

The Economic and Social Implications of Unemployment on The Aggregate Demand and The Labor Market In Iraq

Rajaa Khudhair Al- Rubay

Babylon Education Directorate, Babylon, Iraq. Email: rajaamusa205@yahoo.com

Article History: Received: 10 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 28 April 2021

Abstract

Unemployment in its various forms is one of the most important economic and social problems experienced by the economies of many developing countries and developed countries alike with a difference in causes, results, and solutions. The problem is caused by many reasons, including high illiteracy, low educational and health levels. The inability of the national economy to absorb the most significant possible amount of labor because of the lack of investment in investment projects and services, high population growth, and poor productivity, Wars, and political instability, which was reflected, directly and indirectly, to confuse the economic landscape of the country. The research discussed the leading causes of unemployment and its effects on the economy and society and the development of solutions proposed to address and reduce them.

Keywords: Unemployment, Labor Market, Aggregate Demand, Social Implications

1. Introduction

Unemployment has now become the first problem for different countries globally. More than one billion unemployed are distributed throughout the work, and it seems that unemployment has entered a new phase [1]. Having been part of the economic cycle movement in developed industrialized countries, it is now a structural problem that worsens year after year despite the recovery and economic growth. Unemployment affects the stability and cohesion of societies, especially in developing countries, including Iraq. the problem is exacerbated by the increase in the number of unemployed year after year, with population growth rising by 3% and in a report of the Iraqi Ministry of Planning [2]. The country's population reached more than 37 million people, up 5 million from estimates in 2009. It explained that males make up 51% and females 49% and lower production conditions than before and shifts to the market economy. The accompanying reduction of employment opportunities in the public sector and what increases unemployment fears that it is pushing towards poverty and other social repercussions and the existence of disguised low-productivity unemployment in productive and service projects. Workers are formally employed in some marginal and parasitic activities and who do not engage in practical work and do not create added value to the economy. If added to apparent unemployment, unemployment rates will be high and need solutions. Unemployment is one of the biggest challenges facing the Iraqi economy because of its economic, social, and political implications. It increases poverty rates and drives the creation of an unsafe environment to attract investment and a waste of the human element, and a loss of human resources that can contribute to the building of the Iraqi economy. The Iraqi economy suffers from real unemployment. Its various images, such as the outputs of university education and the inability of the Iraqi labor market to absorb that workforce, have severe effects on society and delays the opportunities for construction, progress, and success [3, 4]. The increase in the volume of product and service investment in light of Iraq's possession of human and material resources will solve unemployment, provided that legal frameworks, development programs, and comprehensive planning are available to align the outputs of education and the Iraqi labor market [5]. Therefore, this article Highlighting the reality of unemployment for the period (1990-2018). It also explores the Reasons for worsening unemployment in the Iraqi economy. It Studies the effects of unemployment on the structure and societal structure of the Iraqi economy and develops appropriate solutions to reduce or alleviate the problem of unemployment in Iraq [6]. This paper Develops a comprehensive study to increase the operating volume of the Iraqi workforce and improve the Iraqi labor market and boost it with creative human energies capable of building and investing.

2. The Concept and Reasons of Unemployment

The problem of unemployment is one of the most critical and dangerous economic and social problems facing developed and developing countries' economies and societies. For many reasons, its severity varies from country

to country and from community to culture [7]. The concept of unemployment varies from organization to society depending on the nature of that society and its ideas and traditions, and the quality of work it enjoys. Unemployment has emerged significantly as an economic phenomenon after the prosperity of industry and the diversity it has provided in specialization, training, and employment opportunities [5]. Unemployment stops part of the labor force in the economy despite the availability of capacity and hard work. Usually, it produces unemployment from the labor market imbalance due to considerations related to the demand and supply sides [8, 9].

Unemployment has had many definitions, including the political dictionary (unemployment) as "cessation of work" or the lack of employability of the labor force due to the economic situation. But economists agree with the broad definition of unemployment recommended by the International Labor Organization (ILO), which states that the unemployed are all able to work, willing, and looking for it. This definition applies to the unemployed who enter the labor market for the first time and to the unemployed who have already worked. According to this definition, we can identify cases where individuals cannot be considered unemployed, including frustrated workers in a state of actual unemployment and want to work. But those who have not received it and are desperate for a lot of what they have sought so much that they have not been without seeking employment. Their number swells, especially in periods of periodic recession [10]. As well as the cases of children, the sick, the infirm and the elderly who have been referred to retirement, so not everyone who does not blind to the unemployed, and whoever is looking for work is not in the circle of the unemployed. The process of those who do not work is much larger than the circle of the unemployed, as in form 1.

