

International Debt for the Sake of Local Debt and The Economic Situation in Iraq**Hawre Latif Majeed**

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This study objectively examines the influence of Iraq's foreign debt on its economy. Periodic secondary data were obtained (2004 -2021). Descriptive statistics were used to analyze the data collected for the investigation. Multiple regression analyses were done to examine the data's causation effect link. It employed foreign debt as the dependent variable. In contrast, gross domestic product, total government expenditures, and total government debt were the independent variables, and gross international reserves were used as indices for the independent variable.

This study explains why economics in developing countries such as Iraq suffers in management because the government depends on external debt to supply revenues for the total government expenditures. At the same time, the international reserves of Iraq are insignificant in explaining economic growth. The study recommends, amongst other things, that good change in the use of foreign loans on investment expenditure will be stimulated to stimulate the Iraqi economy. The results indicate that external debt significantly negatively affects the gross domestic product.

Keywords: External Debt, Gross Domestic Product, Government Expenders, Gross International, Economic Growth, Iraq Economic.

1. Introduction

The external debt as a strategy to support economic financing and the general budget creates serious discussion between researchers and policymakers. Governments in middle-income countries rely heavily on public debt to fund their spending.

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Using public debt to finance development projects might theoretically stimulate a nation to increase its productive ability and economic growth. External debt, however, is seen as a two-edged sword (Cohen, 1993).

International debt is presently a worldwide concern affecting most nations' current and future growth. As in many developing countries, the mismanagement of government debt slows economic development and becomes the foremost hurdle to expansion. At the same time, concentrating on these debts as the vital source of capital creation finance. If this method of financing capital formation has a good influence on expanding investment, it might boost economic development; nevertheless, it opposes this viewpoint by finding foreign debt as a harmful component in economic growth and financing wealth creation. (Shabbir, & Yasin 2015) explained that external debt is the leading cause of poverty in the debtors' country.

Debts can be classified into productive debt and government debt to current fiscal revenue ratio. Debt is productive if the loans are obtained to purchase or invest in some assets capable of yielding returns. On the other hand, government debt to current fiscal revenue when it is obtained to finance budget deficits; nonetheless, the misrule of the Iraqi economy, as the result of wars and expenses on current expenditures such as Salaries, pensions, and employee benefits are the most significant part of current spending. The borrower's future savings are needed to satisfy the interest and principal payments on the two forms of debt (debt servicing). Although foreign debt may be used to boost economic growth, (Kraay and Nehru 2006) argue that external debt is used to augment local sources of finances for a country's development and other requirements. (Klein, 1994).

The global economic crisis affects the Iraqi economy, which is a part of it. Since the production and export of crude oil are the foundation of the Iraqi economy, a drop in oil prices significantly affects the country's public budget. As a result, strengthening budget balancing is necessary to make up for the shortfall, which may require a sizable amount of background resources. (Qadir, 2021). The structural imbalance between current and investment expenditures has harmed the Iraqi economy since (2003), which is why the country is vulnerable to international crises, particularly oil price fluctuations in the global market.

Iraq's foreign debt, as measured by the money it owes other governments, ranges from (\$120 billion to \$130 billion (about \$400 per person in the US) (about \$400 per person in the US), according to the Unified Arabic Economic Report of 2015. The loss in value of the borrowing country's currency raises the debt ratio to the GDP (Gross Domestic Products), even when the

