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MEASURING THE EFFECT OF PUBLIC SPENDING ON REDUCING UNEMPLOYMENT IN IRAQ FOR THE PERIOD 2003-2009

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ABSTRACT:

Unemployment is one of the problems rooted in the Iraqi economy despite the possibility of eliminating it or at least reducing it through spending policy because of its great role in influencing it. Therefore, the research concluded, in its analytical aspect, that the spending policy adopted by the government after 2003 has a major role in reducing the unemployment rate, and the standard model was used for this purpose and confirmed in order to reach a set of results and recommendations that enhance the role of government spending in reducing the unemployment rate in the economy. Iraqi for the period from 2003-2019.

INTRODUCTION

Unemployment is the most important and most dangerous problem facing countries with their various systems and levels of economic development at the present time, as it is one of the intractable problems in developing countries, especially the Arab countries, especially Iraq, due to its high rates due to its structural problems that it suffers. The political change after 2003, which caused the suspension of many projects and the demobilization of many The employees of the Ministry of Defense, the Media and the security services to add other burdens to the burden of the social cost in it and in light of the control of the public sector over the economy and the decline of the private in the recruitment of employment, the successive Iraqi governments do not see a way to reduce unemployment except through their spending policy, through employment policies in the public sector, so they contributed Those government spending policies that it adopted and the reform programs and expansion in the state departments and security services reduced the unemployment rate

Research problem

The research problem lies in the fact that the exceptional circumstances that Iraq went through have paralyzed the macroeconomic environment, which resulted in limited job opportunities due to the uncommon deterioration of many government institutions and the collapse of the security situation, which led to a current accumulation of the number of unemployed.

Research hypothesis

The hypothesis of the research stems from the possibility of pursuing an expansionary spending policy, which contributes to the possibility of affecting unemployment in Iraq.

research aims***The research aims to***

Take note of the reality of public spending in Iraq.

Knowing the nature of the development of unemployment in the Iraqi economy.

Measuring and analyzing the impact of public spending on the unemployment rate in Iraq.

Research Structure

The research was divided into three topics, the first of which dealt with theoretical concepts of public spending and unemployment, while the second one dealt with analyzing the reality of public spending and the unemployment rate in Iraq during the research period, while the researcher used the standard analysis method to know the role of public spending in reducing the unemployment rate.

The first topic***conceptual framework******First - the concept of public spending******Definition of public spending***

Financial thought includes many definitions of public spending, and the truth of the matter is that there are more than one definition of public spending that does not mean different concepts, but rather reflects the different angle through which public spending is viewed. Its constituent authorities for the purpose of achieving public benefit ⁽¹⁾.

Others defined it as a measure subject to critical evaluation that a person of public law orders to spend in order to satisfy a general need ⁽²⁾.

There are also those who know government spending as the tunnels that the central government and local governments bear to satisfy collective social needs ⁽¹⁾.

1 - Mithan, Modren, Public Finance, Theory and practice, Himalaya House, New York, 1998, p221.

2- Hamed Abdel-Majid Diraz and others, Principles of Public Finance, Section Two, University House, Beirut, 2003, p. 251.

There are those who define public expenditure as "an amount of money used by the state or one of the public institutions it establishes with the intention of satisfying a public need" ⁽²⁾.

Also, there are those who express public spending "an amount of money (economic, monetary) issued by the state or any legal person aiming to achieve the public benefit" ⁽³⁾.

That is, the alimony can be issued in the in-kind method as a result of many political, economic, social and financial considerations, but in order to avoid the problems of in-kind spending and to achieve the principles of justice and equality in benefiting from the public expenditures of the state, which prompted governments to switch from the method of in-kind spending to cash spending.

Pillars of public spending

Through the previous definitions, it is possible to define the elements or elements of public expenditure as: a cash sum, a public person in charge of the expenditures, and a public benefit that is the target of this expenditure.

Public expenditure is a cash amount

In order for us to be in the matter of public expense, an amount of money must be used as a price for the products the state needs in order to run public utilities and a price for the productive capital that it needs to carry out the investment projects that it undertakes. Nowadays, in a monetary economy, money is the state's means of spending ⁽⁴⁾. Accordingly, the non-monetary means that the state may pursue to obtain the products it needs or to grant aid are not considered public expenditures, for example what states used to use in forcing individuals to work without pay or to seize the money or products they need without compensation. Likewise, public expenses are not considered benefits in kind, such as free housing. The state's use of money in spending facilitates what is required by the modern financial system to establish the principle of various forms of control over public expenditures to ensure its proper use based on the controls and rules that achieve the interests of individuals.

Public expenditure is undertaken by a public person

In order for us to be in front of a public expense, the matter requires that that alimony be issued by a public authority, that is, that the alimony is outside the responsibility of a public person, Public expense includes expenditures of local authorities, national public authorities, public institutions, and

1 - Dr.R.Cauvery and other, Public Finance (Fiscal Policy),S.Chand Company LTD,2010,P27.

2 - Rida Sahib Abu Hamad Al Ali, Public Finance, Al-Jazirah Office, University of Kufa, 2002, p. 63.

3 - Muhammad Marwan Al-Samman and others, Principles of Economic Analysis (Micro and Macro), Dar Al-Thaqafa Publishing House, Amman, 2008, p. 277.

4 - Adel Ahmed Hashish, Fundamentals of Public Finance, University Knowledge House, Alexandria, 1996, p.63.

expenditures of public projects ⁽¹⁾. It does not preclude that these projects are subject to commercial regulation in their administration with the aim of making a profit. Thus, public expenditures are those expenditures made by the state in its sovereign capacity in addition to the expenditures carried out by its institutions in the economic field, and on the contrary, it is not considered a general expense the expenditures made by individuals Or private projects even if they are intended to achieve public benefit.