As for Islam has forbidden unemployment and considers work to be worship, as the holy verse says (do, God, will see your work, his messenger, and the believers) [11]. Work guarantees the believer access to a decent life without the need of others. Especially since the peoples of the civilized world nowadays have developed by work, science, and innovation, and unemployment is usually measured at a rate called the unemployment rate, which is calculated as follows:

$$\text{Unemployment rate} = \text{number of workers able to work} / \text{total workforce} \times 100$$

2.1. Types of unemployment

Frictional unemployment: This unemployment arises due to the disruption of some individuals while looking for better jobs, and some individuals may decide to leave work temporarily for other activities (childcare, travel, Study) [12]. When these individuals choose to return to the labor market, it takes some time to find basic jobs [13, 14]. It occurs as a result of the lack of complete information for all job seekers and employers, as it is according to the time spent by job seekers [15]. one of the leading causes of such unemployment is:

- Lack of skill and experience to perform available work
- The difficulty of functional adjustment resulting from the division of labor and careful specialization
- Continuous change in the business environment and different professions requires the constant acquisition of diverse and renewed skills.

Structural unemployment: This unemployment reflects the kind of disruption that affects part of the labor force due to structural changes in the national economy [16]. Unemployment is an outcome of the incompatibility in the labor market between the functional characteristics of the work and the practical aspects of the work offered on the other [17, 18]. The nature of these structural changes is either due to a change in the structure of demand for products or fundamental changes in the technological art used or to structural changes in the labor market itself or because industrial projects move to new places.

Disguised unemployment: This unemployment arises when the number of working workers exceeds the actual need for work, which means that surplus employment produces nothing as if it is withdrawn from its premises [19]. The volume of production will not decrease [20]. The theory defines this type of unemployment as a situation in which marginal productivity falls to zero or less (becoming negative).

Cyclical unemployment: This type of unemployment arises due to stagnation in the business sector and insufficient overall demand for work as it may arise due to economic cycles [21]. Its emergence is explained

by the inability of aggregate order to absorb or purchase available production, leading to deflationary gaps in the economy (unemployment and its causes, research public online).

2.2. The theoretical reasons for unemployment

Population growth at higher rates than developed countries. Therefore, the labor force at higher rates requires ever-increasing job creation, which cannot be achieved in implementing reform programs for developing countries. The implementation of economic reform programs in the 1990s with fiscal, monetary, and social policies has exacerbated unemployment, including:

- The state abandons the commitment to recruit graduates and reduces government employment
- Reducing government spending directed at social services has led to a parallel reduction in the government's demand for workers working in these services.
- Reducing the state's role in economic activity has reduced government investment in creating new production capacities that absorb labor.
- Unemployment has been part of the economic cycle of advanced capitalism, meaning that it is emerging with the emergence of stagnation and recovery.

Worsening the external indebtedness crisis of developing countries Applying market mechanisms and integrating into the global economy Improper orientation of financial resources to non-productive businesses.

2.3. Unemployment from the point of view of economic schools

2.3.1. Classical school

This school believes in the freedom of the economy and non-government interference in economic activity. According to the law (SAI), it has a total supply equal to total demand according to the law (SAI) [22]. Investment equals savings. The economy is at the level of full use, and the flexibility of wages will solve unemployment as long as the economy is based on the total balance.

2.3.2. Keynesian School

This school belongs to the well-known economic world (Keynes), who initiated the principle of government intervention in economic activity, criticizing the classical theory of balance in saying that balance can occur at lower levels of total employment [23]. The effective demand determines the overall supply and therefore renews income and jobs.

2.3.3. Neoclassical School

The view of Newcastle on unemployment is reflected in the restoration of their confidence in the SAI Market Act and their denial that the system is exposed to overproduction needs [24]. Therefore, the existence of large-scale unemployment, and this is the opinion of Alfred Marshall, as well as agreed on the state of the entire competition, the availability of flexible labor markets [25]. The inertia of wages and that unemployment, if it arises, is only frictional or optional unemployment.