country's debt and GDP in foreign currency remain identical. Indicates that the debt-to-GDP ratio alone does not describe debt sustainability. Given Iraq's reliance on oil, which supports 85 per cent to 90 per cent of fiscal revenue, the budget revenue sensitivity to oil price and volume is high. Additionally, external debt is vital to any country's economic growth, reflecting the development process's necessity and cash flow, (Majeed. 2021). Based on the circumstances above (growing military expenditure, declining GDP, dropping price of oil, and irrationality in managing Iraq's economy), the Iraqi budget has a considerable public income deficit, which has prompted Iraq to look for and amass foreign loans to sustain the army. At the same time, the budget deficit, in combination with a near-30% reduction in GDP, would drive government borrowing to an average GDP (of 80%) in (2020), up from (47%) in (2019) (2019). In (2016), the deficit was (14%) of GDP, while the government debt-to-GDP ratio was (64%). Iraq's debt stock includes debt dating back to the 1980s, under no obligation to repay or service, (Aljawareen, 2019). The big problem in Iraq is that external debt and international help have always been crucial in Iraq's economic and administrative reforms efforts. For example, in 2017, Iraqi government officials and academics collaborated with worldwide experts to create the "Economic Vision 2030." Vision, which intended to rectify disparities in income and wealth distribution and lay the groundwork for long-term infrastructure spending, did not gain pace due to continuous political instability. As Iraq's protracted political turmoil continues, critical contributors with a personal stake in the country's strategic planning have gone silent. Rival blocs are also less willing to resolve brutal conflicts over revenue-sharing. However, the economic repercussions of political paralysis serve neither the interests of rival political blocs nor the Iraqi people.

The lack of investment spending, especially for non-oil infrastructure projects, is particularly concerning given that Iraq just appeared from the war against ISIS. In contrast, the total external debt in Iraq for the sake of domestic's debt, such as current expenditures on salaries, employee benefits and the promises of the political elites, are the most significant part of current spending.

The use of substantial financial inflows through external debt to provide revenues for government purposes, managing government expenditure for the sake of local debt and Iraq's economic growth is compatible with the Keynesian Theory of capital accumulation as a stimulus for economic progress, Contrarily, According to (Campbell, 2009), growing debt raises the possibility of future unrealized revenue claims because of the government's responsibility in Iraq to provide revenues for all economic sectors and both expenditures such as investment and consumption; knowing how

much Iraq's enormous external debt supported economic progress is crucial. As espoused by Keynesian philosophy, or whether the country's debt accumulation has put it in peril, this study is set to figure out the extent of the relationship between external debts on the economy of Iraq.

1.1 Objectives of the study

This study aims to investigate how foreign debt affects the Iraqi economy:

- 1- Figure out how much Iraq's foreign debt influences government spending.
- 2- Examine the extent to which Iraq's external debt affects the country's GDP.
- 3- Ascertain the degree to which external debt affects gross international reserves in Iraq.

1.2 Questions of the study

This study's questions are as follows:

- 1- How does Iraq's foreign debt affect government spending?
- 2- How does Iraq's foreign debt affect GDP?
- 3- How does Iraq's foreign debt affect international reserves?

1.3 Hypotheses of the study

The following hypotheses said in the null form will guide this study:

- Ho1: External debt has no significant positive effect on government expenditure in Iraq.
- Ho1: External debt has no significant positive effect on the gross domestic product in Iraq.
- Ho1: External debt has no significant positive effect on gross international reserves in Iraq.

2. Literature Review

2.1. The relationship between external debt and economic situation growth

Studies like Harrod and Domar's "Two Gap" concept, which they initially proposed in (1939), justified the increase of external debt. According to (Chenery & Strout, 1996), External debt helps to bridge the gap between investment and domestic savings (Sa'ad et al., 2017). The "Two Gap" framework illustrates the link between the level of domestic savings and the quantity of foreign currency. Due to a shortage of local savings and foreign currency resources, the nations are under pressure to get foreign money. In general, the following are the reasons why nations resort to foreign debt:

- 1- Budget deficits.
- 2- Insufficient domestic capital accumulation and savings.

3- High defense spending, the balance of payments imbalances.

Ones with budget deficits, particularly emerging countries, borrow money to stimulate development and sustain the economy, however, future receive on the debt threatens economic growth, some researchers have investigated how external debt affects economic growth. Because there are not enough financial resources, people borrow money from other countries. The amount of money that comes from outside the country is called its "external debt. Multilateral agencies, Paris Club creditors, and other creditors supply foreign debt to Iraq. External debt is one of the ways that a country, particularly a developing country, might finance capital formation, (Kazmi, 2000).

