

The Impact of General Expenditure on the Tourism Sector in Iraq for the Period (2003-2018)

¹Mohammed Abd Ali Jassim Al- Shaibani, ²Mohammed Hussein Kadhim Al- Jubouri, ³Haider Eidan Kareem Al- Khafagy

ABSTRACT-- *The tourism sector in Iraq has not received attention and concern by official and interested parties in a manner commensurate with the importance and effectiveness of this sector, because of the advantages of the country in terms of tourism of various kinds particularly that Iraq has gone through several wars and these wars are almost simultaneous with each other. However, these wars have drained the budget of the state; in addition, Iraq is one of the oil countries that are depended on financing its economy mainly on exporting oil. Consequently, this has resulted in the emergence of a problem that hinders tourism development and it is embodied in the great neglect of the tourism sector and the absence a serious attempt by those who are involved in the tourism activity to create actual tourism development that could result in direct and indirect economic effects that contribute to supporting the Iraqi economy, therefore, it is necessary to shed light on this problem and trying to tackle it radically by studying the impact of the general expenditure on the tourism sector, as this expenditure can lead to tourism development in Iraq and trying invest it in a way that reflects positively on the Iraqi economy, and through the use of the standard methods which are represented by unit root testing and joint integration testing and self-regression. The current study concluded that the chain was unstable and settled at the first difference, and the study also found there is a negative relationship between the general expenditure and the tourism sector due to the negative impact of indirect general expenditure on the tourism sector eliminates the direct positive impact.*

Keywords--*Tourism, Iraq, General Expenditure, Tourism Sector*

I. INTRODUCTION

The general expenditure is considered as one of the most influential tools in the tourism sector, as it is the tool that the government depends on in achieving the progress and development that it seeks in all aspects and areas of life and in this sector in particular, so the expenditure policy largely reflects the goals that set by the government which seeks to advance the national economy to actuate the wheel of the development through the expenditure on the infrastructure, and it is natural for such goals to be translated into preparing the economic and social requirements and distributing the financial allocations according to the need for them in a way that pushes the tourism development process to progress. Accordingly, activating the role of the tourism sector to contribute to the national product has become a distinguished place among the countries in searching for alternative sources of income, because of its importance and active contribution in the economies of countries, whether developed or

¹ Faculty of Tourism Sciences, University of Karbala, mohammed.abdali@uokerbala.edu.iq

² Faculty of Administration and Economics, University of Karbala, Mohammad.h@uokerbala.edu.iq

³ Faculty of Administration and Economics, University of Karbala, Haidermaster717@gmail.com

developing (outgrowth), as the tourism sector constitutes an important part of the international commerce/ trade, and it is considered as a source of income and Hard Currency and providing work opportunities and alleviating the severity of poverty.

The research problem is represented by estimating the contribution of the tourism activity to the gross domestic resultant that does not reflect its real contribution to the formation of the additive value in addition to that the estimation methods do not cover all categories of the tourism products for the tourism activity as they were limited in their accounts to the activity of hotels and restaurants only which led to the necessity of intervention of the government in the tourism activity. The current research concentrates on answering the following question: How does the general expenditure affect the tourism sector and to what extent it is effective in Iraq?

As there is no doubt, the general expenditure is considered as an engine for the tourism sector if it is directed properly towards tourism and activating its role in the process of economic growth and diagnosing the effects of the general expenditure on the tourism sector in Iraq during the period (3003- 2018).

The current research is based on the hypothesis which states that: There is a weakness in the impact of the general expenditure on the tourism sector despite the availability of all local resources and the tourism ingredients, but did not take advantage of the optimal exploitation in order to achieve an optimal tourism development. The research is included five axes; the first axis covered the conceptual framework of the general expenditure, the second axis covered the conceptual framework of the tourism sector, while the third axis covered the relationship between the general expenditure and the tourism sector, whereas the fourth axis covered the analysis of reality of the general expenditure and the tourism sector in Iraq, while the fifth axis covered the measurement of the impact of the general expenditure on the tourism sector in Iraq.

