overlapping relationship between the study variables.

Table (1) shows the results of the test of morale of the total correct correlations for the variable of banking financial performance and electronic banking services.

Table (1) *The Canonical Correlation between the variables under study*

Test	Test value	Df1	Df2	F	Sig.of F
Wilks lambda	0.329558	4	264	5.631	0.000

In this table, we notice that there is a significant relationship between the correlation coefficient between the first group (the set of dependent variables) and the second group (the set of independent variables), where the value is (p.value =0.000), which is less than the level of significance ($\alpha = 0.05$), and based on these results the method of correct correlation analysis can be applied to the data of the subject of the study with a high level of significance. When calculating the correct correlation coefficient and testing the significance of the relationship, the results were as shown in table (4.2).

Table (2) *show canonical root and canonical correlation*

P − value	Degree of free d.f)(	chi-squared test χ^2	orthodox correlation coefficient $r = \sqrt{\lambda i}$	Canonical Significant
0.000	12	165.254	0.868	1
0.2412	6	64.245	0.822	2

Table (2) showed the coefficient canonical correlation between the first group (the group of dependent variables) and the second group (the group of independent variables), where we find that the first right correlation coefficient is significant at the level of significance (0.05), as the value of the first right correlation coefficient is (r1 = 0.868), which is significant, and that is clear through the value (p-value = 0.000), while the second correct correlation coefficient is not significant, and according to this result, we will reject the null hypothesis which states that "there is no correlation between the first group (group of the dependent variables) and the second group (the set of independent variables). And accept the alternative hypothesis which states that "there is a correlation between the first group (the set of dependent variables) and the second group (the set of independent variables)". After determining the significance of the correlation coefficient, the correct weights can be calculated between the two groups of study variables, as follows.

Table (3) *show Canonical Weight for vectors* $\hat{a}$, *,$\hat{b}$* *two set variables*

Variables of first set	Canonical weight $\hat{a}_1$	Variables of second set	Canonical weight $\hat{b}_1$
Y_1:NY.GDP.MKTP.CN	0.752	X_1 : NE.GDI.STKB.KN	0.853
		X_2 :NE.EXP.GNFS.CD	0.357
Y_2:NE.CON.GOVT.KD.ZG	0.342	X_3 :BX.GSR.GNFS.CD	0.149
		X_4 :NY.GDS.TOTL.ZS	-0.102
		X_5 :NY.GDP.MKTP.KD.ZG	0.462
		X_6 :NY.GDP.DEFL.KD.ZG	0.782
		X_7 :NE.EXP.GNFS.ZS	0.462
		X_8 :GC.DOD.TOTL.GD.ZS	0.362

Coefficients of the set of independent variables

It is noted from Table (3) and by following the coefficients of the set of approved variables that the coefficient (X1: NE.GDI.STKB.KN) is considered more weighted (that is, more important) compared to the rest of the coefficients and that its relationship is positive with the approved variables, as its correct weight is (0.853) And it is followed in importance by the variables: (X6: NY.GDP.DEFL.KD.ZG), where their correct weights are (0.782), and the relationship of this variable is positive with the set of dependent variables. As for two variables (X5: NY.GDP.MKTP). KD.ZG,X7:NE.EXP.GNFS.ZS) Its effect is also positive with the set of dependent variables, as their correct weight is (0.462 and 0.462, respectively) with the set of dependent variables. Also, the three variables (X2: NE.EXP.GNFS.CD, X8:GC.DOD.TOTL.GD.ZS, X3: BX.GSR.GNFS.CD) had a positive impact on the set of dependent variables if their weights reached (0.357, 0.362,0.149) respectively. But the variable (X4: NY.GDS.TOTL.ZS) had an adverse effect on the set of dependent variables if it is (-0.102).

Coefficients of the set of supported variables:

As for the group's coefficients (dependent (dependent) variables), the variable coefficient (Y1: NY.GDP.MKTP.CN) is considered more weighted (i.e. more important) compared to the rest of the coefficients, and its relationship is positive with the group of independent variables, as its weight is the orthodox (0.752), then comes after it in the variable importance: (Y2: NE.CON.GOVT.KD.ZG) and that its relationship is positive with the group of independent variables, as its weight of the orthodox is (0.342).

Testing and analyzing the correlation hypothesis

The current topic focuses on studying the correlation between the first dependent variable represented by (Y1: (gross domestic product (NY.GDP.MKTP.CN) and the second dependent variable (dependent), represented by Y2, the final expenditures of government public consumption (percent annual growth). (NE.CON.GOVT.KD.ZG), and the independent variable represented by changes in inventory (constant LCU) (NE.GDI.STKB.KN), X2: exports of goods and services (current US dollars) (NE.EXP.GNFS.CD), X3: Exports of goods and services (balance of payments, current US dollars) (BX.GSR.GNFS.CD), X4: Gross domestic savings (percent of GDP) (NY.GDS.TOTL.ZS), X5: gross growth GDP (percent per year) (NY.GDP.MKTP.KD.ZG), X6: Inflation, GDP deflator (percent per year) (NY.GDP.DEFL.KD.ZG), X7: exports of goods and services (percent of GDP) (NE.EXP.GNFS.ZS) and X8: central government debt, total (percent of GDP) GC.DOD.TOTL.GD.ZS). On the test of the main hypotheses, which states that "there is a statistically significant correlation between the dependent variable Y1 and the independent variables" on the one hand. On the other hand, the hypothesis is tested, which states that "there is a statistically significant correlation between Y2 and the set of independent variables" by employing the simple correlation coefficient. In the current study, we will rely on the Mukaka scale, 2012: 71) to determine the strength of the correlation between the study variables, as shown in table (4).