(Chowdhury, 1994) tried to answer (Bulow and Rogoff, 1990) hypothesis by setting up a cause-and- In seven Asian countries between 1970 and 1988; there was a correlation between foreign debt and economic stagnation. The Granger causality tests reveal that (Bulow and Rogof's, 1990) hypothesis that developing countries reject the idea that foreign debt is more of a symptom than a cause of the recession in the economy. The data for the Philippines and Malaysia show the existence of feedback or a bidirectional link between external debt and economic growth. At the same time, (Karagol, 2002) studied the long- and short-term relationship between Turkey's foreign debt and economic development. (1956 to 1996) and found a unidirectional correlation between debts to growth using the Granger causality test.

(Akram, 2011). Using ARDL, analyzed Pakistan's debt impact on the economy. Public debt hinders investment and economic development, the fundamental break between foreign debt and economic development from (1980-2009). The Johansen co-integration approach and the Vector Error Correction Method (VECM) estimation technique were used to assess the impact of foreign debt on Sudan's economic progress from 1969 to 2015. The analysis discovered that while external debt aided Sudan's economic growth, exchange rates and foreign investment harmed it.

According to (AFD, 2013), it should be based primarily on economic activity's cost and benefit appraisal. If the rate of return is greater than the rate of borrowing, a country must borrow from foreign sources. The fundamental premise that guides contractual debt agreements, if foreign lending improves the borrowing economy's debt servicing capabilities more than it increases the debt burden, it becomes favorable. Strict adherence to this approach will aid countries in expanding output using external savings. Critical criteria linked with the terms and conditions indicators are used to assess the country's ability to repay debt premiums.

(Dornbusch et al., 2003) pointed out that policymakers link it to a lack of solvency or liquidity in evaluating debt overhang, given the debt crisis. A liquidity crisis is a short-term issue when a country cannot service its debt following the terms of the debt arrangement. According to (Sachs, 1989) and (Shabbir, 2009), solvency is a long-term phenomenon in which a country's overall debt liability cannot be serviced at any time. From 1990 to 2010, (Kasidi and Said, 2013) examined the effect of external debt on Tanzania's economic progress. External debt is a method for developing countries to meet their obligations. On the other hand, debt servicing aims to expand by restoring creditworthiness to present and new creditors. The research discovered that foreign debt and debt payments significantly influenced GDP growth. The total foreign debt stock has a positive impact, while debts have a negative impact. The co-integration test reveals no long-term link between foreign debt and GDP. Likewise, Jayaraman and colleagues (Jayaraman et al.). While (Hayat and Hayat, 2010) used time series econometric approaches to study the relationship between foreign debt and economic progress in Pakistan from 1972 to 2005. According to their results, external debt is adversely and strongly connected with economic growth. According to the study, a rise in foreign debt would reduce economic development.

To summarize, the reviewed literature revealed that most authors used a variety of parameters to proxy external debt. However, few recognize that a more part of external debt flows into government capital expenditure, which is used for financing the economic sector and increasing investment for capital accumulation. Capital expenditure should be one of the frontline measures of external debt, and its contribution to economic growth should not be underestimated. As a result, this study aims to figure out how government capital expenditure has influenced this relationship.

2.2. Empirical Literature Review

This section gives the investigation more structure and understanding about the effectiveness of foreign debt and how to use the debt flow to the country that is demanding debt; many were illustrated about the role of foreign debt in the country's homeland economy, the results of these studies show some conflicting results in their results on the impact of foreign debt on economic growth, The results revealed a substantial inverse relationship in both cases: an inverse relationship between domestic debt and economic growth and an inverse relationship between overseas debt and economic growth. For example:

According to neoclassical economists, external debt is one of the country's most important sources of capital, and thus its impact on economic growth and investment is positive. Some economists

disagree with this assessment, believing that external debt is one of the reasons impeding economic progress. In support of their position, they try to describe the challenges associated with external debt, such as debt sustainability, the problem of debt accumulation, a country's difficulty in raising foreign loans in its currency, a country's failure to satisfy debt commitments.