First: The General Expenditure Concept:

The general expenditure is considered as one of the most prominent economic variables that play a vital and influential role in the economies of the developed and outgrowth countries alike, for its role in satisfying the general needs and its contribution to achieving the main objectives of the economic policy such as the efficient allocation of the available economic resources, distribution of the national income and its redistribution for achieving economic growth and stability. The general expenditure is defined as (a cash amount paid by a public person in order to satisfy general needs or it is a monetary amount come cross cash correction

is ordered to be spent by one of the general law persons in fulfilment of a general need or all payments and purchases of goods and services that made by the state for the purpose of achieving a general benefit that the private sector cannot provide, such as expenditure on defence, infrastructure, and social custody payments), (Trivin B. Tucker, 2010, p. 324) or (it's a monetary amount out of the financial protection of the state or one of the authorities with the aim of achieving a general usefulness), (Mithani, 1998, p. 221).

It is clear from the above that the general expenditure is (monetary or cash amounts spent by the state for the purpose of achieving economic, social, and political goals to satisfy the general needs.)

Second: The Tourism Concept and its Patterns:

The tourism concept: The specialists called the term "tourism industry" on the tourism because it requires providing moralistic and materialistic resources and the results will be the production of a service, and this is done

within the framework of the scientific, humanistic, and social theories as a result of the high per capita income and the development of the tourism movement in the world, which in turn led to increasing the numbers of tourists, especially in the industrialized countries according to the development of means of transportation and communication and the spread of the urbanization phenomenon, the determination of work and leisure times, and the increase of the cultural and scientific awareness among peoples. GARTNER has defined it as: (Studying the human being away of his native country and studying the industry that responds to the desires and needs of this human being and understanding their effects (the human being and the industry) on the host country in terms of social, economical, cultural, and environmental aspects.)

The international academy also gave a holistic definition of tourism as (it is a set of human movements and activities which are resulting therefrom that result from the human being is moving away from his original homeland in order to achieve the desire for change and departure) (Fawzi Atwi, 2004, p. 6).

The researcher considers the tourism as: A temporary activity, has social, cultural, and economical dimensions, represented by the movement of the individuals from the place of their permanent residence to other places with the aim of self- revival and enjoyment and exercising other activities other than earning money, however, the human being is considered as a basic axis of this activity.

Touring patterns: *That* the way in which the touring activity is carried out differs according to the means of transportation, the goal for which the transfer is carried out, and the level of expenditure, as well as, it differs with the difference of the touring destination and the party that organizes and prepares the trip, so that the experts and workers in the field of the tourism sector took a set of foundations, in the light of which the tourism was divided into several types through criteria that determine the form of the touring activity (Donald Lundbery, 1976, p. 6): There is the religious tourism by travelling the tourist from his place of residence to the holy places for the purpose of the religious visit, whether this visit is being within the borders of the state or outside it and for a period of time its purpose is to perform religious rituals and rituals with religious motivation. There is what called eco- tourism or what is called environmental tourism, as this pattern is considered as one of the relatively recent pattern that emerged in the early eighties of the twentieth century and it has been defined by the International Environment Funds as: (The tourism that carried out by the tourist to the natural places which were not damaged and got pollution and whose natural balance was not exposed, by enjoying the

scenery of these places, their wild animals, their natural flora, and the manifestations of their civilization in the past and the present), (Marzooq Aeid Al- Qaeed et al., 2011, p. 66).

Moreover, there is medical tourism or what is called recovery tourism, and it is one of the important patterns which existing in specific places in the countries. This type of tourism depends on the availability of certain natural elements in the treatment of the patients, for instance, sulphur eyes water, mineral springs, the sun, and the sand baths that are characterized by some therapeutic characteristics (Marzooq Aeid Al- Qaeed et al., 2011, p. 62) and despite its vulnerability to attracting the touring is small and does not exceeds (5%) of the International Tourism Movement, it has a significant financial return due to the length of time spent by the tourist in comparison with the other touring patterns , and this is reflected in the volume of the expenditure with regard to the tourist who desires it and which exceeds the average of his expenditure of the rest of the types of touring by (10) times (Mohammed Al- Sairafi, 2009, p. 59). There is also the recreational tourism, which is characterized by changing the place of residence for a period of time, and this type of tourism can permeate the enjoyment of different practices such as

hunting, diving, and other hobbies (Mohammed Al- Sairafi, 2009, p. 57). There is cultural tourism, which is considered as one type of tourism activities that aims to visit the historical sites and see its monumental effects and to learn about the history of ancient civilization, for example, temples, theatres, palaces, etc. (Marzooq Aeid Al-Qaeed et al., 2011, p. 61)

Third: The impact of the general expenditure on the tourism sector:

There are several effects left by the general expenditure on the tourism, including *the direct impact of the general expenditure on the tourism sector* and it is represented with the direct expenditure on the tourism sector by the government through the development of its subsidiary tourism institutions, for instance, hotels, and historical and religious places, or the expenditure on building new tourism institutions such as resorts, first- class hotels, and others (Muhyee Mohammed Musaad, 2009, p. 47).

