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EXPLORING THE GLOBAL TREND OF GOVERNMENT INDEBTEDNESS: CAUSES AND CONSEQUENCES

Explorando la tendencia global del endeudamiento gubernamental: causas y consecuencias

Mujahed Mutlaq Abdulrahman
Al-Rafidain University College.
Baghdad, Iraq.
Mujahid.Habib@ruc.edu.iq
https://orcid.org/0000-0002-7784-2906

Aqeel Nadea Abdulateef
Al-Mamoon University College.
Baghdad, Iraq.
aqeel.n.abdulateef@almamonuc.edu.iq,
https://orcid.org/0000-0003-3806-3798

Mudhafar Yaseen Saadoon
Al-Turath University,
Baghdad, Iraq.
muzaffer.yasseen@Turath.edu.iq
https://orcid.org/0000-0002-4235-8188

Yurii Krasylnyk.
Kyiv National University of Construction and Architecture, Kyiv, Ukraine.
krasulnyk.yus@knuba.edu.ua
https://orcid.org/0000-0003-0358-0066

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ABSTRACT

During the global financial crisis of 2008 and 2009, government debt significantly increased globally, highlighting an essential part of the economy. This study seeks to analyze the patterns and repercussions of the rising public debt in different countries, with a specific emphasis on the borrowing behaviors of advanced economies. This article aims to identify the causes of the increasing government debt levels and examine the related economic consequences via a comprehensive analysis of government borrowing patterns. The findings suggest that in the aftermath of the worldwide economic downturn, there was a significant increase in government debt levels, with various factors and outcomes found in advanced and emerging economies. While an abundance of debt may place a significant financial strain on a country, targeted expenditures in government debt can also spur economic growth. The paper highlights the need to implement fiscally responsible policies that maintain a careful equilibrium while addressing the intricacies of government debt.

Keywords: Government debt, global trends, financial crisis, developed countries.

RESUMEN

Durante la crisis financiera mundial de 2008 y 2009, la deuda pública aumentó significativamente a nivel mundial, lo que puso de relieve una parte esencial de la economía. Este estudio busca analizar los patrones y las repercusiones del aumento de la deuda pública en diferentes países, con especial énfasis en los comportamientos de endeudamiento de las economías avanzadas. Este artículo tiene como objetivo identificar las causas del aumento de los niveles de deuda pública y examinar las consecuencias económicas relacionadas mediante un análisis exhaustivo de los patrones de endeudamiento público. Los hallazgos sugieren que, como consecuencia de la crisis económica mundial, hubo un aumento significativo de los niveles de deuda pública, con diversos factores y resultados encontrados en las economías avanzadas y emergentes. Si bien una abundancia de deuda puede suponer una importante presión financiera para un país, los gastos específicos en deuda pública también pueden estimular el crecimiento económico. El documento destaca la necesidad de implementar políticas fiscalmente responsables que mantengan un equilibrio cuidadoso al tiempo que abordan las complejidades de la deuda pública.

Palabras claves: Deuda pública, tendencias globales, crisis financiera, países desarrollados.

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INTRODUCTION

In the current global economy, the problem of government debt arises as a crucial puzzle that has significant consequences for both advanced and emerging countries. A comprehensive examination of the increasing pattern of national debt accumulation is crucial because of its complex ramifications, underlying factors, and greater significance for global economic stability and prosperity. The discussion on government debt is intricate and shaped by several elements, such as fiscal management tactics. These unforeseen global crises have altered countries' financial landscape and economic policies.

The main focus of this discussion is the acknowledgment that government debt reflects broader social, political, and economic factors rather than just an economic measure. The book "Indebted Societies: Credit and Welfare in Rich Democracies" by Sorelle comprehensively examines the complex interplay between welfare mechanisms and credit systems in prosperous, democratic nations. It suggests that managing government debt is inherently connected to the socio-economic welfare of the population[1]. It is crucial to understand the sociopolitical elements that lead to the increase of debt and its impact on societal well-being.

Jałtuszyk has emphasized that the COVID-19 epidemic and the global financial crisis of 2008 have worsened the debt obligations of countries in an unprecedented manner. The calamities have greatly influenced the economy, causing immediate disruptions and leading to a series of fiscal measures. Additionally, they have resulted in a significant rise in government borrowing and debt levels [2]. Due to the pandemic, governments have been forced to augment their expenditures to bolster struggling economies. Consequently, this has resulted in elevated levels of debt and added complexity to the fiscal situation of nations worldwide.