According to (Ejigayehu, 2013), the impact of foreign debt on the economic growth of African countries is due to the efficiency of data from 1991 to 2010. As a result, the sector's impact is important in terms of statistics. In their research on the impact of foreign debt on economic growth in Nigeria and South Africa using the Neoclassical Growth Model, Ayadi and Ayadi also found a negative impact on debt (and service needs) on growth.

However, (Kasidi and Said, 2013), in their research on foreign debt to Tanzania's economy from 1990 to 2010, time series data used on foreign debt and economic performance showed that the impact of foreign debt and service Debt yields on GDP growth are crucial to the positive impact of total foreign loan capital, as well as the reason for helping developed countries meet developed needs while debt services seek to repay.

(Rina and Toan, 2005) debate the benefits and drawbacks of external debt and economic growth. They underline that external debt dampens the country's investment and growth because debt buildup may lead to future inability to repay debt. As a result, debt levels may exceed the country's output level, i.e., override it. Furthermore, significant debt levels may heighten investor uncertainty about the government's policies, causing investors to sit on the sidelines and avoid investing, at least eventually. Furthermore, the government may face severe debt repayment pressure, which may affect structural and fiscal forms by reducing government efforts to create these structures. They also said that not all foreign loans are negative, claiming that borrowing at low levels of debt might promote growth and boost the country's productive ability, making the government more likely to generate higher outputs and repay its debt.

To summarize, the primary goal of the studies discussed here is to look at the empirical evidence supporting the dynamic relationship between external debt and economic growth. Most studies concluded that more significant levels of foreign debt are associated with lower levels of economic growth, with only a few studies not discovering solid evidence supporting this hypothesis.

2.3. Theoretical Framework

Despite various theories about the effects and factors of economic development and government

activities to manage economic stability, this study used Kinsey's theory of increasing government activity to motivate economic growth. The most proper economic theory was John Maynard Keynes, a British economist.

Keynes's theory is because government intervention in economic activity is essential for economic development and the strengthening of public income development factors to stabilize the economic situation; on the contrary, he has disbanded economic development, saying that private sector decisions are occasionally ineffective and are more suitable for the stability of the macroeconomic of the role of the private sector and market freedom. Currency policy work by the Central Bank and financial policy work by the government are also needed. These initiatives will stabilize the economy throughout the business cycle.

Keynes made two two-factor proposals for a time of economic crisis: (a currency policy) for government investment in financial infrastructure to create an effect in the long term. This is important for economic growth, and on the other hand, it calls for financial policy, which is the stability of economics related to this factor. Keynesians and fundraisers believe that financial and monetary policies affect the collected demands. Currency policy requires central bank arrangements to lower profit rates for commercial banks and for commercial banks to reduce profit rates for their customers. Government investment in building infrastructure also influences economic growth and the production of new businesses, labor, and facilities. External borrowing during budget cuts is a funding source for developing economic infrastructure.

The Keynesian theory regards capital accumulation as a driver for economic growth and supports external loans because they infuse funds into the economy, resulting in growth. (Stockhammer, 2011). As a result, it advocates for a powerful relationship between external debt and economic situation and growth.