Accordingly, the general expenditure on the tourism activity, whether it includes the expenditure on the general tourism institutions or the cash subventions and kind that is presented to the private sector is only one of the means of financial policy pursued by the state to develop this sector, and the tourism sector may be distinguished by another privacy which is when the financial policy of the state will be a deflationary policy where the state works to increase taxes and reduce the general expenditure on the tourism sector, and this is highlighted in the role of tourism in attracting foreign currencies inward to fill the financial deficit in the balance of payments, especially if the country is tourism and possesses the elements of touring attraction with the possibility of developing it, as well as when the country is linked to international tourism treaties, in a way that secures high tourism demand such as Jordan and others; and that any production process is achieved only by mixing the four factors (the work, the capital, the raw material, and the organization), and the product in the touring activity uses these same elements, and there is an inverse relationship between the cost of the production factors and the offer of the tourism, so the lower the cost will be the more the tourism offer increases and vice versa with the factors remaining constant, this factor is also considered as one of the materialistic factors that controlling the tourism offer, especially in the capitalist economical systems, so the lower cost while the price of the production of the tourism remains constant means increasing the profits, and the positive results which increase the tourism offer (Mohammed Al- Sairafi, 2009, p. 80).

There is an indirect effect of the general expenditure on the tourism sector, which is meant the expenditure on the requirements that fall within the tourism product including infrastructure. So this expenditure, in turn, is reflected indirectly in a positive way on the tourism sector, for example, when the government paves the road which is leading to the hotel, this expenditure is considered indirect expenditure on the tourism activity, it also has a positive indirect impact on the tourism sector, but when the government spends on the hotel, for instance, providing cash subventions and others, this is considered a direct expenditure on the tourism activity, as well as, the general expenditure on the other sectors it also has a positive indirect reflections on the tourism development, whether on the infrastructure and the accompanying requirements within the touring consumption which is considered as an important motivation for the tourism development, or on the other economical sectors that participate in the production of the tourism product. As well as the economical luxury of other sectors that benefit from the general expenditure is in the interest of the tourism. This increasing in the production and the lowering of the cost leads to the increasing of the profits and the offer of the product in a way that reduces the load of

increasing the prices according to goods that complement the tourism product. This indicates that the prosperity in other sectors is an important factor in bringing about integrated tourism development (Mohammed Diyab et al., 2014, p. 69).

There are negative impacts of the general expenditure on the tourism sector and the direct negative impact is that the majority of the investment projects in the tourism sector are concerned with building hotels and establishing tourism and travel companies and restaurants around the touring areas. However, the misuse of the tourism investments may be due to the lack of the experience of those

who used to plan these investments, as the financial policies and programs which are offered to the investors were not designed according to the real requirements of the tourism development plans, and for this reason there must be a large part of the general expenditure that takes place in ways that increase the profits of the private projects in the tourism activity (Mohammed Diyab et al., 2014, p. 80).

There is an indirect negative impact of the general expenditure on the tourism sector, as the nature of the tourism activity has direct and indirect impacts on the back link of some industries in the tourism sector, and this occurs as a result of the tourism multiplier. The tourism should use as much as possible the goods and services that are produced locally, such as, food, building materials, travelling services, tourism, etc., hence, the lack of the general expenditure on the other economical sectors affects negatively on the tourism development, for instance, the lack of expenditure on the agricultural sector leads to elevation of the production cost, and this in turn leads to elevation the prices and an increase in the cost of the tourism product in a way that affects reducing the demand for the product, and so on with other sectors which the tourism product is related indirectly with. As well as, there may be many economical negatives that may reach to weaken the role of the tourism in the balance of payments and this is because of the underdevelopment of other economic sectors, so the tourism sector is forced to import the goods and services that it needs from abroad. Therefore, this means that part of the tourism expenditure will go abroad, and this in turn will lead to weakening the role of the tourism in the national economy (Mohammed Diyab et al., 2014, p. 83).

The direct and indirect negative impact of the general expenditure is what leaves its trails on the reality of the tourism sector in Iraq, which explains the lack of this sector in achieving any development may be mentioned on the ground of the reality.