The purpose of public spending

Public expenditures should be issued with the aim of satisfying public needs and achieving public benefit, and therefore public expenditures are not considered to be those that do not satisfy a public need, and do not yield public benefit to individuals. They are also equal in benefiting from the public expenditures of the state in various aspects ⁽²⁾ and therefore the alimony is not considered general if it is issued by a public person, but it benefits a specific individual or a certain group of individuals at the expense of the rest of the community and its groups. The idea of public benefit is constantly evolving, as it differs from one state to another and from time to time in the same state. Therefore, we find that the public authority that represents the desires of society as a whole is the one to determine the extent to which alimony is achieved for the public benefit, so the decision considering that there is a public benefit is considered a decision Politically as well as being a financial decision

General alimony rules

Public spending has rules that must be observed. They are rules that regulate the process of spending public money, and these rules are called the Public Expenditure Constitution. It has three rules in most of the public finance book, namely the utility rule, the economy rule and the licensing rule, and some writers add to it a fourth rule, which is the rule of fairness in the distribution of public spending, and there are other rules that we will review in detail.

The utility rule

Public spending should aim to achieve a public benefit, and this can only be achieved by directing public spending to satisfy a public need, and since public needs are determined by the political and economic decision, they differ from one country to another and in the same country from time to time. The alimony is directed towards satisfying a public need within the limits of the traditional functions of the state. As for modern financial thinking, the idea of public benefit is achieved by using public expenditures in various economic and social fields.

The base of the economy

1 - Baher Muhammad Alalm, Public Finance Economics, Cairo University Center for Open Education, Cairo, 1998, p. 36.

2 - Adel Ahmed Hashish, the same source, p. 65.

The economic rule includes avoiding wasteful and extravagant public spending without justification, by which we mean achieving the maximum possible benefit at the lowest possible cost.

The licensing base

This rule means that it is impermissible to disbursement and engage in disbursement without permission from the competent authority, whether it is the legislative authority, as is the case in the general budget, or the administrative authorities legally authorized to disburse, and the financial laws in the state regulate everything related to the disbursement of public expenditures and their procedures and the competent authority to authorize the disbursement And the competent authorities to monitor the implementation of public expenditure and its types, which are:

Administrative or internal control is carried out through the executive authority represented by the Ministry of Finance, where control is focused on not allowing any amount to be spent except if it is in the aspects mentioned in the general budget and within the limits of the approved approval.

Parliamentary oversight: carried out by the legislative authority.

External accounting control: It is carried out by independent accounting bodies such as the General Accounts Bureau or the Financial Supervision Bureau ⁽¹⁾.

This control is the most effective type of control for several reasons, the most important of which are ⁽²⁾:

- Specialization of the supervisors.
- Giving the right to those parties to stop violators and determine accounting errors.
- Their right to express an opinion on the procedures to be followed to correct accounting issues in government departments.

The rule of fairness in the distribution of spending ⁽³⁾

The investigation of the utility control, which is the first rule of the public spending rules, requires that there be fairness in the distribution of public benefit, which can only be achieved after adopting the rule of equitable distribution of public expenditures, and this means that the public benefit is not limited to a class or group with influence in the state or granting a specific region An amount of tunnels exceeds what is allocated to other regions, or the interest in the capital and the neglect of other cities, and the principle of equitable distribution of benefits finds its basis in two ideas, the first is that the state apparatus is found in the interest of society and not the interest of an individual or a specific group, and the second idea is that as long as the tunnels

1 - Adel Falih Al-Ali, Talal Mahmoud Kadawi, The Economics of Public Finance, Book 1, Introduction to Public Finance and Public Expenditure, Dar Al-Kutub for Printing and Publishing, Mosul, 1988, p. 101.

2 - Qabas Hassan Awad Al-Badrani, Public Finance and Financial Legislation, Ibn Al-Athar House for Printing and Publishing, University of Mosul, 2010, p.60

3 - Adel Al-Ali, Public Finance and Financial and Tax Law, previous source, p. 45.

The public is borne by all individuals or by those who are capable of them, according to the theory of social solidarity, that the public benefit generated by the tunnels must extend to all individuals, and to achieve this it is required to adopt the principle of planning whereby the planner conducts budgets to achieve the maximum possible collective benefit.

The aforementioned spending rules represent the rules agreed upon in most public finance books, and there remain some rules that were referred to in the fiscal books, which we will review in the following to complete the previous rules.

The surplus achievement rule ⁽¹⁾

It means that the public authorities carry out the tunnels in light of their available capabilities, which is similar to the behavior of ordinary individuals. Everyone should live within the available means, the government should not spend more than necessary and fall into deficit. This does not mean that the state should not fall into debt, as it is possible to borrow money, but it must be taken into account that there is sufficient income to pay interest on loans in addition to the principal of the loan. This rule was an essential part of the philosophy of freeing freedom in the nineteenth century, and it is an extension of the principle of budgeting according to the family rule. Although this rule for public spending is a sound and guaranteed rule, it is not preferred by economists, because setting budgets at the present time depends on the state of the economy, whether it is in a state of inflation or in a state of recession. Therefore, public spending here plays an important role in the balance process. Between aggregate demand and aggregate output. The budget deficit may be used as a tool to increase the rate of capital formation in a developing country, provided that the deficit is not large, it may lead to an inflationary trend in the economy, and as a result, the surplus base has lost its importance in modern public finance ⁽²⁾.

The flexibility rule

This rule affirms that there must be an appropriate degree of flexibility in public spending, as it must be possible for public authorities to change public spending according to circumstances, meaning that public spending can increase during the emergency period and the possibility of reducing it in normal times, but nevertheless we find that spending The public is constantly increasing, but the process of reducing public spending is difficult, so it is necessary to gradually increase public spending to ensure an appropriate degree of flexibility to meet financial breakdowns during the crisis period.

Productivity base ⁽³⁾

According to this rule, the public spending policy should encourage production and production efficiency in the country. This means that the

1 - Dr.R.Cauvery and Orher,Opcit,p34.