3 Methodology

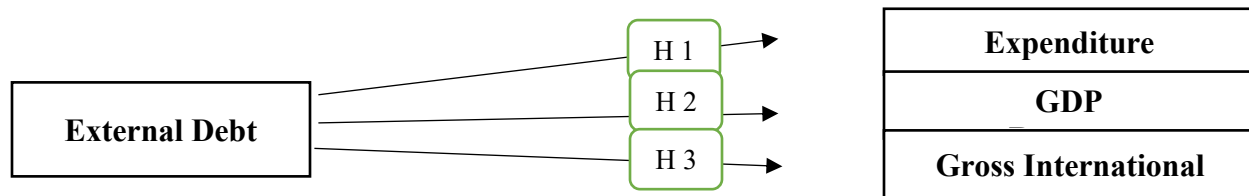
3.1 Data and Variables

This document explains the study's variables, source, and the link between independent and dependent variables. The data may be gathered as stochastic equations to show the effect of external debt on the economy, including GDP, Gross International Reserves, and the GDP of Iraq. The time series data for the period (2004 – 2021) was generated from the Central Bank of Iraq and the World Bank. Descriptive statistics were used to investigate the nature of the data got for the

investigation. Multiple regression analyses were used to test the causal effect relationship between the data.

3.2 Model of the Study

A. Predictors: (Constant), external debt is accepted as independent and total expenditure, Gross domestic product, and Gross international reserves as dependent variables.



Dependent Variable

Independent Variable

3.3 Methodology of the Study

In this section, we will continue to outline the analytical connections we plan to make between these variables to reach a conclusion and interpret the statistical findings from our study. The study did more analysis between the dependent and the chosen independent variables by using regression analysis to estimate the expected value after first looking at the features of the data using the explanatory variable.

Various methodologies have measured the relationship between external debt and the Iraqi economy, such as GDP – GIR - EX. Multiple regression analysis is one of these techniques, and since it applies to our model, we choose to use it. Finally, the p-value is a factor in the decision-making process for the hypothesis; If $p < 0.05$, the null hypothesis is rejected, forming the alternative. If the variable's p-value is more than 0.05, neither the null nor alternative hypothesis can be supported, (Mahmood, 2020).

The (SPSS (Statistical Package for Social Sciences)) statistical Package for Social Science used to analyze the model described below yielded the following results. The following regression model has been estimated.

Model specification

The functional model of the study is said as follows:

$$\text{Debt} = f(\text{EX}, \text{GDP}, \text{GIR})$$

Where:

Debt= External International Debt

EX= Total Government Expenditures

GDP= Gross Domestic Products

GIR= Gross International Reserves

ϵ = Error Term

Transformed to econometric terms as;

$$\text{Debt } t = \beta_0 + \beta_1 \text{EX} + \beta_2 \text{GDP} + \beta_3 \text{GIR} + \epsilon_0 \dots \dots \dots (1)$$

3.4 Data presentation and analysis

The relationship between the response variable's (Total External Debt) predicted value and the actual value is depicted in Figure 1. Additionally, it shows that the predicted factors (total expenditures, GDP, and gross international reserves) are linearly connected to total external debt.

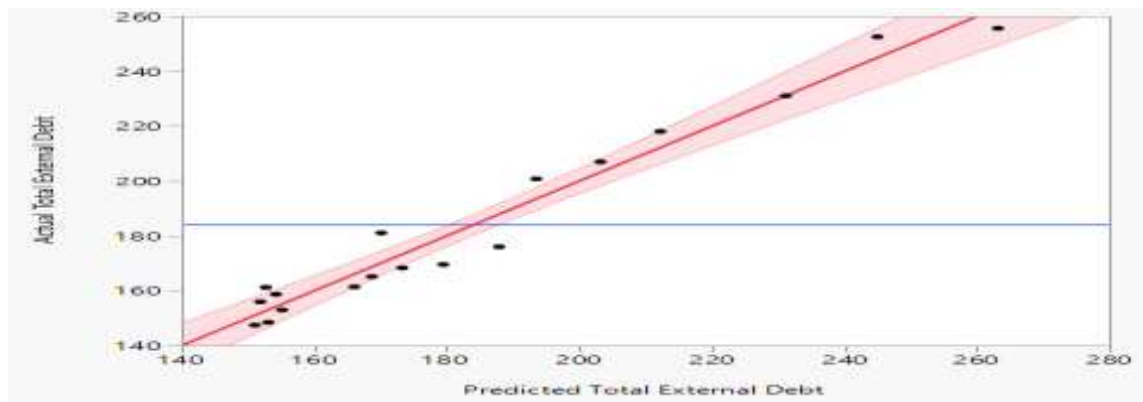


Figure (1) Predicted Plot

R-Square	0.962612
R-Square Adj	0.954601
Root Mean Square Error	7.476782
Mean of Response	183.9841
Observations	18