Fourth: Analysis of the reality of the general expenditure and the tourism sector in Iraq:

The reality of the general expenditure in Iraq: Although the Iraqi economy enjoyed significant financial resources, it still suffered from the dominance of the oil sector over the gross domestic product, and this lost the competitive efficiency between the production sectors and gave a marginal role to the private sector, and it did not have sufficient opportunity to implement large investments, and by tracking the path of the general expenditure on the tourism sector in the Iraqi economy during the research period, we find that it has achieved very high levels and a compound growth rate of (19.71%) for the period (2003- 2018), As shown in Table (1), the general expenditure in (2003) is reached (38400) million Iraqi Dinars, and in (2004) the general expenditure is reached (29805) million Iraqi Dinars, at an annual growth rate (22.3%), and this negative growth is due to the occupation of Iraq and the sabotage and destruction operations that swept the country and the retrieving of prices of the oil, as well as the state's tendency to rebuild and rehabilitate the institutions of the state after their destruction by the

recent war which were affected by pillaging and looting, especially archaeological and tourism and other areas (The Central Bank of Iraq, 3003, p. 9), and in the years (2006- 2007- 2008) the increasing of the general expenditure is continued and it reached (185791), (262653), (384644), respectively, and the reason for this increase is due to the increase in the

oil revenues, which is the main financier of the expenditure in addition to the financial policy of the state, when a new salary scale was passed for employees whose purpose is to improve the living situation in the governmental offices and this led to a rise in the general expenditure and this increase has continued for all the years that followed (2008), so this was reflected on the improvement of the economical sectors like the tourism sector. However, in (2014) the value of the general expenditure on the sector is decreased to (611555) million Iraqi Dinars, due to the lack of the approval of the budget in (2014) that led the Ministry of Finance to adhere to exchange and at a rate of (1 to 12) of the actual current expenses for each similar month of (2013) and only financing for the contracted projects in previous years without contracting for new projects within the investment budget for (2014), (The Central Bank of Iraq, 3003, p. 70). The values of the general expenditure continued to decline during the years (2015- 2016) and the reason for this decline are due to the occurrence of two shocks in the Iraqi economy, as they greatly affected on the all statistical, economical, and social indicators. These two shocks are represented by a decrease in the average of the prices of the exported crude oil from (91.63\$) per barrel in (2014) to (44.729), (33.976) dollars in the two years (2015), (2016) respectively, despite the increase in the quantities of the exported crude oil in (2016), it does not match the rate of the decline in its prices, while the second shock is represented by the deterioration of the security conditions for the year (2014) which was represented by the fall of three provinces under the control of the terrorist groups and these events are followed by the increase of the expenditure on the military matters and the increase of the services that are presented by the government to the emigrants and other consequences of the wars (Ministry of Planning, 2016, p. 4), and the general expenditure on the sector increased again in (2017- 2018) due to the improvement in the oil prices with which the general expenditure is directly and strongly linked.

Table 1: The General Expenditure on the Tourism Sector in Iraq (2003- 2018)

The Year	The General Expenditure on the Tourism Sector (Million Dinars)	The Rate of the Growth %
2003	38400	-
2004	29805	22.3-
2005	135274	353.8
2006	185791	37.3
2007	262653	41.3
2008	384644	46.4
2009	541776	40.8
2010	658904	21.6
2011	685427	4.02
2012	759365	10.7
2013	936866	23.3

2014	611555	34.7-
2015	497426	18.6-
2016	617120	24.06
2017	739923	19.8
2018	683168	7.6-
The Rate of the Compound Growth		19.71

The Source: The Central Bank of Iraq, the General Directorate of Statistics and Researches, the Annual Economic Report, Different Years.

In general, through the expenditure data for the aforementioned years, we notice that the rates of the expenditure are fluctuating, as they rise in a specific year and decrease in another year, and the reason for this fluctuation is that Iraq is a rentier country in which the economy is totally dependent on the oil revenues, which are linked to the global supply and demand.

