

Analysis and Measurement of the Impact of Global Supply Chain Strategies on Economic Reform Programs and Poverty in IRAQ

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Abstract- Over the last three decades, global supply chains (GSCs) have increasingly gained importance in linking developing countries to international markets. This investigation intends to take a gander at the present status of poverty and existing reform approaches in Iraq. This is a continuous research for the policy estimations in Iraq, which exhibited the poverty circumstance after the economic reforms. This study utilized a time period of post war era from 2005 to 2017 to examine the poverty situation in Iraq after the reform agenda. The study suggests that poverty should genuinely take into consideration the institutional, social and political elements. In GSCs, competitiveness (and thus delocalization choices) is determined by a wide range of factors, especially by the quality of policies influencing the overall business environment. Economic reforms do not fairly distribute income and employment which is imperative for the decrease in the poverty. With the expanding globalization of the world economy, it is recommended that nations seeking after fare approaches dependent on specific advantages will achieve faster growth. Solid financial development will give enough assets to improve the status of poor people. However, government should take necessary action in GSC specifically poverty alleviation driven. Otherwise the poverty may remain a big problem for Iraq even after achieving economic reforms and growth.

Keywords- *Economy Development, Global Supply Chain Strategy, Poverty*

1. Introduction

GSCs have different structures depending on three main factors: (1) the geography and nature of linkages between tasks in the chain; (2) the distribution of power among lead firms (TNCs) and other actors in the chain; and (3) the role of government institutions and policies in structuring business relationships and industrial location [1]-[3]. Economic changes in Iraq portray resolutions by the Coalition Provisional Authority to drastically change the economy of Iraq in the repercussions of U.S attack. Preceding US occupation, Iraq had a centrally governed economy. In addition to other things, it precluded outside investment for organizations and most of the industries were state-owned. Furthermore, government employed heavy taxes to keep out imported goods. After the 2003 Invasion of Iraq, the

Coalition Provisional Authority rapidly started removing restrictions from Iraq's economy and opening it up to foreign investors and private sector [4]. Economic change was executed in conjunction with change of government organizations, the Iraqi legitimate framework, and noteworthy cross border ventures to rebuild local infrastructure of Iraq. While change endeavors have created a few triumphs, however, issues have emerged with the execution rehabilitation projects [5]. These incorporate deficient security, unavoidable corruption, lacking subsidizing and poor coordination among global organizations and indigenous partners.

The Coalition Provisional Authority of Iraq, intended to rebuild Iraq's state possessed economy with free market considering. The corporate tax rate has been dropped from around 45% to 15% and enabled foreign investors to repatriate all benefits earned in Iraq [6]. Notwithstanding around 200 other state possessed organizations planned to privatize. The oil business was meant to start privatize at some point in late 2005, however it is opposed by the Federation of Oil Unions in Iraq.

Money related markets are as yet beginning, and loan costs should stay free too. Most sectoral yield costs are free [7]. Yet, the appropriations on a few key costs particularly nourishment, fuel, and power are extensive, signifying potentially in excess of 50 percent of GDP. Iraq faces significant decisions in managing these untargeted appropriations, which result in huge monetary expenses and genuine disincentives in the economy while leaving enormous interest for open administrations neglected. Painstakingly arranged value changes are expected to: (a) lessen the expense to society coming about because of market wasteful aspects brought about by government activities or market disappointments (supposed deadweight misfortune); (b) improve motivations for private-area makers; and (c) spare monetary assets for the creation of essential open merchandise [8]. Reproductions utilizing an improved calculable general balance model of the Iraqi economy affirm each of the three.

The focal point of creating nations to diminish poverty level and haul out individuals from destitution bunch is the central point of their primary objective. Poverty decline is connected with raising income of the poor just as with outfitting the poor with increasingly unmistakable open entryways for jobs and access to basic needs. The essential needs may incorporate

training, human services offices, lodging offices and security [9]. The destitution condition in developing nations demonstrates that a colossal degree of the overall population has been prohibited from the progression system. Despite of the fact that, in conditions of developing nations where the open resources in the economy, paying little heed to whether likewise scattered, is hardly satisfactory to satisfy the major needs of the populace. Thus, for a maintainable monetary development neediness decrease is unavoidable in creating nations. This exploration intends to take a gander at the present status of poverty and existing reform approaches in Iraq. Poverty is one of the worries for the legislatures of practically all developing nations including Iraq. This is a continuous research for the policy estimations in Iraq, which exhibited the poverty circumstance after the economic reforms.