Table (4) *standard strength coefficient of correlation*

degree of correlation	.30-0.00 0	50-0.30 0.	70-0.50 0.	90-0.70 0.	100-0.90 0.
Correlation strength	Very low	Low	Moderate	strong	Very strong

Table (5) *Show the correlation of NY.GDP.MKTP.CN and NE.CON.GOVT.KD.ZG with independent variables.*

NE.CON.GOVT.KD.ZG	NY.GDP.MKTP.CN		Variables
0.228	0.676*	Corr	NE.GDI.STKB.KN
0.621	0.035	Sig	
*0.532	**0.728	Corr	NE.EXP.GNFS.CD
0.018	0.000	Sig	
**0.963	0.387	Corr	BX.GSR.GNFS.CD
0.001	0.190	Sig	
0.873**	0.673*	Corr	NY.GDS.TOTL.ZS
0.000	0.023	Sig	
0.350	0.710**	Corr	NY.GDP.MKTP.KD.ZG
0.201	0.00	Sig	
0.274	0.487	Corr	NY.GDP.DEFL.KD.ZG
0.256	0.090	Sig	
*0.683	0.751*	Corr	NE.EXP.GNFS. zZS
0.004	0.032	Sig	
0.582*	0.684**	Corr	GC.DOD.TOTL.GD.ZS
0.036	0.002	Sig	

* The correlation is significant at 0.05
** The correlation is significant at 0.0

Correlation coefficients between the dependent variable (NY.GDP.MKTP.CN) and the independent variables

According to the results presented in the table above, we find that there is a moderate direct correlation between the variable NY.GDP.MKTP.CN (NE.GDI.STKB.KN), where the estimated relationship is (0.676). This relationship is a statistical significant. Because the value of significant is equal to (0.035), which is much smaller than 0.05, so this relationship is significant and statistically significant, which means rejecting the null hypothesis that states (there is no significant correlation between (NY.GDP.MKTP.CN) and (NE.GDI.STKB.KN). And accepting the alternative hypothesis that states (there is a significant, statistically significant correlation between (NY.GDP.MKTP.CN) and (NE.GDI.STKB.KN). There is also a strong direct correlation between the variable (NY.GDP.MKTP.CN) and (NE.GDP.MKTP.CN), where the estimated relationship is (0.728), and this relationship is statistically significant, because the value of significant is equal to (0.000), which is much smaller than 0.05, so this relationship is significant and statistically significant, which means rejecting the null hypothesis that states (there is no significant correlation between NY.GDP.MKTP.CN and NE.EXP.GNFS.CD. And accepting the alternative hypothesis that states (there is a significant correlation between NY.GDP.MKTP.CN and NE.EXP.GNFS.CD. Also, there is a low direct correlation between the variable NY.GDP.MKTP.CN and the variable (NY.GDS.TOTL.ZS), where the estimated relationship is (0.387). This relationship is not statistically significant. Because the value of significant) is equal to (0.190), which is much greater than 0.05, Therefore, this relationship is not significant and not statistically significant, which means accepting the null hypothesis that states (there is no significant statistically significant correlation between NY.GDP.MKTP.CN and NY.GDS.TOTL.ZS). He rejected the alternative hypothesis which states (there is a significant correlation between NY.GDP.MKTP.CN and NY.GDS.TOTL.ZS). There is a strong direct correlation between the variable NY.GDP.MKTP.CN and the variable (NY.GDP.MKTP.KD.ZG), where the estimate of this relationship is (0.710). This relationship is

a statistical significant. Because the value of significant is equal to (0.000) which is much greater than 0.05, so this relationship is significant and statistically significant, which means rejecting the null hypothesis that states (there is no significant correlation between (NY.GDP.MKTP.CN) and (NY.GDP.MKTP.KD.ZG). And accept the alternative hypothesis that states (there is a significant correlation between NY.GDP.MKTP.CN and (NY.GDP.MKTP.KD.ZG).

There is a low direct correlation between the variable (NY.GDP.MKTP.CN) and the variable (NY.GDP.DEFL.KD.ZG), as this relationship is estimated (0.487). This relationship is not statistically significant. Because the value of significant is equal to (0.090), which is much greater than 0.05, so this relationship is not significant and not statistically significant, which means accepting the null hypothesis that states (there is no significant statistically significant correlation between (NY.GDP.MKTP.CN) and (NY.GDP.DEFL.KD.ZG.) it is rejected the alternative hypothesis which states there is a significant correlation between NY.GDP.MKTP.CN and NY.GDP.DEFL.KD.ZG.

There is a strong direct correlation between the variable NY.GDP.MKTP.CN and the variable (NE.EXP.GNFS.ZS) where the estimated relationship is (0.751). This relationship is not statistically significant. Because the value of Sig)) is equal to (0.032), which is much less than 0.05, so this relationship is significant and statistically significant, which means rejecting the null hypothesis that states (there is no significant correlation between NY.GDP.MKTP.CN and NE.EXP.GNFS.ZS. And accepting the alternative hypothesis that states (there is a significant correlation between NY.GDP.MKTP.CN and NE.EXP.GNFS.ZS.

There is a moderate direct correlation between the variable NY.GDP.MKTP.CN and the variable GC.DOD.TOTL.GD.ZS where the estimated relationship is (0.684). This relationship is a statistical significant. Because the value of Sig)) is equal to (0.002) which is much less than 0.05, so this relationship is significant and statistically significant, which means rejecting the null hypothesis that states (there is no significant statistically significant correlation between NY.GDP.MKTP .CN and GC.DOD.TOTL.GD.ZS. And accepting the alternative hypothesis that states (there is a significant correlation between NY.GDP.MKTP.CN and GC.DOD.TOTL.GD.ZS).

Conclusions

In current study, results showed that Government size has a negative and significance effect on economic growth in Iraq.

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