

Abstract

This research aims to identify the type of causal relationship between the rate of inflation and the rate of dollarization and its direction in Iraq for the period 2006-2010 using the model of co integration and error correction, we knew that Iraq is suffering from these phenomena for some time, but for the change in the Iraqi economy in 2004 and converted from planned to market economy led to the aggravation of the phenomenon of dollarization, it has touched your search concept of dollarization and the types and methods of measurement after the review of reference for a number of studies on this subject in other countries, as we have been try to stand on the reality of inflation and dollarization in Iraq and finally we have been analysis these two variables using advance econometric methods to avoid the problems that arise during the analysis and access to more realistic results, research has shown that the relationship going from dollarization to inflation during the period of research and not vice versa.