2 - Dr.R.Cauvery and Orher,Opcit,p35.

3- Dr.R.Cauvery and Orher,Opcit,p35

largest part of public spending should be allocated to production and development purposes.

Pictures of public spending

The public spending of the state, despite its multiplicity and different objectives, takes the following pictures ⁽¹⁾:

- a- The salaries and wages of state employees and its workers, and pensions.
- b- State purchases of goods and services.
- c- The state's repayment of the principal and interest of public loans.
- d- eighths of grants and subsidies and in-kind payments of social security.

Scientific divisions of public expense

There are many divisions of public expenditures due to the multiplicity of research purposes and differ according to the angle from which those expenditures are viewed, and in fact there is no single division that all countries follow, as each country follows the division that fits its economic, financial and social conditions. In the theoretical aspect of the research, we will focus on the scientific divisions of public expenditures dealt with by public finance scholars, which depend on repetition or periodicity, according to their objectives, scope of application, or their economic effects. In the following, we will review these divisions in some detail:

The division of public expenditures according to their periodic frequency

The division is based on the nature of the expenditure or the annual expenditure, and according to which the public expenditures are divided into ordinary (Frequent) and extraordinary (Not frequent) expenditures ⁽²⁾ as follows:

recurrent expenditure: -

They are the regular expenditures that recur annually in terms of duration and not a requirement that they be repeated in terms of amount, for example spending on the salaries and wages of state employees and spending on education, the judiciary and security ... etc.

Non-recurring expenses: -

It is the extraordinary expenditure that do not recur annually, such as Emergency expenditures for natural disasters, social problems, wars ... etc.

The division of public expenditures according to their direct objectives

This division shows the public expenditures of the state according to the functions it performs, meaning that this division follows the various activities

1 - Dr. Hamid Abdel-Majid Deraz, Studies in Financial Policies, University Youth Foundation, 1984. Pp. 260.

2 - Zakaria Muhammad Bayoumi, Principles of Public Finance, Dar Al-Nahda Al-Arabiya, 1978, p.82.

that the government carries out ⁽¹⁾, that is, the nature of the service that the spending aims to perform.

The private expenditures for each job are gathered in one department, regardless of the multiplicity of the administrative authorities that perform it. According to this division, the public expenditures of the state may appear according to the following jobs:

Economic Expenditure:

It includes the funds earmarked for services aimed at achieving an economic goal, such as investments in various economic projects and project subsidies, and providing the national economy with basic services such as energy and transportation ... etc.

Administrative Expenditures:

The sums allocated for running public utilities include salaries and wages for individuals working in the government administration and the price of administration requirements. It also includes the sums needed to achieve internal security and maintain relations with the outside.

Social expenditures:

It includes the expenditures required to carry out social services such as assistance to some segments or individuals who are in social conditions that require support, such as granting subsidies to large families with limited resources.

The division of overheads in terms of their corresponding

The expenditures are divided according to this criterion into real expenditures and transfer expenditures. Real expenditures are expenditures that the state spends in exchange for obtaining goods and services for the conduct of public interests ⁽²⁾, and accordingly they represent a cash flow by the state corresponding to another stream that is a good or service by individuals ⁽³⁾. These expenditures are represented by current expenditures such as salaries, wages, maintenance and supplies needed by the government administration, such as furniture, stationery, cars, and investment expenditures aimed at capital formation, such as construction and reconstruction expenses, and the establishment of economic, commercial and service projects. As for transformative expenditures, they do not directly increase national production, but rather lead to a redistribution of national income among members of

1 - Riyadh Al-Sheikh and Amr Mohiuddin, Public Finance, A Study of Public Economy and Financial Planning, Dar Al-Nahda Al-Arabiya, Beirut, 1974, p. 131.

2 - Abdel Moneim Al-Sayed Ali, Introduction to Economics, The National Library, Baghdad, 1981, p. 174.

3 - Adel Al-Ali, Public Finance and Financial and Tax Law, previous source, p. 74.

society⁽¹⁾, that is, they represent a cash flow from the state that is not matched by individuals with a specific good or service⁽²⁾.

Economic transfer expenditures

These are the monetary sums that the state allocates to achieve certain economic goals, such as fixing the prices of basic food commodities through monetary subsidies that the state provides directly to its local producers or reducing the prices of national products intended for export to international markets in order to be able to compete with similar goods in these markets or to face the deficit that some economic projects are exposed to it.

Financial transfer expenditures

They are the cash sums that the state assigns to service public loan payments, and these payments are represented by the amounts of public loans previously issued by the state and subscribed to by individuals and businesses in addition to the interest due on them, and these payments are transfer expenditures because the state does not get any amount at the time of its payment and then the fulfillment. With it, it is from the proceeds of taxes, which means the transfer of cash sums from taxpayers to subscribers of public loans (holders of public bonds).

Social transfer expenditures

These are the monetary amounts decided by the state with the intention of creating a specific social impact, then improving the standard of living for some social groups and achieving a measure of fairness in the distribution of incomes. Among the most important forms of these expenditures are social security funds allocated to sickness, disability and unemployment⁽³⁾.

a- The division of public expenditures according to their scope of application

Expenditures are divided according to this standard on the basis of the entity or body that conducts the spending, and it is divided into central and local expenditures, so the public expense is national or central if it is included in the state budget and the central government undertakes it and is directed to the benefit of all members of society⁽⁴⁾.

As for local expenditures, they are the expenditures directed to a specific region. These are the expenditures undertaken by local government councils, such as the provincial councils, cities and villages, and are directed to the

1 -Abdel-Fattah Abdel-Rahman Abdel-Hamid, Public Finance Economics, Faculty of Commerce, Mansoura University, 1996, p.64.

2 - Awad Fadel Ismail, The Theory of Governmental Expenditure: A Study in Its Legal, Financial and Economic Aspects, Al-Nahrain University, Baghdad, 2003, pp. 230 - p. 231.