2.3.4. Marxist School

This school's view of unemployment is that poverty is the inevitable and practical consequence of population growth under the capitalist system [26]. Poverty is the result of the exploitation of the capitalist class by the need of the working class for livelihoods to make profits towards buying more machines that replace the labor force. It increases the unemployment rates among the working classes and brings them back into poverty [27].

3. An overview of the Iraqi economy

3.1. The Reality Of Unemployment In The Iraqi Economy

The phenomenon of unemployment in Iraq has become a social and economic dimension that reflects the deficit of the economic structure and social imbalance at the national level [28, 29]. Looking at Iraq's economic history finds that this economy is no different from that in developing countries with abundant financial and human resources. It suffers from structural imbalances due to the weakness of the economic policies adopted. These economic policies have achieved to reduce the phenomenon of unemployment few successes and many failures. The policy of expanding the public sector and absorbing a high percentage of the labor force has to sag this sector and exacerbate the phenomenon of disguised unemployment. Unemployment is

one of the major economic problems facing the Iraqi economy because of its effects on the waste of energy and human resources [30]. Unemployment has profound social, political, and economic consequences. In addition to unemployment, unemployment has economic and social costs when the economy cannot generate enough jobs for anyone who wants to work. Accordingly, leading the waste of the energy of a large part of society can lead to instability and problems.

Since the 1980s, Iraq's dependence on the oil sector has increased, and the unsustainable expansion of non-productive service sectors, coupled with the neglect of productive sectors such as agriculture and industry. With the decay of adequate investment in civilian activities, the problem of unemployment erupted immediately after the end of the Iraq-Iran war with the demobilization of nearly one million recruits to leave the labor market without skills to qualify them a lucrative job. In addition to the war on Kuwait and the accompanying imposition of economic sanctions imposed by the UN Security Council and the destruction of infrastructure in Iraq and Kuwait, estimated at \$448 billion [31]. The impact of spread unemployment, poverty, and the deterioration of development rates in all its indicators and during those years, despite the difficulties of coexistence in the economy, two distinct sectors. Besides the public sector, There was a private sector employing two-thirds of the labor force, most of which were in the shadow economy, which accelerated growth during the 1990s. The emergence of the problem of unemployment in Iraq after the change in 2003 resulted from the deterioration of agricultural production, industrial and service [32]. The failure to take quick action in addressing unemployment and poverty and high prices in exchange for weak monetary and financial policies address this problem due to the low-security situation and political and economic instability. After 2003, Iraq practiced a policy of uncontrolled economic openness to the world to increase imports due to inadequate domestic supply and increased demand for goods and services [33]. Due to higher income levels resulting from improved salaries and wages, an estimated 65.6% increase in imports in 2004 compared to 2002. There was no increase in domestic production, especially industrial production. It continued to be disrupted by destruction, looting, and inability to compete due to the obsolescence of production lines, destruction of facilities, and lack of security and stability. The scarcity of electricity has made the country a non-attractive environment for investment, whether domestic or foreign.

3.2. Analysis of unemployment indicators in Iraq

1. According to note table (1), unemployment rates have fluctuated in response to the country's fiscal, social, and political circumstances. The unemployment rate in 1991 was about 6.5 percent. Still, it rose to 25 percent in 1995 due to the conditions surrounding the Iraq war. In 2003, it rose to 28.1% due to the cancellation of several circles, a deteriorating security condition, and global unrest at the time, after which rates started to decline as a result of political stability and the follow-up of some particular policies in appointment, especially in the public sector. Especially in 2011, the unemployment rate reached about 8% in 2015 to about 15% due to the country's impact in the crisis of high oil prices, especially as oil is the leading resource in the Iraqi budget and financing.

Table (1). Unemployment in Iraq develops during the period (1991-2017)

Years	Unemployment rate	Years	Unemployment rate
1991	6.5	2009	14.0
1995	25	2010	15
2000	26	2011	8
2003	28.1	2012	11.9
2004	26.80	2013	8
2005	17.97	2014	16.4
2006	17.50	2015	15
2007	12	2016	15.1
2008	15.3	2017	14.8

2. By noting the unemployment rates in Table 2 and their relationship to ages, the unemployment rate for ages 15 was about 10.6 for 2014 and 10.8 for 2016. while the unemployment rate for young males for ages(15-24)

increased from 17% in 2014 to 20% in 2016. while unemployment rates for the same female group reached 64.8% in 2014, down to 38% in 2016, reflecting the depth of women's participation in employment. In comparison, we see an apparent decline in the child employment rate of about 1.5% in 2014.