Source of table (1) Model Summary: Authors' computation using SPSS software 28.0.1

In Table (1), R² illustrates the dependent variable's variation explained by independent factors. (Total Expenditure, GDP, and Gross International Reserves) Overall, they explain 96.26% of the variance in total external debt, with the remaining 3.74% attributed to random fluctuation or other variables unrelated to our study. On The other hand, the Root Mean Square Error (MSE= 7.476782)

suggests that the total external debt standard deviation is around 7.476782 within each combination of these factors. Furthermore, the mean of total external debt is =183.9841, and the total number of observations is 18.

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	20150.201	6716.73	120.1514
Error	14	782.632	55.90	Prob > F
C. Total	17	20932.832		<.0001*

Source of table (2): Authors' computation using SPSS software 28.0.1

The variance analysis aims to figure out if the total expenditure, gross domestic product, and gross international reserves mean values are equal and all equal to zero.

H0: $\mu_{\text{Total Expenditure}} = \mu_{\text{GDP}} = \mu_{\text{Gross International Reserves}} = 0$

H1: at least one of the means is not equal to zero.

Because P-value = 0.0001 and is less than 0.05, there is sufficient evidence to reject the null hypothesis H0; in other words, the expected variables' means are not equal, showing that at least one variable has influenced the overall external debt.

Test of Hypotheses

This section used the t-statistics results to empirically test the hypotheses developed to guide this investigation and the multiple regression analysis's probability values in the coefficients. The result is presented in table 3 below.

Hypothesis One

Ho1: External debt has no significant positive effect on government expenditures in Iraq.

Ho: External debt has a significant positive effect on government expenditures in Iraq.

Government expenditures have a p-value of .003, which is statistically significant. As a result, we accept the alternative theory and conclude that external debt has a considerable positive influence on government spending in Iraq.

Hypothesis Two

Ho1: External debt has no significant positive effect on the gross domestic product in Iraq.

Ho: External debt has a significant positive effect on the gross domestic product in Iraq.

The gross domestic product has a statistically significant p-value of 0.01 with a -2.81. Therefore, we reject the null hypothesis, accept the alternative hypothesis, and conclude that external debt has a significant negative impact on the gross domestic product.

Hypothesis Three

Ho1: External debt has no significant positive effect on gross international reserves in Iraq.

Ho: External debt has a significant positive effect on gross international reserves in Iraq.

Gross international reserves have a p-values value of 0.03 with a -2.40, which is statistically significant. Therefore, we reject the null hypothesis, accept the alternative hypothesis, and conclude that external debt significantly negatively affects Gross international reserves in Iraq.

Term	Estimate beta	Standard Error	t Ratio	p-values
Intercept	235.34007	14.75324	15.95	<.0001*
Total Expenditure	0.459027	0.192727	2.38	0.0320*
GDP	-0.253042	0.089944	-2.81	0.0138*
Gross International Reserves	-0.068797	0.028724	-2.40	0.0312*

Source of table (3) p-values: Authors' computation using SPSS software 28.0.1

Table (3) Parameter Estimates

However, the above results cannot be concentrated before testing the normality of the Residuals of the response variable (Total External Debt).