2. Literature Review

The performance of underdeveloped nations with respect to economy saw in an upward pattern. However, it is noticed that in spite of the fact that the financial exhibition of developing nations has improved, destitution levels have commonly expanded. These issues progressed toward becoming in lime light and discussion began during the 70's. Financial development in 1950 and 1960 was viewed as a panacea for diminishing poverty. Yet, in the 1970 's, consideration moved to open social approach. The arrangement of better educational opportunities and wellbeing is viewed as a dimension to kill destitution legitimately. The concentration in late 1980 and 1990 was on economic reforms or the most widely recognized structural alteration approaches. This will in the long run furnish nations with more assets to alleviate poverty. These approaches have constantly included the foundation of viable market structures incorporate the decrease of government spending, from an immediate move to Indirect tax collection and the advancement of item markets and factors cooperate to advance the improvement of industrialization.

GSCs evolved from being mostly confined within developed countries to increasingly the integration of developing countries. In the early 1990s more than half of the world trade in intermediate products was between high income countries and only up to 10 per cent was between developing countries. The enthusiasm for the job of institutional, political and social structures in upgrading financial improvement has been expanding. This is especially the case in the previous communist nations in Eastern Europe. In Eastern Europe that the institutional structures are not helpful for monetary execution under the capitalist framework [10]. Therefore, political and social organizations coordinated and improved to give the motivations of generation and dispersion under the industrialist framework. The current debate is dominated by a discussion on the approach to development arrangements, based on the idea of a capitalist market. Given the liberalization of the cost-

system function, the skilful distribution of assets and the development of currency improvement could be achieved [11]. Excessive government resistance has contributed to the slow pace of economic development. With the help of economic reform arrangements by means of the free market type of economy is allude as "traditional stupidity" [11]. In addition, the fundamental changes and fundamental change strategies of the International Monetary Fund and the World Bank were recognized.

The disappointment of monetary development to lessen poverty and income imbalance still a concern in many developing nations including Iraq. Monetary development builds the national productivity and it is accepted that the advantages will stream down to the poor masses. Prior studies, backing to the view that investment funds from the upper class and corporate sector will help in economic development [12]. The model of development by Harrod-Domar gave the driving force to development situated arrangements dependent on expanded investment funds. The circumstance in creating nations is altogether different from past hence, the landowners, specialists, government officials and rich class waste a lot of reserve funds on utilization of imported products [13]. Furthermore, this view as been backed by many previous researchers [14].

Moreover, arrangements which are intended to lessen poverty and income disparity bolster stronger development in the economy [15],[16]. The above gives proof that the "stream down" hypothesis in many creating nations did not work notwithstanding supported dimensions of financial development. In this way even Ricardo's forecasts about equality of ncome and financial development have been refuted in many developing nations. Karl Marx's forecast as well did not result in balance of salary circulation as private enterprise did not crumple. Actually, the Lewis model has been the prevailing model on which the current hypothetical supporting are based. Be that as it may, its appropriateness has been progressively addressed throughout the years. In any event regarding the presumptions characteristic in the model.

The achievement of the above approaches accepts that the social, social and political institutional structures are favorable for their execution. Sadly, the circumstance in many developing nations is a long way based on what is accepted. Governments in many developing nations have wasted money on goals far expelled from helping poor people. The monetary arrangement change upheld by the IMF and the World Bank depends on a free market economy. The confidence in the intensity of the market to dispense assets effectively is progressively being addressed in many creating nations including Iraq. Therefore, empirical investigation of poverty situation in the result of economic reforms in Iraq is carried out in this research.

3. Methodology

This research is aimed at investigating the poverty conditions in Iraq in result of economic reforms and supply chain strategies to reduce it. The economic reform era is selected from post war (2005) to 2017. The data is obtained from World Bank and UNDP open database. The selected poverty indicators (human development index, income index, population at purchasing power parity of 3.90\$ were examined in this research over the period of 2005-2017 the era of economic reforms. A time series analysis of poverty indicators has been carried out.

4. Results and Discussions

The HDI is an outline measure for surveying long run advance in three fundamental components of human improvement named as life expectancy, education and living standard. life expectancy is estimated by long and healthy life. Education level is estimated by mean educational years among the grown-up population, which is the normal number of long stretches of instruction got in a real existence time by individuals

matured 25 years and more established; and access to learning and information by expected long stretches of tutoring for offspring of school-passage age, which is the all out number of long periods of tutoring an offspring of school-section age can hope to get if winning examples of age-explicit enrolment rates remain the equivalent all through the tyke's life. Way of life is estimated by Gross National Income (GNI) per capita communicated in consistent 2011 global dollars changed over utilizing acquiring power equality (PPP) transformation rates.

Iraq's HDI esteem for 2017 is 0.685 which put the nation in the medium human advancement class—situating it at 120 out of 189 nations. Somewhere in the range of 2005 and 2017, Iraq's HDI esteem expanded from 0.631 to 0.685, an expansion of 7.88 percent. Table 1 surveys Iraq's advancement in each of the HDI factor. It is observed that from 2005 to 2017, Iraq's childbirth life expectancy is expanded by 1.6 years, mean years of education expanded by 0.08 years and anticipated mean schooling years expanded by 1 year. Iraq's GNI per capita expanded by about 35.62 percent in the time frame of 2005 to 2017.