Table(2). Operating and unemployment in Iraq for years(2014-2016)

Employment and unemployment indicators	2014	2016
Unemployment rate for ages15	10.6	10.8
Youth unemployment rate for ages(15-24) male	17.0	20.1
Youth unemployment rate for ages(15-24) females	64.8	38.0
Youth unemployment rate for ages(15-24) / Total	20.0	22.7
Economic activity rate 15	42.7	43.2
Child employment rate for ages(6-14)/males	2.1	3.4
Child employment rate for ages(6-14)/female	0.8	2.0
Child employment rate for ages(6-14)/total	1.5	2.7

Source: Ministry of Planning, Central Bureau of Statistics, Employment and Unemployment Indicators 2016

3.Increasing the size of the population and abandoning the state commitment in recruiting graduates and encouraging the government sector, poor educational planning, and low linking educational institutions to the labor market. The inability of the private sector to absorb the labor force has led to higher unemployment rates. The survey results, employment, and unemployment for 2004 showed that the unemployment rate for the age group (15-24) years is about 43.8%. The proportion of males is 46%, and 37.2% to females.

From note table 3, unemployment rates vary from portfolio to portfolio depending on active economic activity, security and economic situation and availability of resources, and the highest unemployment rate in Anbar province. It reached about 33.3% in 2014 due to the poor security situation, followed by Maysan province and Basra, where unemployment rates reached about 33.3% in 2014, 28.7% at 22.7 respectively. Due to the nature of the economy of these provinces centered on agriculture and grazing and limited private activity, as well as weak investment programs and financial and administrative corruption. Some provinces have seen low unemployment rates in border crossings with Iran, such as Wasit and Sulaimaniyah, where unemployment has reached about 12.3%,125%, respectively. while Karbala province has experienced acceptable unemployment rates because it is a city concerned with religious tourism and an agricultural city famous for its fruit production and dates. It produces about 13.7% of the country's tiger production.

Table (3). The unemployment rate for young people for ages (15-24) for years (2014-2016) according to Iraqi provinces

governorate	2014		2016	
	Unemployment	Economic activity	Unemployment	Economic activity
to cook	15	33.7	28.1	34.5
Nineveh	12.8	36.4	000	000
Sulaymaniyah	12.3	37.2	19.4	35.8
Kirkuk	5.2	42.2	28.7	27.6
Erbil	11.2	43.8	22.2	41.4
Diyala	17.9	35.9	12	31.6
Al , Anbar	33.3	33.1	000	00
Baghdad	19	39.9	18.6	38.2

Babylon	21.3	34.1	11	45.8
Karbala	12.2	40.4	12.1	37.7
Interface	12.5	34.5	20.2	38.2
Salads	15.3	35.6	16.3	33.5
Al , Najaf	10.6	39.1	16.4	38.6
Al , Qadisiya	21	40.7	21	33.4
Al , Muthanna	12	31.6	26	31.6
Dhi Qar	31	36.7	34.8	29
Maysan	28.7	37.7	29.2	33.4
Basra	22.7	33	25.5	39.7
Total	17.6	37.3	20.4	36.6

Source: Ministry of Planning, Central Bureau of Statistics Results of the 2014 Family Social and Economic Survey in Iraq, Results of the 2016 Family Nutritional and Fragility Assessment Survey in Iraq.

Urban unemployment in 2003 was about 31.0% compared to 22.3% for females, while urban male unemployment rates for 2008 fell to approximately 13.09% compared to females of 25.02%. Due to frequent public sector appointments, a decrease for males included both males and females, and modest improvement in the private sector and economic and political stability for this period. In the countryside, the unemployment rate for males is higher than that of females, especially in the agricultural sector. It already suffers from disguised unemployment, with the 2003 male unemployment rate in the countryside of about 28.9% falling exclusively in the following years in 2008 to 14.89% of rural unemployment is almost as low as 3.1% in 2004. especially the security of women, half of society, and has an urgent desire to work, but sometimes some social norms and customs drive women's non-participation in work.