II. THE REALITY OF THE TOURISM SECTOR IN IRAQ

All the touring indicators confirm that Iraq can become a leading touring centre in the Middle East region because of its historical and cultural position and its distinguished geographical location, so if these characteristics are exploited properly this will make it the centre of the global touring intent, and also this makes the tourism one of the main engines of the Iraqi economy. So, Iraq has the most important ingredient which is the religious side, as Iraq possesses many religious places that no one else possesses, as well as the available cultural, natural, and other ingredients that have an important and basic role in activating the tourism and its development. In Iraq, there are many sacred religious shrines that are visited by tourists of different religions, sects, and faiths throughout the year. The most important of which are the holy shrine of Imam Ali Ibn Abi Talib (Peace Be Upon Him) in the province of Al- Najaf and the holy shrines of Imam Hussein Ibn Ali and his brother Aba Al- Dadhil Al- Abbass (Peace Be Upon Them) in holy Karbala governorate, and the holy shrines of the two Imams, Musa Ibn Jaffer and Mohammed Al- Jawad (Peace Be Upon Them), and the shrines of Abu Hanifa Al- Numaan and Al- Kilani (God pleased of them) in the governorate of Baghdad, and

the holy shrines of the two military Imams, Ali Al- Hadi and Al- Hassan Al- Askari (Peace Be Upon Them) in Samuraa and other religious shrines and situations which are distributed in most of the provinces of Iraq, in addition, to the churches and monasteries in Baghdad, Mosul, and others. It also contains the ingredients of the medical tourism represented by mineral and sulphur springs, and number of hot springs, which are counted as (166) spreading in many governorates which have been used since ancient times to treat the skin diseases, joint diseases, and rheumatism, including the region of the eye of dates in Karbala, Hammam Al- Aleil and the wells of Karmal in Mosul and others, but they did not receive the required attention by the specialists (Emad Abid Salih Al- Sultan & Thammer Sabri Bekir Al- Hayali, 2012, p. 349).

Iraq also contains a large amount of archaeologies, as it inherited a rich cultural heritage that spanned various historical eras. Archaeological evidence indicated that there are nearly ten thousands archaeological sites

distributed throughout the country, perhaps the most famous of them are: Ur, Babylon, Aredo, Al- Warkaa, Nimroud, the monuments of Al- Madaen, the urban city, and others (Hamadi Abbass Hamadi & Haider Abood Kezar, 2008, p. 262).

The tourism development was focused on building excellent and first- class hotels in major cities and other governorates for the purpose of meeting requests for accommodations and finding a suitable offer to receive arriving tourists to Iraq (Ministry of Planning, 2013, p. 2), Table (2) shows the number of the hotels and touring accommodation complexes in Iraq for the period (2003- 2018), as the number of hotels and touring accommodation complexes reached (838) for the year (2004), while the number of the hotels and touring accommodation complexes for the year (2003) (894) was a touring facility, and the number of the hotels decreased

during the period (2004- 2007) as a result of the exceptional circumstances that Iraq experienced like war and instability of the security situation and the deterioration of the political situation which led to the prevention of most of the countries of the world from their nationals from travelling to Iraq, which negatively affected the deterioration of the tourism activity and decreased its opportunity to contribute to the national economy, then the number of the hotels began to increase for the period (2008- 2018) until it reached (1666) hotels in (2018), due to the increase in tourists who are coming to Iraq and the improvement of the economical situation and the increasing of the role of the private sector in the economy.

It is also noted the importance of the tourism activity in providing job opportunities in comparison with other economical activities, especially that the tourism activity depends on the human element in presenting the tourism services, and it cannot be replaced by the machine as in other industries, which requires the application of the system for the purpose of estimating the numbers of the workers in all components of the tourism activity. It is noted that the number of the employees reached (5335) in (2003), achieving an increase in (2004), as the number of the employees reached (5659), but during the period (2005- 2006), the number of the workers appeared to decrease, as a result of the war in Iraq and the subsequent deterioration of the security situation, which led to a decrease in domestic tourism demand. As for the period (2007- 2015), the number began to increase as a result of the improvement of the security situation in Iraq, which led to the increasing the entry of the tourists to Iraq, particularly the Iranian tourists, at the beginning of the year (2008). As for the tourism revenues, it constitutes an important source of financing for the general budget of many countries of the world, despite their low values in the Iraqi economy, and through Table (2) we note the remarkable development of the size of the tourism revenues during the period of the research, although the tourism revenues in general has recorded fluctuation during the period (2005- 2010), revenues was (46655) million dinars in (2005) and decreased to (34224)million dinars in (2006), which is the lowest level during the time period due to the lack of political and security instability and the absence of the government interest in this sector, as well as, it is also clear that the growth of tourism in Iraq is closely related to the policies pursued by the state and prevailing security conditions that contributed to deepening the crisis of the tourism sector in Iraq, which had a negative impact on the size of its revenues from this sector.