Mankiw's study demonstrates the association between government debt, capital accumulation, and the duration of low interest rates [3]. Economic theories and models provide valuable insights into the consequences of increasing debt levels. This article thoroughly evaluates how the current low-interest conditions impact the conventional dynamics of investment and debt. This concept suggests that the consequences of government debt go beyond immediate financial records, including long-term development of capital and chances for economic growth.

In addition, the analysis undertaken by Haupt and Nollmann provides valuable insights into the consequences of wealth and income distribution. It highlights the possible worsening of inequality, especially among the highest-income groups, due to fiscal policies related to debt management [4]. The government debt element highlights the socio-economic consequences of debt, demonstrating the intricate relationship between fiscal policy, income inequality, and social welfare.

The examination delves into the global aspect of government debt, highlighting diverse origins and outcomes in various locations, focusing on emerging nations. The study by Nguyen and Su examines the impact of government expenditure on energy poverty, providing insight into the complex challenge emerging countries face as they strive to balance present social demands with the long-term sustainability of their debt [5]. The analysis conducted by Redo and Siemiątkowski on the relationship between indebtedness and economic convergence in Central and Eastern European countries emphasizes the challenges and opportunities that arise from such debt in terms of economic growth and integration into larger economic blocs [6].

The introduction lays the groundwork for a comprehensive analysis of the worldwide occurrence of government indebtedness by including these varied viewpoints. The main objective of this study is to analyze the intricate interaction of factors that contribute to this phenomenon, evaluate its extensive repercussions on societies and economies, and consider the course of global economic governance in response to increasing national debt. This study significantly contributes to scholarly debate and gives policymakers and economic stakeholders valuable insights into the complexities of managing government debt in a globally integrated and unpredictable economy..

The aim of the article

This article looks at the problem of governments' increasing debt levels worldwide and the factors that have contributed to this development. This article examines the effects of the 2008-2009 economic crisis on government debt levels and the causes of debt buildup in developed and developing countries by conducting a thorough literature review and statistical analysis. Focusing on the economic burden that excessive debt may impose on a country's economy, this article also aims to examine the government debt of Japan, the United States, European Union nations, and Ukraine. In the end, this article aims to bring attention to the problem of government debt and urge policymakers to manage growing debt levels while striking a balance between investment and debt sustainability.

Problem statement

The issue statement for this article is that increasing budget shortfalls and increasing lending by governments worldwide have made government debt a significant worry in recent years. With many nations attempting to control current debt levels while preserving economic development, the worldwide financial meltdown of 2008-2009 has significantly exacerbated the issue. Slower commercial activity, more excellent unemployment rates, and less investment in critical services and programs are just some of the adverse effects that government debt may have on the economy. In order to create successful policies that achieve an equilibrium between investments and debt sustainability and ensure long-term economic development and stability, it is necessary to understand the origins and effects of government debt.

LITERATURE REVIEW

The existing literature on government indebtedness thoroughly examines the factors that lead to it, the resulting consequences, and the different solutions seen in countries worldwide. Nevertheless, despite the extensive study conducted, substantial gaps in knowledge and unsolved inquiries still need more exploration. This literature review aims to consolidate significant discoveries from previous research, acknowledge the constraints of present knowledge, and suggest avenues for future inquiry that will improve our understanding of government indebtedness.

The study undertaken by Paluszynski offers valuable insights into how countries perceive and respond to early indicators of imminent financial crises Paluszynski[7]. The article highlights the need to promptly identify and gain information to avoid or reduce the severity of such events. However, this perspective needs to consider the unique processes by which the spread of knowledge affects the development of policies and public opinion. There needs to be more comprehension of the educational component of financial crisis management.

Examining the debt and economic progress of Central and Eastern European (CEE) nations [6], Redo and Siemitkowski emphasize the dual role of indebtedness as both a possible risk to financial stability and a driver of economic growth. To properly grasp the worldwide importance of their results, a more comprehensive comparative study is essential, including countries with varying degrees of development and institutional frameworks. Although their research provides valuable insights into the regional complexities of indebtedness, a broader examination is required.

Nguyen and Su analyze the impact of government spending on energy poverty, emphasizing the importance of fiscal policies in addressing social issues in developing countries [5]. This study initiates a crucial discussion on the distribution of government finances. However, a thorough examination of the long-term viability of these expenses is needed in light of a growing national debt and its consequences for future economic expansion.