Table(4). Unemployment rates in Iraq compared to the general rate by environment and gender For years (2003-2008) %

Year	To watch			countryside			Total		
	males	females	Total	males	females	Total	males	females	Total
2003*	31.0	22.3	30.0	28.9	6.7	25.4	30.2	16.0	28.1
2004*	28.3	22.4	27.7	31.2	3A.1	25.7	29.4	15.0	26.8
2005**	18.60	22.68	19.27	20.18	2.55	16.09	19.22	14.15	17.97
2006***	19.74	37.35	22.91	15.04	8.04	13.17	16.16	22.65	17.50
2007***	11.4	14.7	11.9	12.3	5.0	11.0	11.7	11.7	11.7
2008	13.09	25.02	15.19	14.89	8.26	13.34	14.33	19.64	15.34

Source: Ministry of Planning, National Population Policy Committee, Population Situation Analysis in Iraq, 2012, p. 125, Ministry of Planning, National Development Plan, 210-2014, p. 37

5. Unemployment has become a widespread phenomenon that has affected most segments of society and its categories to include university graduates and even those with higher degrees. The unemployment rate for master's and doctoral holders in 2008 was 8.1% and 1.9% for males, while the unemployment rate for females and the same year was about 9.2%, 6.2% of the same certificate holders above.

Table (5). Unemployment rate by scientific status and gender for 2008%

Scientific status	Without a certificate.	primary school	Medium	preparatory	diploma	bachelor's degree	high diploma	Master	Ph.D.	other
male	17.0	14.7	12.0	12.3	12.5	13.1	3.0	8.1	1.9	25.0
female	14.6	17.3	34.1	30.1	18.5	23.5	11.4	9.2	6.2	9.7
Total	16.4	15.0	14.2	15.2	14.6	16.1	5.3	8.4	2.7	21.4

Source: Ministry of Planning and Development Cooperation "Employment and Unemployment Survey 2008, p. 35

3.3. The reasons for the ducks in the Iraqi economy

The causes of unemployment, although different in developed countries from developing countries are part of the movement of the economic cycle, a structural problem in the economy resulting from the failure of development efforts. The loss of economic reform programs, the shifts towards market mechanisms, integration into the global economy, and the debt crisis invaded developing countries in the last decades of the previous century. The reasons for unemployment in Iraq are complex, especially after 2003 structural imbalances and transformations towards the market economy, which were not prepared for the necessary advances. It exacerbated this phenomenon, reduced employment opportunities in the public sector due to the grand opening of the Iraqi market to imported goods. The national product became in an unenviable competitive position, and the depletion of financial resources that were not directed to reconstruction and infrastructure. It reduces employment opportunities and increases unemployment rates. Unemployment in Iraq has many reasons and mechanisms in its generation, despite the state. It has carried out many policies to reduce unemployment, which included increasing appointments in the public and private sector, increasing the number of members of the army and police, and developing solutions to it. It is necessary to know the most important reasons in the Iraqi economy, which are the following :

3.4. High Population Growth

The workforce is the key to creating economic and social benefits that can raise the standard of living of individuals. It is the means to achieve sustainable development and its objectives, and the most crucial source of this power is the population. The proportion of the active population is proportional to population growth, the higher the rate of population growth. The higher the ratio of the economically active population, the higher the growth and population rate, which exceeds 3% (Shammari, p. 141). the unemployment rate of 28.10% for 2003 represents more than half of the active population. Iraq's population reached 6.299 million according to the 1965 census, rising to 22 million based on the last census conducted in Iraq in 1997. but estimated at 29 million in 2007 with a compound annual growth rate of 2.4 percent (Kazem, 2011,p. 10). the increase in population growth rate means that the labor market is equipped with a new workforce that can contribute to the creation of economic development through its participation in productive processes, according to a comprehensive program and plans for the country's workforce. But if neglected, it will be reflected in the scarcity of Employment opportunities and the exposure of these forces to unemployment, and a tremendous waste of these new human energies. From increasing the volume of births to deaths and improving the health situation in general, especially after the increase in the purchasing power of citizens and raising the salary clause for employees and improving the general situation as the population in 2018 reached about 38 124,182 million people. It calls on the state to pay attention to this increase and turn to policies to diversify the sources of income of the Iraqi economy and develop economic sectors to expand the labor market and decent living for all.