Figure (2) is the graph of normality. It looks like a symmetric plot, and the data comes from the normal distribution with (Mean = 0) and (Standard Deviation = 6.7850). To confirm the normality of the data, it should make the Goodness of Fit Test as shown below:

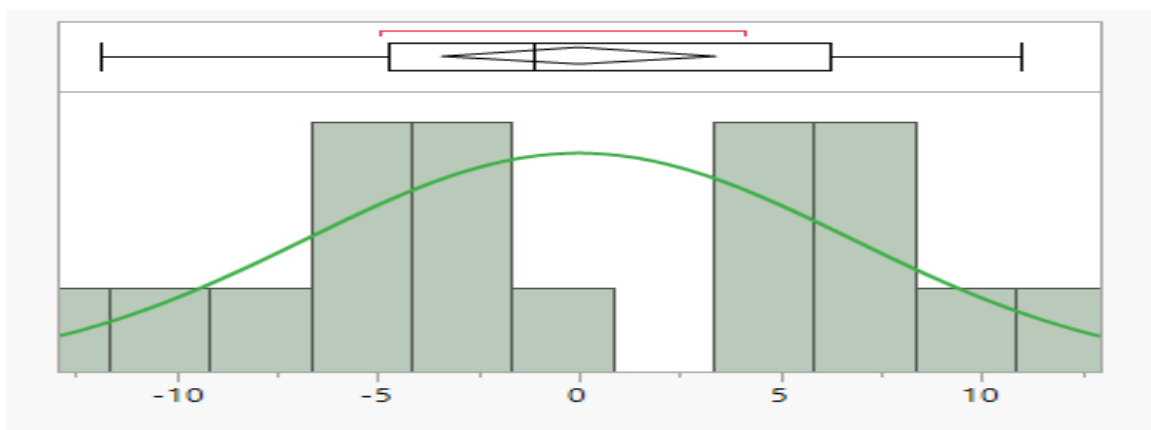


Figure (2) Residual Normality Plot *Normal, mean = 0, s = 6.7850*

Shapiro-Wilk W Test	
W	Prob<W
0.9516198	0.4510

Source of table (4) Goodness-of-Fit Test: Authors' computation using SPSS software 28.0.1

Note: H_0 = the data is from the Normal distribution. Small p-values reject H_0 .

Although the $(\text{Prob} < W) = 0.4510$ and is greater than 0.05, there is no evidence to reject the residuals' normality. As a result, normal data fit the residuals of the predictor variables (Total External Debt). The following will be the linear regression equation:

$$\text{Total External Debt} = 235.34007 + 0.459027 (\text{Total Expenditure}) - 0.253042 (\text{GDP}) - 0.068797 (\text{Gross International Reserves})$$

Correlation

Pairwise variables		Correlation	P-value (Significant Probability)	Plot Correlation			
Variable	by variable			-0.8	-0.6	-0.4	-0.2
Total Expenditure	Total External Debt	0.8140	<.0001*				
GDP	Total External Debt	-0.9195	<.0001*				
Gross International Reserves	Total External Debt	-0.9466	<.0001*				

Source of table (5) the Pairwise Correlation: Authors' computation using SPSS software 28.0.1

Table (5) and Figure (3) show the correlation power between variables. The results show a correlation between (Total External Debt) and (Total Expenditure) which is 0.8140, showing a strong positive relationship between these two variables; however, as the variables of (Total External Debt) rises, (Total Expenditure) also increase. Furthermore, the correlation between (Total External Debt) and (GDP) is -0.9195. The relationship between these two variables is strong and negative, which shows that as (Total External Debt) increases (GDP) decreases. There is also a strong negative correlation between (Gross International Reserves) and (Total External Debt) which is about - 0.9466.