DiPeitro and Anoruo conducted an extensive panel analysis to investigate the correlation between government, public debt, and actual economic growth. Their study provided vital insights into the intricate relationship between fiscal policy and economic results [8]. Nevertheless, their study primarily emphasizes quantitative measurements, highlighting the significance of qualitative investigations considering the political economics of debt accumulation, including the efficacy of governance and policies.

Paluszynski and Stefanidis conducted a study to investigate the factors that cause debt crises, explicitly focusing on the key catalysts and vulnerabilities that lead to these circumstances [9]. Although the study enhances our comprehension of the technical aspects of debt accumulation, it fails to analyze the socio-economic consequences of debt crises, particularly the effects on disadvantaged and marginalized groups.

Although there has been much study on government indebtedness, certain areas still require more investigation. There is a need for further multidisciplinary study that combines economic, social, and political studies to provide a holistic understanding of indebtedness. Moreover, additional study is necessary to investigate the multifaceted impacts of debt on different socio-economic groups and the repercussions for inequality and social justice. In addition, although existing research offers significant insights into the immediate factors contributing to debt crises, there needs to be more studies that specifically examine long-term strategies for efficiently managing debt and improving resilience.

To address these gaps in knowledge, our research will use a multidisciplinary approach, integrating economic theory with social and political analysis to comprehensively understand government debt. The main objective of our research is to examine the economic and social consequences of debt, with a specific emphasis on its effects on marginalized populations and inequality. In addition, we will examine several strategies for efficiently and sustainably managing debt. Our study aims to contribute significantly to the global discourse on debt by analyzing several economies. We provide essential insights that may be used in various contexts, leading the formulation of policies for effective debt management and economic resilience.

METHODOLOGY

The purpose of this article is to examine the present situation and root causes of large public debt in nations and to speculate on the economic repercussions this debt may have. The largest amounts of government debt may be found in countries like Japan, the United States, and European Union nations [10], [11].

One of the major issues is that various nations use different techniques for measuring their government debt, and these methods might vary based on what is considered to be part of the debt. The government debt of certain nations, for example, does not include state-guaranteed debt or the debt of local authorities. Debt may be calculated using a variety of approaches, even within the European Union, such as Eurostat's Maastricht Treaty methodology and the European System of Accounts (ESA) 1995, [12], [13].

Because of this methodological variation, comparing national debts is complicated. In addition, some nations may misrepresent data or intentionally withhold information. It is difficult to control governments since they could exploit data for their own benefit [14].

There are several ways that countries can reduce their debt levels:

- Increase revenue: One way to reduce debt is to increase government revenue. This can be done through raising taxes, increasing government fees, or implementing new revenue-generating policies.
- Reduce government spending: Another way to reduce debt is to cut government spending. This can be done by reducing government programs, eliminating waste and inefficiencies, and cutting back on non-essential spending.
- Sell assets: Governments can also reduce debt by selling assets that are not essential to their operations. This can include land, buildings, and other property.
- Restructure debt: In some cases, it may be possible to restructure debt to make it more manageable. This can include negotiating lower interest rates or longer repayment terms with lenders.
- Implement structural reforms: Governments can also implement structural reforms to improve the efficiency of the economy and increase growth, which can lead to increased tax revenues and a reduction in debt over time. These reforms can include improving education and infrastructure, reducing corruption, and increasing trade and investment.

Reducing debt is a complicated and arduous process that typically needs many techniques, legislative will, and public backing. Debt reduction is important, but so is ensuring that basic services are maintained and that economic development is fostered [15].

Several nations used a mix of monetary and fiscal strategies to assist their economies recover from the 2008 financial crisis. Several nations' central banks, like the Federal Reserve and the European Central Bank, have slashed interest rates and adopted quantitative easing programs to infuse money into the economy and boost borrowing and investment [16],
.

Tax changes and increased government expenditure on infrastructure investments and social programs were also enacted as part of governments' economic stimulus initiatives. The goal of these measures was to stimulate the economy and raise consumer spending [17].

When it comes to labor market laws, banking regulations, and trade policies, several nations have adopted structural changes to get to the root of economic problems. These changes were made to boost productivity and efficiency in the workplace.

Economies have slowly but steadily begun to recover from the global financial crisis of 2008. It took longer for nations like Greece and Spain to recover than it did for the United States and Germany.