It can be said that the population is a vital resource that can increase production and achieve economic development programs because they are the source of the workforce in the economy. The source of creativity and economic growth, especially in Iraq, because this country has many financial and oil resources, agricultural land, and industrial centers; if it achieves investment can create the advantage of jobs. So, the increase in the population should not be seen as a negative situation in the economy. Still, a favorable position if this increase is driven by comprehensive planning and development of crisis plans to absorb this increase is done in many countries of the world.

Iraq is characterized by high population growth rates, ranging from 3% to 4.3% for 1977-2009, higher than the global average of 1% to 1.8%. In some years, it reaches 4.3%, which has led to a 3.7% doubling of Iraq's population during the period mentioned. This increase affects the population pyramid and leads to a youth base that reflects the pressure on the labor market. According to the International Labor Organization, More than 200 million people were unemployed worldwide in 2011, three-quarters of that number of developing countries, while those between the ages of 15 and 24 were two or three times more likely to become unemployed than

adults. The World Bank estimates that between 2005 and 2020, 700,000 jobs must be created to reduce global unemployment, mainly to keep pace with population growth.

Table (6). Relative distribution of the population by specific age groups and for selected years

	Total population	Less than 15 years old.	15-56 years old	More than 65 years
1977	12000	44.7	51.5	3.8
1987	16355	45.2	51.1	3.7
1997	22046	44.8	51.6	3.6
2003	26340	43.5	54.4	2.1
2005	27963	43.2	54.7	2.8
2008	31895	38.6	58.6	3.2
2009	32105	43.1	54.1	2.8

Source: Ministry of Planning and Development Cooperation, Central Bureau of Statistics and Information Technology, Statistical Group of Those Years

3.5. Rent in the Iraqi economy

Iraq's economy is an economy that relies mainly on oil revenues to finance the country's general budget, with Iraq owning 148.4 billion barrels in confirmed crude oil reserves for 2016 and accounting for 11.55% of total reserves. Global comes in fourth place after Venezuela, Saudi Arabia, and Iran. At the same time, its natural gas reserves are 3694 billion cubic meters, accounting for 1.89% of the world's total reserves and ranked 12th in the world. The oil sector does not use heavy labor since the crude oil extraction industry is not a high-tech industry, leaving the vast majority of workers looking for other jobs in low-productivity and low-wage economic activities. It suffers from underdevelopment and imbalance in its productive structures [34]. Exposing most of the population to disguised unemployment cannot contribute or achieve productive surpluses that serve the country's sustainable development process. The shadow of changing fiscal policies leads to a rise in the national currency exchange rate. Consequently, the prices of its non-oil industrial exports have increased, reducing their competitiveness in global markets and recession, thus exposing workers to the spectra of unemployment. This dependence on oil revenues and the underdevelopment of other economic sectors (agriculture, manufacturing, and services) would pave the way for increased imports of consumer goods. Thus, a negative trade deficit is established, and a country's spending is neglected, and job opportunities are reduced. It may expose its children to unemployment, particularly when considering the low GDP share of these low-growth sectors, which is approximately 5% for agriculture and 3% for industry in 2015. with reported oil sales of 104,907.935 billion Iraqi dinars in 2015. With oil revenues estimated at 104,937,935 billion Iraqi dinars [35]. Most government-owned companies were suspended, and production capacities decreased due to the aging production lines.

- Openness to goods imported from abroad and the dumping policy adopted in the Iraqi market by neighboring countries, which in turn has led to the suspension of many small projects
- Widespread administrative and financial corruption in most state institutions as well as political and security instability, which reduced investors' rush to invest in the country
- According to statistical reports of the Iraqi, the weak role of the private sector and its inability to take an important role in the Iraqi economy due to weak capital and preference for investment abroad, as its contribution to the formation of fixed capital was 4.6% Ministry of Planning.
- Structural imbalances inherent in the Iraqi economy, including the imbalance in the commercial and production structure, as there is an imbalance in the priority of the branches leading the production process. Especially in the components of the capital and transformational Industry. The economy has noted the dominance of the food industry branch over manufacturing industries, where the food industry accounts for 17% of the total manufacturing industries. while in Saudi Arabia 11% and in Algeria 13% and the UAE 7% [36].
- Low agricultural productivity in Iraq and the prevailing developing countries due to the small land area per worker, following old means of production, weak infrastructure in terms of storage, walrus, and transport, the inefficiency of management, organization, and agricultural relations [37]. Lack of water in the Tigris and Euphrates rivers due to the construction of dams on their sources of upstream countries, salinity, and

desertification. Agriculture's contribution to Iraq's GDP decreased by about 12.20% in 1990 to 11.32% in 2003, falling to about 9.3% in 2005 [38].