3 - Mahmoud Hussein Al-Wadi and Zakaria Ahmed Azzam, Public Finance and the Financial System in Islam, First Edition, Maisarah House for Publishing, Distribution and Printing, Amman, 2000, pp. 125-127.

4 - Abdul Aal Al-Sakban, Introduction to Public Finance in Iraq, Baghdad, Al-Ani Press, 1972, p. 106.

benefit of the residents of a specific region or region within the state, for example the expenses of delivering electric power and telephone lines ⁽¹⁾.

That this division is done on the basis of the purpose of the public expenditures or the party that bears the burden of financing public expenditures. If the purpose is to achieve a public benefit that accrues to all regions of the country, the public expenditures are national or central, and vice versa.

b- Apportionment of public expenditures according to the divisibility of their benefits

A distinction is made between these expenditures according to whether the benefits that accrue from them are divisible, or in other words the expenditures are divided according to the nature of the benefit generated by them or the service resulting from them, so we are faced with two types of expenditures according to this criterion: ⁽²⁾:

Divisible benefits

They are those benefits or services that the per capita share of which can be determined or estimated, and thus the possibility of determining their value, such as public transport services and health services, and given the possibility of determining the expense or the value of the service that accrues to the consumer, the state finances it either through fees when the public benefit in it is greater than the benefit Private, or public price when the private benefit therein is greater than the public benefit.

Benefits that are indivisible

They are those benefits from which the per capita share cannot be determined or estimated, the example of which are the traditional services of the state such as security, defense, justice and the expenses of the legislative authority, despite the importance of these expenditures and despite the fact that their benefit includes all individuals and they are services subject to the principles of the inability to exclude and not compete for consumption ⁽³⁾. However, it is difficult to determine the share of each individual from this benefit or service, and therefore it is financed by taxes by distributing its burden to all members of society, each according to his financial ability.

Second: the concept of unemployment:

Definition of unemployment:

Unemployment can be defined as the condition of individuals who do not work even though they are serious about searching for it or are waiting to

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- 1 - For more details on these two principles, see:
Yunus Ahmad Al-Batriq and others, Principles of Public Finance, University House, Cairo, 2000, pp. 48-52.
 - 2 - Dr. Ali Abdel-Wahab Naja, The Unemployment Problem and the Impact of the Economic Reform Program on It, An Applied Analytical Study, University House, Egypt, 2005, p. 1.
 - 3 - Economic and Social Commission for Western Asia (ESCWA), Social Impact, 2002, p.

return to work, meaning that the individual is considered unemployed if he does not work, as well as he made an effort to obtain it during the past period of time (such as being Months) or he was temporarily dismissed from his work and is waiting to return to work again, or he is waiting to receive work during the next period (for example, a month). According to this concept, unemployment is represented as the difference between the amount of work offered and the volume of work used in society during a certain period of time from the prevailing wage levels, and then the size of unemployment is the size of the gap between both the quantity supplied and the quantity demanded of it in the labor market at a certain level of wages ⁽¹⁾.

Unemployment is officially defined according to the International Labor Organization (and it is the case of an individual who is currently unemployed and who is looking for an active job for a period of time agreed upon by the employee and the employer).

Unemployment is scientifically defined as (the situation in which the society does not fully or optimally use the labor force in it, and then the actual output in this society is less than the expected output, which leads to a decline in the level of welfare of members of society).

Types of unemployment

Unemployment is one of the manifestations of wastage in the use of human resources, as it is an annihilation of productive energy that cannot be stored, and income necessary to sustain life cannot be reduced or canceled, especially with the existence of unemployment compensation. Unemployment is classified according to its causes into the following:

- a- Cyclical unemployment: It appears due to economic cycles, and most countries try to avoid it or reduce its duration, and it usually disappears or decreases during the period of boom and recovery, and therefore it is a good expression of the country's economic condition, and if it lasts for a long period it can turn into structural unemployment, and that Because the economic structure changes during a period of economic fluctuations, and it is natural for most of the state's fiscal and monetary policies to increase the growth of the economy to address this type of unemployment⁽²⁾.
- b- Structural unemployment: it arises from shifts in demand or changes in technology, so that the available workforce whose expertise and qualifications are inconsistent with the demand in the labor market, and it is more impactful and painful in the economy and requires state intervention to address it, and is usually treated by Training, re-education or geographical transfer programs for workers to places where the demand for workers is high⁽³⁾.

1 - Economic and Social Commission for Western Asia (ESCWA), Social Impact, ..., the same source, p. 32.

2 - McConnell c.R Brue S.L Macpherson D.A contemporary labor economics . op.set.pp566.

3 - R.Liprey structural and deficient demand unemployment reconsiderd, p248.

- c- Frictional unemployment: This type is related to the movement of workers and their movement from one job to another, and it is considered a healthy phenomenon indicating the dynamism of the labor market, and it is usually addressed by shortening the time period during which the worker remains looking for a job opportunity, through labor offices And job application ads⁽¹⁾.
- d- Disguised unemployment: which arises when the marginal product of the labor element is zero or negative, and the agricultural developing countries were among the most famous examples of this type of unemployment, and there is now a belief that this type of unemployment exists in the government sectors of developing countries, because of the state's commitment to ensuring the employment of graduates. It is addressed by transferring workers from the sectors in which they congregate to other sectors, or by creating new job opportunities for them, especially in the private sector⁽²⁾.
- e- Seasonal unemployment: It appears due to the variation of the seasons and the nature of work, meaning that there are some work that can only be performed in a specific season of the year, and then the workers who perform them remain in a state of unemployment for the rest of the days of the year, which is less dangerous than structural unemployment, and is treated by finding Jobs that complement seasonal work or fill times when seasonal workers are not working⁽³⁾.
- f- Blessed unemployment: It is a state of disruption of the workforce, and it may be frictional, structural, or cyclical, whose period of time is lengthened or shortened⁽⁴⁾.