All nations have some level of debt. Several nations rely on debt, either domestic or foreign, to fund budgetary or investment initiatives. However, the ratio of a country's debt to its GDP is one measure of its fiscal health, and some nations have very low debt levels relative to their GDP. According to World Bank data for the year 2021, the three countries with the lowest government debt relative to GDP were Kuwait, Brunei, and Macao. It's important to remember that a nation's debt level may shift over time in response to internal and external forces like economic growth and recession [18].

It may be difficult to make meaningful comparisons of national debts due to differences in methodology. The cause for this is that not all nations employ the same accounting practices or have the same criteria for what constitute government debt. Government debt estimates may or may not include, for instance, state-guaranteed debt or local authority debt in different nations. Eurostat uses the technique outlined in the Maastricht Treaty, while individual member states of the European Union may apply their own national debt calculation methodologies (ESA95, for example). Because of these variations, it is not always possible to establish meaningful comparisons of national debt from one country to another [7], [19].

Examining a government's debt requires looking at how much debt it has, why it's growing, and what effect it may have on the economy. Considerations including debt levels, inflation, economic development, and the government's capacity to pay off its debts are crucial.

Understanding the country's spending regulations and financial management methods is essential for evaluating government debt. It is necessary to examine the government's financial situation, including the debt load, spending habits, and income streams. Macroeconomic considerations are also considered, such as the country's economic progress, economic stability, and connection to global financial markets [12].

Debt to GDP, debts per capita, and debt service as a percentage of income are some popular measures of government debt. This data shows how much a nation owes in relation to its GDP, population, and interest payments.

Monitoring and study of the state of the government's debt is a continuous activity. In order to prevent fiscal instability and economic downturns, governments should keep their debt at a manageable level. Simultaneously, they need to get to the bottom of what's driving debt accumulation and make plans to cut it down.

A rise in a country's gross domestic product (GDP) may increase tax collections and decrease welfare costs. The national debt may be lowered as a result [20], [21].

The term "fiscal adjustment" refers to the process of enacting policies that decrease government expenditure and/or raise tax income. Governments may decrease debt by, for instance, raising taxes or reducing spending on public sector pay, subsidies, and social programs.

The conditions of debt agreements by lenders are renegotiated during a restructuring. Adjusting the terms of a loan may include shifting when payments are due, lowering interest rates, or even decreasing the amount owed.

GRA BORROWING

Borrowing from the General Resources Account (GRA) has been updated from 2008 to 2022. The International Monetary Fund (IMF) implemented a new borrowing structure following the 2008 financial crisis to deal with the surge in demand for its loans and the risks that came with it. This structure was developed to better control risks, increase the Fund's efficiency and adaptability, and increase the amount it can grant.

A new non-concessional lending mechanism, the New Agreements to Borrow, was established by the Fund under this framework (NAB). Under the New Arrangement for Borrowing (NAB), the IMF may use the borrowing capacity of 38 member nations with robust economies, accounting for around 70% of the Fund's overall quotas. Throughout the European sovereign debt crisis and other times, the Fund has relied on the NAB to maintain its lending activities [22], [23].

The Poverty Reduction and Growth Trust, in addition to the NAB, has allowed the IMF to boost its concessional lending capacity (PRGT). With the purpose of fostering economic development and aiding in the fight against poverty, the PRGT offers low-interest loans and grants to nations with a high percentage of their population living in poverty. Since its inception, the PRGT has undergone many rounds of enhancements, the most recent of which increased loan and grant ceilings temporarily in 2020 [24], [25].

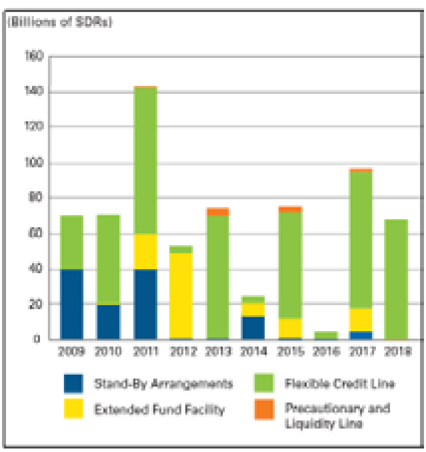

Figure 1. Agreements authorized in the General Resources Account throughout the 2009–18 fiscal years

The Flexible Credit Line, a new kind of borrowing framework from the IMF for precautionary lending, was also recently created (FCL). Financial assistance is available without conditions attached via the FCL loan line for nations with sound economic foundations and policies. Some nations, such as Mexico and Colombia, have taken use of the FCL since its inception in 2009 as a hedge against international perils [26].