It is also noted that the increasing of the tourism contribution in the domestic gross of the product at current and constant prices during the period (2003- 2013), as the economic situation of the country is improved and the borders are opened in front of the exports and imports and the increasing of the direct foreign investments and the elevation in the prices of the oil, all contributed to the improvement of the economical sectors, which resulted in increasing the numbers of the tourists in Iraq, while the contribution of the tourism to the gross domestic product

decreased at constant prices for the year (2014), when it reached (4730.7) million Iraqi dinars, at a negative annual growth rate (-1.6 %), this reduction due to the lack of the governmental policies in presenting adequate support for this sector and the provision of legislations that governing its work (The Central Bank, 2014, p.26). After that, the contribution of the tourism on the gross domestic product for the year (2017) is increased and this contribution to the gross domestic product is decreased at constant and current prices for the year (2018), as a result of reduction in the prices of the oil.

In general, it is clear that there is fluctuation in the contribution of tourism to the gross domestic product, and the reason is due to the weakness of the tourism

sector in terms of limiting tourism demand and investment in this activity, therefore the activity of this sector that is related to improving and developing the investment climate and developing the works environment must be improved in order to attract local and foreign investments with the availability of the political and security stability, which in turn will stimulate tourism and increase its contribution to the formation of the gross domestic product, as the political and security instability greatly affected the activity of the tourism sector and the low proportion of its contribution to the formation of gross domestic product is reflected in the national product of the Iraqi economy

Fifth: Measuring the Impact of the general Expenditure on the Tourism Sector in Iraq:

The goal of the standard model which is built in this research lies in explaining the impact of the general expenditure on the tourism sector in Iraq and the extent of its agreement with the economical assumptions and theories, so the standard model equation includes two types of variables; they are the independent variable and the dependent variable and it is possible to specify these variables as in the regression equation: $(b_1GTO + B_0 = TOGDP)$, which represents the equation of a simple linear regression to represent the relationship between the general expenditure on tourism and the proportion of the tourism contribution to the gross domestic product during the period of the study, and after its estimation, the impact of the general expenditure on the tourism sector will be represented as the proportion of its contribution to the gross domestic product. This means:

GTO= Government expenditure on tourism (independent variables), TOGDP= Contribution of tourism in the gross domestic product (the dependent variable). The statistical program (Eviews11) will be used, unit root testing, joint integration testing, and error correction.

Therefore, the stability of the variables of the model must be tested and whether or not the variables are stable is done by applying the Dickey Fuller extended unit test (ADF), which was developed by David Dickey and William Fuller which is considered the best test (D. A. Dickey & W. A. Fuller, 1981, p. 1057- 1071). After performing the unit root test (ADF), we will decide according to a value of (T). If the calculated value of (T) is greater than its tabular value, we will reject the null hypothesis ($0 = \text{lo: } a$) and accept the alternative hypothesis ($0 < a: \text{I1}$) that is, the chain is free from the root of the unit and the chain is stable, but if the calculated value of (T) is less than its critical value, we accept the null hypothesis and the chain is unstable and the first differences will be taken if the chain has achieved stability then the variable is considered integrated from the first degree (1), but if it is unstable, differences are taken from a higher degree and so on until the chain becomes stable. After performing the extended unit root (ADF) test on the data used for the variables of the model that is illustrated in Tables (1) and (2) we obtained the results shown in Table (3).

Table 2: Dickey Fuller Extended Unit Root Test

The First Differences				The Level				Periods of Slowdown	The Variables
A		B		A		B			
Calculated T	Tabular T	Calculated T	Tabular T	Calculated T	Tabular T	Calculated T	Tabular T		
-3.38	-3.79	-3.19	-3.09	-1.31	-3.75	-1.54	-3.08	1	G
-3.33	-3.79	-3.37	-3.09	-1.76	-3.75	-0.21	-3.08	1	TOGDP

(A) Means the regression that contains general distribution and direction, (B) Means the regression has only distribution.

The Source: The Table is prepared by the researcher depending on the statistical program (Eviews11).

We note from the table that the original chains were unstable (non- static) at the level, therefore the unit root test was done with the first differences of the original chain, which showed that all variables were stabilized at a significant level (5%) and therefore the original chain is integrated from the first degree (1) I, because the calculated (T) value is greater than the tabular value, and this chain has been stabilized after taking its first differences and in the presence of general distribution and direction. After estimating the model, the results were as shown in Table (4) below.