4. Unemployment and poverty

Unemployment is closely and linked to poverty, and the relationship between them poses a significant challenge to the development of Iraq. Mainly since the structural causes of unemployment in the country lie in the pattern of economic growth centered on the exploitation of oil and in the characteristics of the labor force, it is high in the proportion of young people at a time when the lack of training and skills needed to meet the needs of the labor market. This market is characterized by a near-total reliance on the public sector in job creation, as well as the repercussions of wars and security challenges. Unemployment drives individuals from income deprivation, which can cover the consumer and necessary expenditures that ensure a decent living for them. This deprivation makes them feel miserable, poor, and malnourished, and the relationship of unemployment to poverty comes from the structural causes of unemployment:

1. The nature of the Iraqi economy is based on the exploitation of oil, with oil providing 90% of the revenues to the general public and more than 70% of GDP. But it gives only 1% of the workforce, compared to the underdevelopment of other economic sectors agriculture, industry, and services. Therefore, the instability of world oil prices leads to a budget imbalance. Consequently, the Iraqi economy becomes a prisoner of change in the world markets regarding demand, production, exports, and prices (Narrator, 2013,p. 246).
2. One of the characteristics of the high proportion of young people is the lack of qualifications and training to meet the needs of the labor market.
3. Wars, wars, massive destruction, and years of siege play a significant role in disrupting the economy, the deterioration of private activity, and the cessation of production processes.
4. The 2009 Poverty Alleviation Strategy revealed that 23% of the population lives below the national poverty line, estimated at 77,000 dinars per month per person. The differences in rural-urban poverty and rural areas, with 39% poor, or 3.3. 4 million people compared to 1.6% urban poor, or about 3.5 million people, while Muthanna provinces are 49%, Babylon 41% and Salah al-Din 40% poorer among Iraq provinces (Analysis of the population situation in Iraq,2012, p. 150).

In 2007, the state tried to alleviate poverty and unemployment by monitoring (330) million dollars for the social welfare network in the same year's budget (Al-Hanafi, p. 75-77) and relying on the ration card on which about 60% of the population depends.

5. The Iraqi labor market and the reality of unemployment

The labor market in any country, whether advanced or developing, is an essential indicator of macroeconomic stability. The labor market is one of the most exposed and affected by global variables and the challenges of privatization. The need to lay off many of the workforces that operated within the public sector. The Iraqi labor market has been widespread from the 1990s to the present. The reasons are the increased supply of the labor force and the slowdown in economic activity, and the imbalance in educational systems. We find that the workforce Affected by population size and age structure, the population continues to grow, with a population of about 18,080 million in 1990, rising to 25,609 million in 2003 and increasing to about 32,490 million in 2010. This is reflected in the percentage of participants in work at the age of 15-65, who are considered active at work, as we note that the proportion of those ages reached about 53% in 1990 increased in 2000 to about 55% increase in 200858.2%. While the qualitative composition of the population was affected by the rise in the population, cultural openness, and increased educational level for women. It played a significant role in the work, especially in the academic and health aspects, and companies

The private sector, where the share of women in the workforce increased from 25.5% in 2009 increased to about 27.3% in 2015. A slowdown in production activity characterizes the Iraqi labor market due to the interruption of investment programs and the high rate of destruction of productive assets, as well as the destruction of wars for the infrastructure of the Iraqi economy of bridges, arcades, and railways, As well as the incompatibility between scholarly outputs and the actual needs of the labor market (Hassan, 2010, 291-292). So the Iraqi labor market needs to develop the private sector and develop other economic sectors, increase the proportions of workers in the industrial and agricultural sector and reduce dependence on the oil sector by following the diversification policy of the Iraqi economy. We can understand this through the contribution of the workforce in the economic

sectors. We find that the contributor of the force in Agriculture in 1990 was about 16.1% and in Industry 24.1% in the industrial and service sectors about 58%, reflecting the significant contribution of the workforce in the services sector at the expense of the sectors producing the year's nose. this percentage decreased to about 10.7 years. 2006 compared to the high rate of contribution in the services sector, which reached about 65% for the same year. In contrast, the contributor of the workforce in the economic sectors went agriculture, industry, services for 2004 about 33.5%, 8.1%, 58.4% respectively (Unified Arab Economic Report, various numbers). The contribution for 2015 for agriculture, industry, and services was about 4.4%, 15.6%, 79.9%, respectively.