As a whole, the IMF can now better assist its member nations by offering them more adaptable and efficient funding choices because to the upgrading of the GRA loans structure. However, the IMF still faces difficulties, especially in light of rising international uncertainties and economic problems, in preserving the long-term viability of its loan operations and managing the related risks.

The International Monetary Fund's (IMF) primary source of funds is called the General Resources Account (GRA). It is used to help member nations who are experiencing economic problems and to fund the IMF's daily operations and activities [27].

The IMF has authorized multiple GRA agreements to offer financial assistance to member nations throughout the fiscal years ending April 30, 2009–2018. Stand-By Agreements (SBAs), Extended Fund Facilities (EFFs), and other forms of financial assistance were among those set up [28].

Notable agreements that were signed off on during this time frame include:

- To aid in economic stability and structural reforms, the IMF granted a $16.4 billion SBA for Ukraine in May 2009.
- To assist Ireland and resolving its tax and banking sector difficulties, the IMF authorized a $36.7 billion SBA for the nation in November of 2010.
- The Cyprus economic adjustment and restructuring program

was given a $1.74 billion Grant by the International Monetary Fund in March 2013.

- To help Egypt with its reforms to the economy and its balance of payments issues, the IMF authorized a $12 billion EFF for the nation in July of 2015.
- To help Argentina rebuild its economy and manage its external and fiscal imbalances, the IMF authorized a $50 billion Small Business Administration for the nation in June of 2018.

The agreements that were agreed in the Stand-By Agreements during fiscal years 2009–2018 were crucial in assisting member nations in overcoming economic difficulties and fostering economic development and stability.

RESULTS

Stimulus spending, monetary stimulus, and low interest rates are just few of the strategies several nations have taken since the global financial crisis of 2008 to help their economies recover. As a consequence, GDP rose in a majority of nations.

Consistent growth in GDP has benefited economies all around the world in many ways. Increasing tax revenues, for instance, have allowed many nations to boost their funding for public programs and services as a result of higher GDP. And because of this boost in confidence, both consumers and businesses have boosted their spending and created more new jobs as a consequence of the rising GDP.

Growth in GDP in the wake of the financial crisis of 2008 has not been without its drawbacks. Interest rates that are low and quantitative easing are two examples of GDP-boosting policies that have been criticized for contributing to widening income and wealth gaps. In addition, geographical inequities and societal and economic inequalities have been exacerbated as a result of certain nations' unequal development.

As can be seen in Figure 1, the worldwide aggregate of government debt increased significantly after the financial crisis of 2008. Several countries and regions, including the European Union as well as the Eurozone, have made attempts to cut their debt levels since then. Government debt as a percentage of GDP has been declining in several areas. Government debt in Asia, as a percentage of GDP, however, remains much greater than it was before the crisis. These economies are at danger from their high levels of debt, and action has to be taken to lower debt levels to prevent future financial disasters.

Sub-Saharan Africa and Latin America and the Caribbean were hit hard by the crisis, although both areas have recovered and witnessed GDP growth since 2014. Several of these nations, however, nevertheless have the challenge of managing their government debt.

After the crisis, the situation in the North African and Middle East regions has stabilized, with modest government borrowing levels and strong GDP growth. Yet, geopolitical conflicts in these areas also present difficulties that might eventually harm their economy.

While many areas have made a full recovery from the financial crisis of 2008, global government debt continues to be a cause for worry. If they want to maintain long-term economic stability and prosperity, countries must keep a close eye on and handle their debt levels.

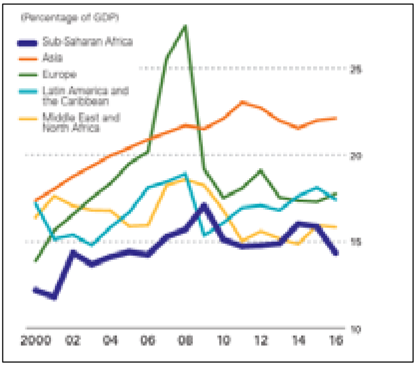

Figure 2. Crisis impact on gdp from 2000 to 2016

Figure. 2 Trends in gross government debt as a share of gdp in advanced economies from 2001 to 2021

The International Monetary Fund (IMF) reports that between 2001 and 2021, the proportion of gross government debt to GDP in developed nations rose sharply. Government debt as a percentage of GDP for developed countries increased from 66.1% in 2001 to 118.6% in 2021. During the last two decades, this points to a dramatic rise in government debt.

