

Abstract

Nations strive for economic growth and stability, such as developed countries which can be demonstrated by a package of policies that are compatible with their economy's nature, but it is unstable and developing economies like Iraq that rely on oil revenues for their public budgets.

Due to fluctuations in international prices, the Iraqi economy is likely to structural imbalances and financing deficit when oil prices fall. The economy suffers as a result of the borrowed funds being used for consumption rather than production in order to meet government spending goals. It is true that Iraq's economy has been in decline recently.

The public debt is both a solution and a problem which is why this study is so important. Borrowed funds were used operationally or as an investment after revenues failed to meet the general budget's needs, which is why this happened. Research has also looked at the relationship between public debt and the other variables being examined.

The research problem can be summarized in the following :

Pinpointing the relation between economic variables and public debt's and implications. Using debt financing policies in operational activities without other means of financing leaves an impact on the economy, which is why research hypotheses must take this into account. Other aspects of this research include analyzing the variables in a standard way and finding out how the variables relate to one another, as well as exposure to theoretical aspects of the topic (2004-2019).

Using the boundary test, it was found that the error parameter is negative and normal and the ARDL model is compatible with the nature of the variables in a long-term analysis. On the basis of the results, Standard problems and dimensional tests, such as the LM autocorrelation problem, the instability problem, and the homogeneity of variance, proved the model's integrity.

The most important recommendation of the present study is that with the help of agricultural, industrial and service sector contributions, public debt burdens can be reduced through strategic plans that aim to increase public revenue sources