Table 1. HDI trend of Iraq

Years	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
2005	68.4	10.2	5.8	10,851	0.631
2010	68.5	10.4	6.4	12,581	0.649
2015	69.7	10.1	6.6	17,105	0.668
2016	69.9	10.1	6.7	18,446	0.672
2017	70.0	11.0	6.8	17,789	0.685

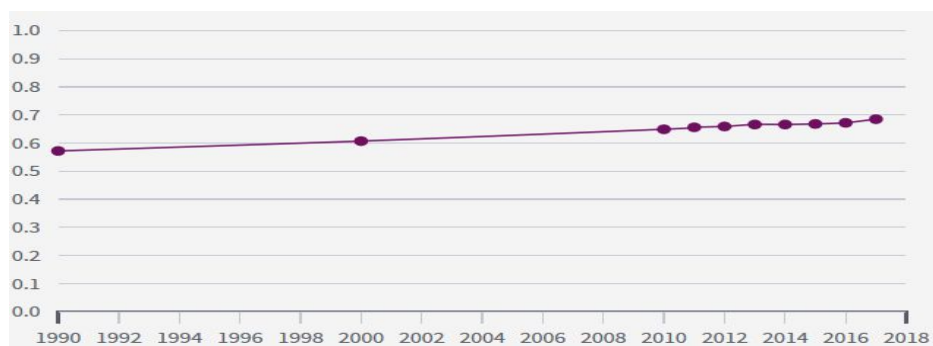


Figure 1. Human Development Index

Furthermore GNI per capita is also examined where it is noted that GNI per capita has increased from 0.708 to 0.783 during the studied time period of 2005 to

2017. In other words 9.5% increase in GNI per capita has been witnessed during the last 12 years.

Table 2. GNI per capita (2011 PPP International \$, using natural logarithm)

Years	Income Index
2005	0.708
2006	0.718
2007	0.717
2008	0.729
2009	0.729
2010	0.73
2011	0.738
2012	0.752
2013	0.781
2014	0.776
2015	0.777
2016	0.788
2017	0.783

Similarly, the level of working poor class purchasing power parity (3.10\$) has reached at the 31.6% while

this percentage was 40.3% in 2005. Table 3 illustrates the time series corresponding the working poor in Iraq.

Table 3. Working Poor at PPP \$3.10

Year	Year	Working Poor at PPP \$3.10
	2005	40.3
	2010	37.9
	2011	37.5
	2012	35.4
	2013	34.2
	2014	34.7
	2015	34
	2016	31.9
	2017	31.6

Destitution levels achieved uncommon dimensions in the previous couple of years. The destitution rate hit an inconspicuous high of up to 22.5%, as per the service's insights for 2017. The rate has shot up significantly after ISIS assumed responsibility for the areas in the north, raising the quantities of dislodged individuals, and the fall in oil costs, which focused on the economy and the state spending that depends on oil as a fundamental wellspring of salary. Inside a range of two years, the neediness rate expanded dramatically from 16% in 2014 to the current 22.5%. It is evaluated that 31% of individuals live in destitution, where Baghdad has the most minimal rate with 12%. The oil-rich southern regions remain at 31% while the rate is 17% in the central governorates and 13% in Kurdistan. As indicated by Baghdad's commonplace gathering, there are more than 249 complexes, each with 17,500-20,000 unlawful residents living in poverty.

5. Conclusion

A very interesting observation is that the governance of the supply chains is affected by the importance of standards, which in turn is strongly related to value. In the rest of this section we review the variation among commodities (Iraq) in the recent governance systems of global supply chains. There is no systematic connection between the poverty alleviation and the idea of economic reforms. Apparently, at the general dimension of neediness in developing nations has expanded. Investigations of the effect of economic reforms on the poor give inconclusive outcomes. The accentuation of financial changes which include major structural changes both at the large scale and smaller scale level. These changes constantly suggest a move far from micro approaches to macro strategies due to export emphasis. Actually markets alone don't fall, governments likewise come up short. Accordingly, issues like poverty should genuinely take into thought the institutional, social and political elements. Besides, economic development does not fairly distribution of income and employment which is imperative for the decrease in the poverty. With the expanding globalization of the world economy, it is recommended that nations seeking after fare approaches dependent on specific advantages will achieve faster growth. Solid financial development will give enough assets to improve the status of poor people. However,

government should take necessary action specifically poverty alleviation driven. Otherwise the poverty may remain a big problem for Iraq even after achieving economic reforms and growth.

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