There was a dramatic growth in government debt in developed countries after the 2008 financial crisis. Government debt as a percentage of GDP in industrialized nations hit a record high of 105.6% in 2016, up from the previous high point in 2001.

Since then, the European Union and the United States are only two of the developed economies that have introduced measures to lower their national debt. The government debt of other countries, however, has remained stubbornly high, and Japan is among them.

Government debt as a percentage of GDP has been rising in developed nations, which is worrying since it may have negative effects on the economy and society at large.

In addition, the world economy has been severely impacted by the COVID-19 epidemic, with many nations seeing a decline in GDP as a direct result. It is uncertain how much time is required for GDP to rebound to pre-pandemic levels, despite the fact that many nations have enacted policies to boost their economy, also including deficit spending and monetary policy measures.

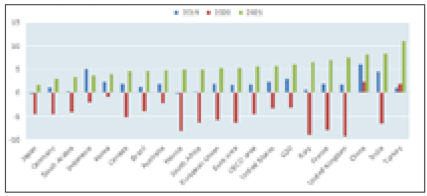

Figure 3. Average gross domestic products from 2019 to 2021

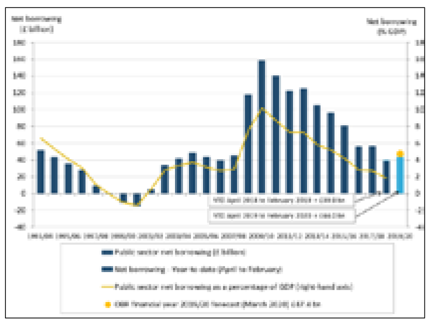

Figure 4. Net borrowing the United Kingdom from 1993 to 2020, in £ billion

The amount of cash that the British government borrows, known as net borrowing, has fluctuated widely over the previous several decades. In 1993, when it peaked at over £30 billion, net borrowing was at its highest level and remained high until 2001. The figure, however, fell steadily throughout the decade, bottoming out at little more than £3 billion by 2001.

After a brief period of restraint, net borrowing soared after the 2008 financial crisis, reaching a record of over $150 billion in 2009. Spending cutbacks and tax hikes helped lower net borrowing between 2010 and

2015, but the figure was still high overall.

Recent years have seen a rise in net borrowing as a result of the economic effect of the COVID-19 epidemic, which has resulted in large government expenditure to help companies and people. The government is anticipated to keep supporting the economic through the prolonged crisis, which pushed net borrowing to a record high of over £300 billion in 2020. The global financial crisis of 2008 had a devastating effect on several nations. Certain nations, like as Greece, were hit especially hard by it and required a loan out from European Union as well as the IMF in order to prevent default on their sovereign debt. Other nations like Ireland, Spain, Ireland and Portugal also had catastrophic financial downturns and implemented austerity measures to deal with their debt problems. High rates of unemployment and a wave of house foreclosures were felt in the United States, the country where the crisis began. So, it is difficult to identify a single nation as having suffered the most as a result of the 2008 crisis.

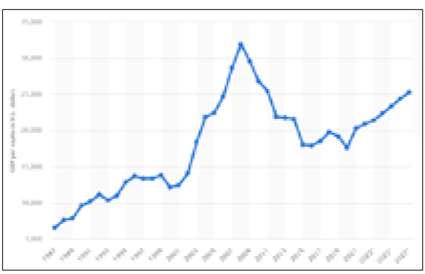

Figure 5. Greece: debt to ratio (gdp) per capita trends from 1987 to 2027 at current prices

Since 1987, there have been substantial shifts in Greece's per capita GDP at current prices. GDP per capita in Greece peaked at €20,385 in 2007, according to the International Monetary Fund's (IMF), prior to the global financial crisis. Unfortunately, the crisis' aftermath brought about a severe economic slump and a financial crisis for Greece, resulting in a precipitous fall in GDP per capita. The figure dropped to €15,865 in 2014.

Since then, Greek economic reforms have allowed the country's economy to begin to make a sluggish but steady comeback. GDP per capita in Greece is expected to increase to €21,511 by 2022 and €29,776 by 2027, according to projections by the International Monetary Fund. The estimates, however, are not without risk and uncertainty because to factors including the current COVID-19 epidemic and geopolitical concerns.