Table 4: Results Analysis of VAR Model

D(GTO)	D(TOGDP)	The Variables
27614.29 (41409.6) [0.66686]	1975.394 (352.235) [5.60816]	C
10.24338 (16.5174) [0.62016]	0.240509- (0.14050) [1.71182-]	D(TOGDP-1))
0.180384 (0.27928) [0.64589]	0.016325- (0.00238) 6.87201]-[D(GTO-1)
0.313990	0.826065	R-squared
0.108187	0.773884	Adj. R-squared
1.525681	15.83089	F-statistic
-181.9299	-115.1923	Log likelihood
26.56141	17.02747	Akaike AIC
26.74400	17.21006	Schwarz SC

() Refers to the standard errors, [] Refers to T test

The Source: The table is prepared by the researcher depending on the Eviews.

Table (4) shows that there are two models of self-regression for the economical variables of this study, as the first model shows that there is an inverse relationship between TOGDP for a previous year and TOGDP for the current year, this indicates that a change of TOGDP of the previous year with amount one unit will lead to a decrease of TOGDP for the current year with amount (- 0.24), as for the GTO variable for a previous year, it is related to an inverse relationship with TOGDP for the current year, this indicates that increasing of GTO for a previous year with amount one unit will lead to a decrease of TOGDP for the current year with amount (- 0.016) units and that now most of the investments in the tourism activity are concentrated on building hotels and establishing tourism and travel companies and restaurants around the touring regions, this leads to poor directing of tourism investments which is caused by the lack of experience of those who are planning to invest these investments, in addition to the lack of the general expenditure on other economical sectors that affects negatively in the tourism development. Therefore, the general expenditure must be directed correctly in a way that reduces the defects in the distribution system which affects negatively on the tourism development. There is no doubt about the ability of the financial policy through the position of its tools to influence all economical variables. At the present time, these tools represent an important role through their impact on the size of employment, national income, the levels of the prices, and investment, and all of them are considered as targets that seek to achieve the general finance. It is noted that the explanatory ability of this model (R^2) (82%), that is, the change in the general expenditure explains (82%) of the changes that occur in TOGDP and the rest of the ratio are explained by other variables not included in the model, and the value of (R^2) was (77%) and the value of calculated F (15.83%) and the model is significant because the calculated F is greater than the tabular.

As for the second model, (GTO) for the current year is related to direct/ positive relationship with TOGDP for the previous year, this indicates that an increase of TOGDP for a previous year leads to an increase of G with amount (10.24) units, and also it is related to a direct/ positive relationship with GTO for a previous year but it is weak so as the increase of GTO for a previous year, it leads to an increase in GTO for the current year with amount (0.18) units, because the general expenditure on the tourism activity leads to a decrease in the cost of the tourism product and this in turn leads to an increase in the profits as well as an increase in the tourism offer, instead of this the general expenditure is considered as a tool for developing other sectors and surely this development will be reflected in a positive way on the touring activity, and this is because tourism is linked to many of these sectors because integration in other sectors is one of the main factor in the tourism development and there is no doubt that the negative effects of the general expenditure on the tourism sector are explained by a large percentage of the weak impact of that expenditure on the tourism sector.

III. CONCLUSIONS AND RECOMMENDATIONS

It is concluded from the current study that the tourism sector is not strong enough to compete with the oil sector in general performance indicators including the contribution to the formation of the national product which indicates that the Iraqi economy does not depend in any way on the tourism activity in its contribution to the gross domestic product, as the tourism sector in Iraq suffers from the weakness of the tourism statistical system and this directly affects on putting the development plans and activating the role of this sector within the structure of the

Iraqi economical sector. Therefore, we recommend directing the general expenditure, especially investment, towards the vital aspects in order to raise the

percentage of the contribution of the tourism sector in the formation of the gross domestic product, thereby contributing in diversification of the sources of the national income in order to alleviate the severity of the oil shocks to which the Iraqi economy is exposed. In addition to the separation of the Central Bureau of Statistics in the Ministry of Planning and Development Cooperation to separate the tourism sector from the commercial sector and hotels so that the tourism sector includes all tourism activities and not only hotel activity to obtain accurate information and data and make it an independent sector by itself so that the real role of this sector in the national income and product can be known.

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