

**,IN THE NAME OF ALLAH**

**,THE MOST GRACIOUS**

**THE MOST MERCIFUL**

# Devaluation of the Iraqi Dinar Against the American Dollar

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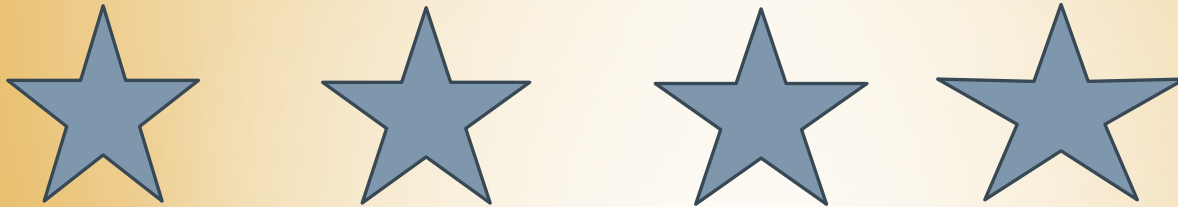
**,Somebody ask a question\***

What is the meaning of the devaluation of\*  
the Iraqi dinar against the international  
?currencies.. especially the American dollar

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The answer to this question is simply that the  
decline in the value of the Iraqi dinar against  
the dollar means a **decrease in the value of  
the national currency of Iraq.**

This decline negatively affects the economy by creating a state of instability in the exchange rate, which means that one Iraqi dinar no longer buys the number of commodities that it used to buy in the .dollar currency



**What is the impact of the devaluation of the Iraqi dinar on the citizen?**

There are many effects of the devaluation of the Iraqi dinar on the citizen, the most important of which are the following:

1. A decrease in the purchasing power of the dinar, leads to a rise in the prices of goods and services, and this results in a decrease in the local consumption of the citizens and a decrease in the level of welfare due to the higher cost of living.

2. A decrease in the real value of wages while their nominal value remains stable, which leads to an increase in poverty rates and a lower standard of living.



3. Increasing the prices of the production elements necessary for production, which leads to a high cost of investment, a decrease in the community's domestic product, and an increase in capital losses.

4. Increasing unemployment rates in the economy as a result of the high cost of production and investment due to the capital owners' attempt to reduce the investment costs of projects.

5. An increase in the demand for deposits in foreign currency and a sharp decrease in the demand for deposits in Iraqi dinar, which reduces the purchasing value of the dinar and increases inflation.

6. The increase in debts and the Iraqi balance of payments deficit, due to the decrease in the purchasing power of the dinar against other currencies in the international market,

➡ which leads to a decrease in the market value of exports and its inability to compete, and

➡ increase the value of imports if the local demand for production or consumption is completely dependent on imports from abroad,

➡ which leads to a deficit in the international market and increase in loans.

# Compare the exchange rate against the dollar in the two cases

## In the case of a low price of the dinar

1. It is used to stimulate non-oil exports, and to protect them from competition for imported foreign products.
2. Stimulating tourism at home, as the foreign tourist gets more than a dinar, and it helps him pay his residence expenses.
3. Encouraging foreign investment.



4. The Ministry of Finance gets more dinars from the Central Bank in exchange for transferring oil sales dollars, which helps cover part of the budget deficit if it exists, as is the case now.

5. The rise in import prices, which causes inflation, and forces the state to increase subsidies, especially for essential consumer goods.

### In the case of a high price of the dinar

1. It is used in the case of imports of goods and equipment, as it obtains dollars in less dinars.
2. The Iraqi citizen benefits in case of traveling abroad for tourism purposes, treatment or study expenses...etc.

3. Securing a kind of relative stability of the Iraqi dinar exchange rate against the dollar is largely dependent on some internal factors, including the following:

a. The gradual transition of the Iraqi economy from the rental economy to a diversified economy of productive character through economic restructuring in favor of the productive sectors, to be a value-added productive economy.

b. Activating the role of the private sector by providing incentives and establishing real private companies.

c. Providing an attractive environment for investment.

# Thank You For Your Listening