Changes in Greece's GDP per capita through time demonstrate the need of stable economic policy and the severity of economic crises. In spite of setbacks, the Greek GDP per capita is predicted to continue rising, which may bode well for the economy.

Since the height of the country's financial crisis in 2010, Greece's net borrowing as of 2021 has decreased dramatically. In 2019, the government had its first budget surplus since 1995; nevertheless, a modest deficit was expected in 2020 owing to the effects of the COVID-19 pandemic. Including austerity measures and economic reforms, the Greek government has taken action to deal with the country's debt situation. After completing its bailout program with the EU in 2018, Greece released its own 15-year link since the financial crisis in 2020. Greece has the greatest public debt in the EU as a proportion of GDP, at 205.6% in 2020. Long-term economic stability and debt reduction need the government to keep up its reform initiatives.

There is a global upward trend in government debt, as shown by examining government debt levels in various nations. After the global financial crisis of 2008-2009, both developed and developing countries have seen considerable increases in their public debt. According to a thorough literature study and statistical analysis, this crisis had a considerable influence on economies throughout the globe, including an increase

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in unemployment, a slowdown in corporate activity, and an increase in government debt. We investigated the government debt of Japan, the United States, and nations within the European Union, as well as Ukraine, which has undergone substantial economic turbulence in recent years owing in part to high levels of government debt, to comprehend the issue properly.

Japan's public debt to GDP ratio will reach 257% in 2020, a sharp rise from prior years. Japan's aging population, which has increased healthcare and pension expenditures, is a significant factor in the country's high level of debt. Japan's debt level has also increased due to the country's different economic stimulus initiatives throughout the years. Increased military expenditure, social welfare programs, and tax cuts are the leading causes of the United States national debt rising to above $28 trillion by 2021. As a result of the COVID-19 outbreak and the government's following stimulus efforts, this debt load is anticipated to increase in the future years.

The government debt of several European Union member states, especially those in the Eurozone, has risen dramatically in recent years. Its expansion has been primarily fueled by the economic crisis that shook the area in 2010 and the following measures to revive growth via government investment. Concerns regarding Greece and Italy's capacity to pay back their debts and the future of the Eurozone have been raised due to certain Eurozone members' rising debt levels. As of 2020, Ukraine's government debt to gross domestic product ratio has climbed to above 60%, most of this debt being used to fund military operations against rebels supported by Russia in the country's eastern regions. Ukraine's debt load has become more challenging to handle due to the country's protracted war and economic woes.

Our research also uncovered several characteristics similar to both industrialized and emerging nations that contribute to growing government debt levels. Public spending on things like social welfare, healthcare, infrastructure development, and unexpected events like economic downturns and natural catastrophes fall into this category. Certain governments have used borrowing to fund unsustainable programs, such as tax cuts or military expenditures.

Government debt may help fund economic and social projects, but it can spiral out of control and become a significant financial burden. Increased interest rates on borrowing, slower economic development, and less trust in government institutions may all result from excessive debt. Therefore, governments with high debt levels may need help to absorb external shocks or fund future initiatives.

To solve the issue of mounting government debt, officials will need to find a middle ground between the opposing interests of investment and debt sustainability. It means that public funds need to be carefully managed, and policies need to be implemented to help the economy grow while keeping the budget in check. To keep government debt from getting out of hand, officials must watch for financial crises and natural disasters and act quickly when they happen.

Our article emphasizes the serious and expanding issue of government debt around the globe. Debt levels are growing for many nations for similar reasons, but effective remedies must consider each country's specific circumstances and concerns. Policymakers may learn more about the causes and effects of growing government debt by doing the research outlined in this article.

DISCUSSION

Studies have increasingly focused on the worldwide prevalence of government debt, mainly because of recent economic difficulties such as the COVID-19 epidemic, low-interest rates, and continuous discussions about fiscal policy and economic growth. This academic literature examines the origins and repercussions of government debt, using various research to analyze and juxtapose diverse viewpoints and discoveries.

Several variables impact the extent of government debt, such as fundamental shifts in the economy, choices made in fiscal policy, and periods of economic downturn. Mankiw [3] emphasizes the importance of low interest rates in promoting government debt growth. He claims that low-interest rates enhance the attractiveness of borrowing for governments aiming to fund capital accumulation or manage budget deficits. Akram and Li [11] support this perspective by examining the variables that lead to consistently low interest rates in the United States. They find that monetary policy actions and global financial circumstances substantially influence.