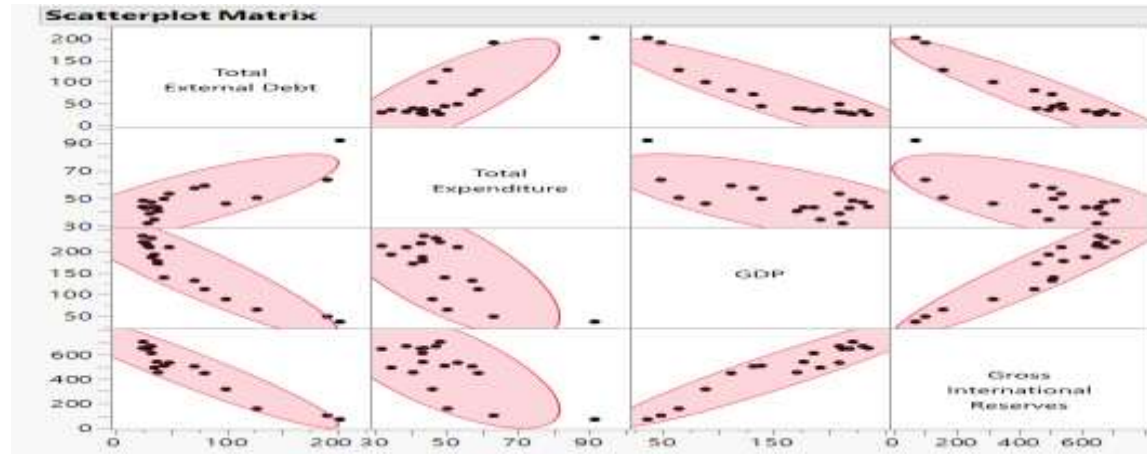


Figure (3) Correlation between Predictor Variables Scatterplot Matrix

Discussion of findings

This study examined the relationship between external debt and Iraqi economic sectors, such as Gross domestic products, total government expenditures, and Gross international reserves. Data The study found that In Table (3), the P-values of all the independent variables of (Total Expenditure, GDP, and Gross International Reserves) are equal to (0.0320, 0.0138, and 0.0312), respectively, and are less than ($\alpha=0.05$), all the variables are significant. In other words, with an increase in every unit of (Total Expenditure), the Total External Debt decreases by 25.30%. Likewise, with an increase of one unit of (Gross International Reserves), the Total External Debt decreases by 6.88%.

This proves that overall external debt surpassed the beneficial impact of the Iraqi economy because the public economy is mostly dependent on oil earnings; yet Iraq is burdened by significant external debt in addition to recent political and economic instability. The massive increase in Iraq's external debt inspired the current analysis; the expectation is statistically significant and adversely connected to GDP.

Total external debt rises by 45.90%. GDP and Gross International Reserves, however, are adversely significant. In other words, while growing one unit of GDP results in a drop in GDP, growing one unit of external debt results in a decrease in GDP. Implies that government spending has increased due to external borrowing, which has raised the rate of inflation in the economy. It also means most external debt is used for purposes that have more social and political than economic benefits.

Contrary to a priori expectations, total government spending positively connects with GDP and significantly affects GDP. The lack of investment in non-oil infrastructure is profoundly

concerning, particularly given the destruction of the country's infrastructure and productive capacity following over 35 years of conflict. The most significant element of current spending and likely the heart of Iraq's future fiscal crisis is an external debt due to the rise of government spending and an increasing cumulative deficit in non-oil infrastructure projects in the nation. The accumulated deficit in non-oil investment spending is made much worse by the huge need for reconstruction after the ISIS conflict and the urgency of developing the non-oil economy. These needs require successive Iraqi governments' full attention and resources for the next few years.

4. Conclusion and Recommendations

This study examined how foreign debt influences government spending in Iraq in a significant and beneficial way. While foreign debt has a negative and considerable impact on GDP, it also has a significant negative impact on Iraq's gross international reserves. The study's findings show that the Iraqi economy's management weakness stems from the government's reliance on foreign debt for every consecutive year and oil revenues as a primary source. Additionally, it estimates a few internal and external concerns, like wars, economic blockades, and instability in politics and security.

Because of the findings in this study, given the current economic recession in the nation, it is advised that Iraq's economy diversify considering the study's conclusions. The government of Iraq should diversify its received revenues base to minimize and evasion of oil revenues; this will further protect the economy from the effects of oil price fluctuations, it is also recommended that the Iraqi government distribute more funds to investment expenditure, but the budget reversion is going into salaries and allowances.

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