The economic and social effects of unemployment.

a- The economic effects of unemployment.

The economic costs of unemployment are represented by the economic effects and losses that society bears when the investment is not made to the available elements of production, especially the labor component lost work. Among the economic effects of unemployment we mention ⁽⁵⁾.

Unemployment has a clear effect on the size and distribution of income, and the effect is on the size of income from the change in the domestic product. As for its effect on income distribution, it is that changing the level of employment would lead to a change in the level of wages in the same direction. There are indirect effects represented in the influence on

1 - The General Secretariat of the League of Arab States, The Unified Arab Economic Report, Cairo, 2003, p.171.

2 - Adeb Ali Saqr, Unemployment in Syria, Reality and Prospects, Damascus University, 2006, p. 68.

3 - Mahmoud Hussein Al-Wadi, Ahmad Aref Assaf, Macroeconomics, Maisarah House, Amman, 2009, p.191.

4 - Dr.. Ramzi Zaki, The Political Economy of Unemployment, The World of Knowledge Series, 1997, p.33.

5 - Asma al-Juhani, a disaster called unemployment, the Syrian Association for Labor, website: www.burmab.net.

consumption and on exports and imports. The weakening of the purchasing power gradually in the internal market, which leads to an impact on supply and demand in the market ⁽¹⁾.

Unemployment means not fully operating and not fully employed, which in turn affects the economy not reaching an equilibrium position. Disrupting part of the work force would cost the state additional burdens, represented by an increase in consumption by the idle forces and a decrease in national product. The labor element is one of the main production elements, and its lack of independence in the correct way wastes the national economy the opportunity to satisfy the needs that would have been provided by the willing and able workforce to produce and thus the development of the economy ⁽²⁾.

b- The social and psychological effects of unemployment.

The social costs of unemployment and the effects that result from it may be one of the most important problems facing human societies. Unemployment leads to the emergence and increase of the phenomenon of poverty and the resulting social and psychological illnesses. As scientific statistics indicate that unemployment has its effects on physical health, and that a large percentage of the unemployed lack self-esteem and feel that they are less than others. It was also found that a percentage of them is dominated by boredom, and their mental and physical alertness is low, and that unemployment hinders psychological development for young people who are still in the stage of psychological development. Society ends with violence and terrorism because the unemployed youth collapses and hates society ⁽³⁾.

We find that entire generations enter the labor market in developing and developed countries without gaining their right to work and gaining opportunities for income and professional and personal stability, as well as leading to social and economic ills and a widening gap between the rich and the poor. Likewise, the impact of unemployment on society extends not only to the unemployed, but to the individuals who depend on these unemployed persons, which leads to depriving them of the necessities of life, which leads to the exacerbation of the negative effects of unemployment ⁽⁴⁾.

The second topic

The reality of public spending and unemployment in the Iraqi economy

First: Analyzing the reality of public spending in Iraq

The strong positive correlation between fluctuations in oil prices and public expenditures is the best evidence that public expenditures are determined in

1 - Economic and Social Commission for Western Asia (ESCWA), Unemployment and the Labor Market, 2002, p. 7.

2 - Ibrahim Al-Ghannam, Unemployment Study, 2007, website: <http://www.khieronline.com/paveview.asp210=1>

3 - Omar Ahmed Ibrahim, The Unemployment Problem in Egypt and the Arab World, Egyptian Ministry of Labor, Cairo, 2008, p. 5.

4 - Dr. Iman Abdul Khudair, The Growth of the Oil Sector and Its Impact on the Iraqi Economy, PhD Thesis, University of Baghdad, College of Administration and Economics, 1995, p. 38.

light of the availability of revenues funded to them, especially oil revenues, as higher oil revenues result in an increase in foreign currencies entering the country and this increase will lead to an increase in government deposits with the monetary authority Which leads to the growing strength of the government's monetary position, which leads to an increase in government spending.

Table No. (1)

Public spending and unemployment rate in Iraq for the period (2003-2019) / (billion dinars)

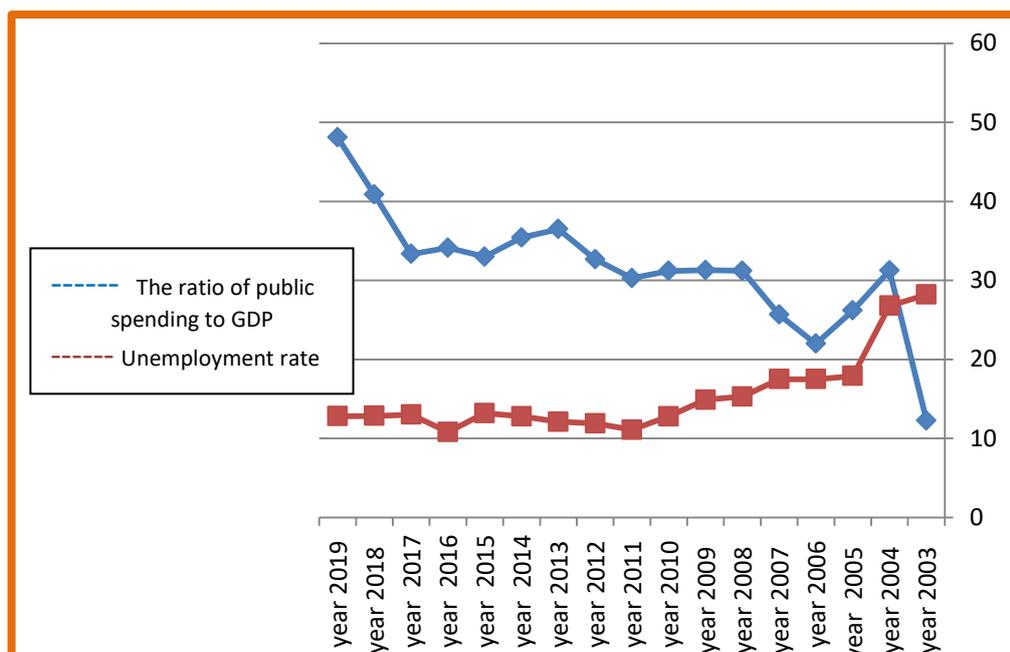
years	public expenditure	GDP at current prices	The proportion of public spending to GDP at current prices%	Unemployment rate
2003	36315.949	295857.886	12.274	28.2
2004	166236.803	532353.587	31.266	26.8
2005	192554.803	735335.986	26.185	17.9
2006	210121.341	955879.548	21.981	17.5
2007	285945.277	1114558.134	25.655	17.5
2008	490126.406	1570260.616	31.213	15.3
2009	408872.684	1306432.004	31.296	14.9
2010	505559.337	1620645.655	31.194	12.8
2011	658086.226	2173271.074	30.28	11.1
2012	830658.503	2542254.907	32.674	11.9
2013	998282.597	2735875.292	36.488	12.1
2014	943787.921	2664203.842	35.424	12.8
2015	686060.936	2078761.918	33.003	13.2
2016	670674.370	1965363.508	34.124	10.81
2017	753359.550	2259951.791	33.335	13.02
2018	1082635	2650375.083	40.848	12.86
2019	1331076.164	27766991.587	48.105	12.82