Jałtuszyk [2] highlights that the government's debt has aggravated due to the COVID-19 epidemic. In addition, the global financial crisis and inflationary pressures are also topics of conversation. The pandemic led to a significant surge in government expenditure to stabilize economies, strengthen healthcare systems, and offer social assistance, resulting in a rise in borrowing.

The consequences of an increasing national debt are many and varied. Debt may serve as a vehicle to foster economic development and mitigate the impact of cyclical recessions. However, an excessive amount of debt presents dangers to the expansion and stability of the economy. DiPeitro and Anoruo [8] investigate the correlation between the magnitude of the government, the level of public debt, and the economy's progress in their research. Their concept suggests that while debt may contribute to growth to some extent, above a certain threshold may impede economic performance.

The study by Nguyen and Su [5] offers valuable insights into the precise effects of government expenditure on energy poverty in developing nations, elucidating the direct impact that government fiscal policies can have on economic inequality and social welfare. Haupt and Nollmann [4] provide more evidence to support this claim by examining how certain types of labor income might worsen inequality, implying the broader social consequences of government fiscal policy.

Upon conducting a comparative analysis of these findings with the research conducted by SoRelle [1], which examines the relationship between credit, welfare, and prosperous democracies as investigated by Wiedemann, it becomes evident that the problem of indebtedness impacts social welfare, wealth distribution, and economic policy. Research conducted by SoRelle highlights the importance of proficiently managing debt and credit for the long-term viability of social assistance services in democratic societies.

Redo, and SiemiĂtkowski [6] do a targeted examination of the debt levels in Central and Eastern European (CEE) nations, emphasizing the difficulties and possible advantages linked to the pursuit of economic growth. Their study enhances the broader academic discourse by demonstrating the impact of regional dynamics and historical circumstances on the administration of government debt.

The worldwide allocation of government debt is an intricate occurrence impacted by several elements, such as fiscal policy choices, economic crises, and low-interest rates. The ramifications of debt are similarly intricate, impacting economic expansion, societal well-being, and disparity. An in-depth analysis of the preceding research shows that all participants agree on the crucial importance of fiscal policies and prudent debt management. These measures are necessary for a balanced and mutually beneficial relationship between social fairness and economic advancement. Amidst the aftermath of the pandemic, these studies provide valuable insights into the effective management of debt, focusing on minimizing its harmful effects and addressing its root causes..

CONCLUSION

This article examines the present problem of growing government debt worldwide, examining its roots, effects, and possible remedies. By the results of our study, the quantity of the debt that the government owns has dramatically risen over the last several years, most noticeably in the years following the worldwide financial crisis in 2008 and 2009. We have shown that governmental expenditures, physical facilities, and external shocks such as economic instability and natural catastrophes often cause this phenomenon.

Our research on Japan, the United States, and the nations that comprise the European Union allowed us to determine which nations have the highest government debt levels. Furthermore, our in-depth research on Ukraine allowed us to provide a case study of a developing nation struggling with a growing debt burden. According to the findings of our study, putting money into government debt might be a profitable approach to invest in economic development; nevertheless, this strategy requires vigilant oversight should it burden the economy.

Our examination of possible remedies reveals that governments may manage the growing tide of public debt by cutting public expenditures, boosting income, and enacting structural changes. The study emphasizes the significance of balancing investment and debt sustainability. In addition, decision-makers in government need to understand the variables that contribute to an increase in the national debt to be able to make educated decisions regarding the direction of future public expenditure.

This article contributes significantly to the existing body of research on public debt by presenting a thorough review of the current trajectory of public indebtedness worldwide, covering both industrialized and developing countries. Our investigation also emphasizes how shocks from the outside world, such as financial crises and natural catastrophes, worsen the national debt.

While it is true that our paper has made a significant addition to the existing body of research concerning the subject of budget deficits, a lot of restrictions must be taken into mind, so make sure you do that. One of our limitations is that most of our attention has been placed on quantitative data. In the future, it might be beneficial to incorporate qualitative research methods to achieve a deeper, more nuanced comprehension of the myriad factors contributing to the growth of the national debt. In addition, the scope of our study is restricted to the examination of governmental debt; we do not consider other debt-related subjects, such as public debt or family debt.

The essay highlights the need for policymakers to adopt a balanced approach to the issue of government debt and implement policies that promote both investment and debt sustainability. Policymakers may guarantee that the national debt continues to serve as an instrument for economic development rather than being a burden on the economy by constantly monitoring and managing the debt.

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