Source: The table prepared by the researcher based on the Central Bank of Iraq data (separate annual bulletins).

And the column (public spending percentage of GDP at current prices) was calculated by the researcher.

Figure No. (1)

The ratio of public spending to GDP to the unemployment rate



Source: The figure prepared by the researcher based on the data of Table (1)

When observing Table (1), it becomes evident that public expenditures began to be low in 2003, at (36315.949) billion dinars, which is the lowest volume of public expenditures during the research period. Dinars in 2004 coincided with the increase in public revenues of Iraq resulting from the rise in oil prices, reaching (31.4) dinars per barrel, and expenditures continued to rise. In 2008, there was an unprecedented increase in crude oil prices, which exceeded 87.9 dinars per barrel. Which led to an increase in oil revenues in Iraq, and this led to an expansionary fiscal policy, and public spending rose to (490126.406) billion dinars compared to 2007. When the financial crisis occurred at the end of 2008, the global market witnessed a decline in demand for crude oil, which led to a significant decline in its prices, which negatively affected Iraq's oil revenues, and thus led to a significant decrease in public spending, reaching (408872.684) billion dinars. In the years 2010-2013, the positive relationship between public spending and oil revenues returned to confirm itself again. Once oil prices returned to their rising pace to reach (102.3 -75.6) dinars per barrel, the public spending increased to reach (505559.333 - 998282.597) billion dinars, respectively. It is also noted from Table (1) that the years (2014-2015-2016) respectively achieved a continuous decrease in public expenditures amounting to (943787.921 - 686060.936 - 670674.370) billion dinars, respectively, as a result of the drop in oil prices in addition to the political, security and difficult conditions that Iraq went through. In those years represented by the war against terrorism and the exorbitant military expenditures that cost the Iraqi budget huge sums. In the two years 2017-2018, public expenditures began to rise again, recording (753359.550 - 1082635) billion dinars, respectively, as is the case in 2019, so the amount of public expenditures reached (1331076.164) billion dinars and the increase resulted from the government increasing the salaries of retirees. From the above, it becomes clear to us that public spending is characterized by extreme sensitivity to fluctuations in oil prices. When oil prices increase, public spending increases and vice versa.

Second: Analyzing the reality of unemployment and its causes in the Iraqi economy

The Iraqi economy is suffering at the present time from the spread and prevalence of the phenomenon of unemployment in the elements of production in general, including the element of work, as unemployment prevails in its various forms and forms, and this is what we noted in Table (1) that the openness to advanced economies in 2003 contributed greatly to the destruction of its production base because it was not According to controls and principles governed by the requirements of the economy, the local market was flooded with poor quality or regular goods in order to make profits, which resulted in the increase of the unemployed, their entry into the ranks of unemployment, the disappearance of small industries and professions that are the basis for the rise in the economy and the return of many forcibly displaced persons and immigrants voluntarily outside the country During the political rule that dominated Iraq before 2003, which led to this high percentage of (28.2).

The same applies to the rate of increase in 2004, when it reached (26.8). As for the three years that followed it from 2005 - 2007, a decrease in the unemployment rate was noticed, not as a result of changing labor market conditions, but mainly due to the change in the mechanism for collecting data on unemployment and the replacement of the basic question in the survey to suit International Labor Organization standards stipulate that a person who worked for a wage even for an hour in the week preceding the survey is no longer unemployed. The years 2008 - 2012 witnessed a decrease in the unemployment rate. The reason for the decrease in these rates is the relative improvement in security and the state's absorption of a large number of the unemployed in government institutions, especially the security services. It is also noted that the years 2013-2015 increased unemployment rates, reaching (12.1 - 12.8 - 13.2) due to the decline in global oil prices, which exacerbated unemployment and poverty in Iraq, in addition to the large number of displaced persons who lost their jobs and became unemployed and added to the unemployment rate. As for the year 2017, a noticeable increase in the unemployment rate reached (13.02) due to the absence of an official vision by the government to end the problem of unemployment and appointments in the Iraqi governorates, as well as the case for the last two years of our research 2018-2019, as it was found that the unemployment rate reached (12.86 - 12.82), respectively. It is an exacerbation of the problem of unemployment in Iraq due to the absence of the government that aims to provide job opportunities for the unemployed by activating the private sector, and thousands of students graduate annually without finding jobs for them in the country, which makes the unemployment rate a continuous increase in the absence of solutions and treatments.

Third: The impact of public spending on the unemployment rate

After we explained in the above the reality of public spending and the unemployment rate in Iraq, we now show the extent of the interdependence and the impact that public spending has as a percentage of GDP, as it is an independent variable on the unemployment rate as it is a dependent variable as

it is noted from Table (1) and Figure (1) that the increase It happened in the spending after 2003, which is attributed, as mentioned, to the change of employment policies, the amendment of salaries and wages allocations, the expansion of the administrative and technical cadres of government departments as well as the military and security sector, which led to the attraction of a large number of unemployed people, which contributed to the decline in the unemployment rate in the country, By tracking the series of unemployment rates during the research years, we will notice that the unemployment rate gradually decreases and rises along the chain, as well as in conjunction and in reverse in most of the time period to discuss with the ratio of public spending to GDP, in addition to the above that the unemployment rate remains high despite the high public spending. Other factors that affect the high unemployment rate other than public spending. This is why the public sector's inability to absorb the new workforce as well as limiting employment opportunities to political parties and their followers in light of the influx of a new workforce from graduates as well as the high number of simple manpower in the Iraqi labor market.

The third topic

Measuring the impact of public spending on the unemployment rate in Iraq

First, the model description

After we explained the nature of the relationship from an analytical point of view, we will now measure this relationship with the help of the statistical program (Eviews9), after extracting the proportion of public spending from the gross domestic product and measuring it with the unemployment rate in order to reach more accurate data that are compatible with the logic of economic theory, and this will determine the independent variables And the dependent variable in the model, as it represents the independent variable, symbolized by (gov), and the dependent variable unemployment rate (un).

Second: Presentation and analysis of standard results

Stability Test

a- Public spending variable

We notice from the shaded values that express the self-correlation values of the public spending variable that they are low values that decrease rapidly and do not deviate from the critical values, and thus we infer that the values of the public spending variable (gov) are stable at the level and this is what Figure No. (2) shows for the general trend of data Public spending, which is distributed above and below the general trend, indicating its stability at the level.

Table No. (2)

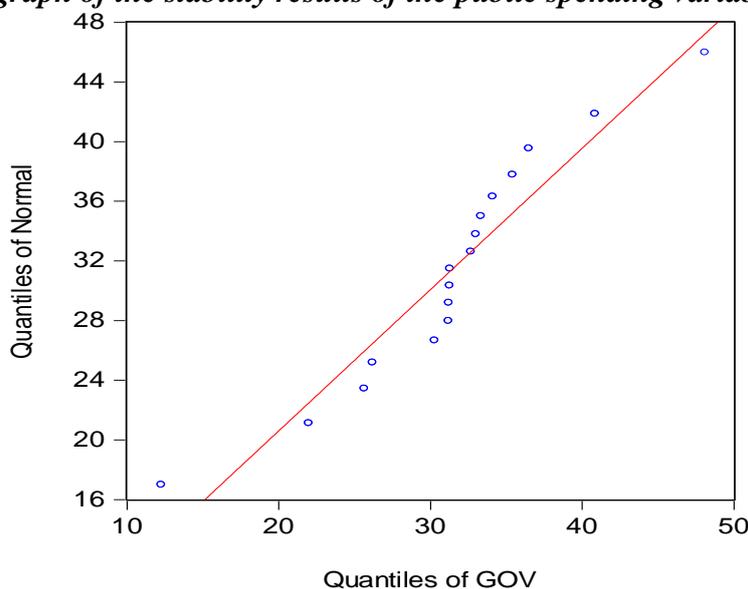
Results of time series stability of public spending variable

Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob	
. ** .	. ** .	1	0.345	0.345	2.4074	0.121
. ** .	. * .	2	0.227	0.122	3.5132	0.173

. ** .	. * .	3	0.279	0.194	5.3138	0.150
. *	4	0.205	0.055	6.3583	0.174
. *	5	0.127	-0.004	6.7959	0.236
. 	6	0.063	-0.054	6.9132	0.329
. * .	. * .	7	-0.068	-0.159	7.0620	0.422
. * .	. * .	8	-0.078	-0.070	7.2820	0.507
. *	9	-0.087	-0.046	7.5862	0.576
. * .	. * .	10	-0.156	-0.075	8.7041	0.560
. *	11	-0.177	-0.056	10.390	0.496
. ** .	. * .	12	-0.239	-0.125	14.090	0.295

Source: The table was prepared by the researcher based on the results of (Eviews9) program.

Figure No. (2)
A graph of the stability results of the public spending variable



Source: Prepared by the researcher based on the results of Table (2).

b- Unemployment rate variable

We notice from the shaded values that express the values of the self-correlation of the unemployment rate variable that they are low values that decrease rapidly and do not deviate from the critical values, and thus we infer that the values of the unemployment rate variable (un) are stable at the level and this is what is shown in Figure (3) for the general trend of data The unemployment rate, which is distributed above and below the general trend, indicating its stability at the level.

Table No. (3)
Results of stability of time series variable unemployment rate

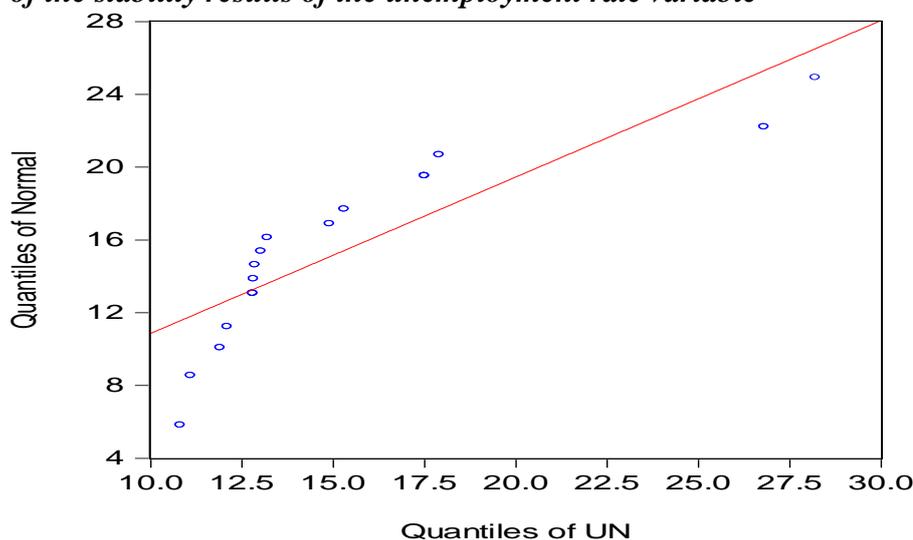
Autocorrelation	Partial Correlation	AC	PAC	Q-Stat	Prob
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. *****	. *****	1	0.662	0.662	8.8479	0.003
. ** .	. * .	2	0.334	-0.185	11.251	0.004
. ** .	. ** .	3	0.274	0.249	12.986	0.005
. * .	. ** .	4	0.157	-0.213	13.597	0.009
. .	. * .	5	0.050	0.075	13.663	0.018
. .	. ** .	6	-0.050	-0.207	13.736	0.033
. * .	. * .	7	-0.183	-0.093	14.822	0.038
. ** .	. .	8	-0.230	-0.046	16.718	0.033
. ** .	. .	9	-0.232	-0.065	18.892	0.026
. ** .	. .	10	-0.221	0.024	21.141	0.020
. * .	. .	11	-0.195	-0.056	23.184	0.017
. ** .	. * .	12	-0.237	-0.141	26.811	0.008

Source: The table was prepared by the researcher based on the results of (Eviews9) program.

Figure No. (3)

A graph of the stability results of the unemployment rate variable



Source: Prepared by the researcher based on the results of Table (3).

Estimated model

After the process of estimating the model, we conclude several things, the most important of which is that all statistical tests support the estimated model, as the explanatory power of the model (R^2) reached (42%), which is statistically significant and economically acceptable, meaning that the changes that occur to the unemployment rate depend on changes in public spending at a rate of (43) The calculated overall model significance (F_s) reached (11.15), which is greater than the tabular (F_t), and reached (5.7804) at a significant level (1%), which means the possibility of statistically and economically relying on the model results, in addition to the matching of the fixed term with the economic logic of Where the sign as well as the parameter of the independent variable.

Table (4)

Model estimation results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28.93357	4.170033	6.938450	0.0000
GOV	-0.430303	0.128870	-3.339049	0.0045
R-squared	0.426370	Mean dependent var		15.38294
Adjusted R-squared	0.388128	S.D. dependent var		5.055662
S.E. of regression	3.954654	Akaike info criterion		5.697794
Sum squared resid	234.5893	Schwarz criterion		5.795819
Log likelihood	-46.43125	Hannan-Quinn criter.		5.707538
F-statistic	11.14925	Durbin-Watson stat		0.931806
Prob(F-statistic)	0.004485			

Source: The table was prepared by the researcher based on the results of (Eviews9) program.

Heteroskedasticity Test

This test is used to detect whether there is a problem of contrast homogeneity instability or not, and the Breusch-Pagan-Godfrey test will be relied upon to test the model.

Table No. (5)
test results (Breusch-Pagan-Godfrey) for the estimated model

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.004514	Prob. F(1,15)	0.9473
Obs*R-squared	0.005114	Prob. Chi-Square(1)	0.9430

Source: The table was prepared by the researcher based on the results of (Eviews9) program. It is evident from Table (5) that the model does not suffer from the problem of uniformity of variance instability and this is what it is shown by (Obs * R-squared), which is (0.005114) smaller than (Prob. Chi-Square (1)) and (0.9430), which means that the model is free from the problem of contrast uniformity instability.

LM test

It is clear to us from Table (6) that the model does not suffer from the problem of self-correlation, and it was reached. This result is based on the overall significance of the model (F_s) of (2.763346) and (Prob. F (2,13)), as it reached (0.1000) in the model and as shown in the table below.

Table No. (6)
Results (LM Test) for the estimated model

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.763346	Prob. F(2,13)	0.1000
Obs*R-squared	5.071265	Prob. Chi-Square(2)	0.0792

u

r

c

e: The table was prepared by the researcher based on the results of (Eviews9) program.

CONCLUSIONS

The positive relationship between crude oil prices and public spending, as it increases with the increase in crude oil prices and decreases with its decrease.

The unemployment that has spread in the Iraqi economy is mostly structural resulting from the lack of work for people who are able and willing to work due to the failure of operational policies, the irregularity of labor markets and the weak absorption capacity of economic activity.

The standard results confirmed the validity of the research hypothesis and that public spending has a major role in influencing the unemployment rate in Iraq, as it proved the existence of an inverse relationship between public spending and the unemployment rate.

The standard results regarding the stability test showed that all the time series of the variables included in the estimated standard model were stable at their level, which indicates the existence of a long-term equilibrium relationship between the variables and there is no need to conduct a joint integration test to prove this.

RECOMMENDATIONS

The state must pay attention to unemployment and put in place urgent solutions to deal with it in light of a strategy that is centered on the government represented by increasing investment spending, which will lead to an increase in the level of employment and a decrease in unemployment rates.

Coordination between the market need of the workforce of all kinds by providing an accurate database that reflects the needs in all sectors and data on the outputs of the education system to create a match between the actual needs of the workforce and the educational outcomes.

The necessity of developing the agricultural and industrial sector because of its great role in attracting the workforce and thus reducing unemployment rates as well as diversifying sources of income.

Directing economic resources towards activities that are labor-intensive.

Adopting an economic policy that generates job opportunities and stimulates the private sector.

Reforming the education system, controlling trade, reforming fiscal policy, diversifying the economy, stimulating economic growth rates and supporting the private sector are measures that can reduce unemployment in the short term with the possibility of eliminating it in the long term.

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