Table 7 indicates the structural imbalance in the distribution of the workforce between economic activities and the disproportionate productivity of these sectors and their contribution to employment. We see the ratio of the transformational industry's contribution to employment up to 5.10% and its contribution to output up to about 1.5% for 2006, rising in 2013 to 4.9%, 2.9% in succession. The oil sector contributed to employment (0.70, 0.44 1.1)% for 2006, 2008 and 2013 respectively. the agriculture's contribution to employment reached 11% for 2013 due to reduced river levels, increased desertification, and the transition to public sector employment for most of the workforce Rural.

Table (7). Percentage of economic sector contributors to employment and GDP of the Iraqi economy (2006, 2008,2013).

Economic Sectors	2006		2008		2013	
	Operating contributor%	Contribute to GDP%	Operating contributor%	Contribute to GDP%	Operating contributor%	Contribute to GDP%
Manufacturing Sector	5.10	1.50	4.97	1.40	4.9%	2.9
Oil and Mining Sector	0.70	55.40	0.44	55.6	1.1%	42.63
Agriculture Sector	27.10	5.80	21.26	3.60	11%	7

Source: Ministry of Planning and Development Cooperation, Central Bureau of Statistics, Information Technology, Directorate of Population and Workforce Statistics, Employment and Unemployment Survey for various years

Table 8 indicates that the population has taken an increasing trend of about 36 million in 2014, with the proportion of the workforce to the people in the same year being about 42%.

Years	population million	Percentage of the workforce of the total population	The share of women in the entire labor force	15-65 years of the total population
1990	18080	25,5	17,6	53
1995	20536	25.9	18,2	51,7
1996	21125	26,2	18,3	55
1997	22040	26,2	18,4	55
1998	22701	26,2	19	55
1999	23382	26,5	19	55
2000	24086	27,3	19,2	55
2001	24470	27,2	19,2	55,6
2002	25565	-	-	-
2003	25609	27,3	20,4	55,6
2004	26340	27,2	21,2	55,6
2005	27138	27,2	21,2	55,6
2006	27960	27,0	21,2	55,6
2007	29681	-	-	-
2008	30581	-	-	58.2
2009	31508	-	-	54.1

2010	32490	41.9	17.3	25
2014	36000000	42	31	-
2015	35,212,600	42.4	17.8	-

Table (8). The workforce in Iraq for the period (1990-20155)

Ministry of Planning and Development Cooperation, Central Bureau of Statistics and Information Technology, Statistical Group for Different Years.

6. The effects of unemployment

The phenomenon of unemployment is one of the biggest challenges facing societies in many countries, including Iraq, due to the negative economic and social impacts it has on the groups of society in general. Unemployment is the focus of the problems and crises of society and its spread of many negative phenomena such as violence and crime of all kinds, and security and political instability (Al-Rubie, 2008,p. 36):

One of its most important effects is (al-Shammari, p. 145):

1. Loss of economic security for the individual and society, Where the worker loses his primary income. Perhaps the only one that exposes him with his family to further deprivation and poverty can be recognized by observing the proportion of underweight children under the age of five, wherein 1991 the percentage reached about 9% increased to 24. 7% in 1997 due to the economic blockade and poor general living conditions, decreased to about 11.5% in 2003 due to improved salaries for employees and increased incomes(Assad, 2010,p. 95)
2. Unemployment wastes human energies and essential resources, reflected in decline in GNP
3. Unemployment leads to a deficit in the balance of payments and the general budget.
4. Unemployment leads to a reduction in the rewarding wages of the worker as a result of the admission of unemployed people below the prevailing wage in exchange for employment. It is reflected in the imbalance between wages, prices, and living costs
5. Unemployment has social, family, and psychological implications because of the deprivation and suffering it generates that may lead the individual to deal with matters that have broken the laws in force in the country.) Violence, crime, immigration.
- 6.Total or semi-total dependence on significant capital generated by the oil sector rather than on the workforce from a lack of employment opportunities, so the development of industries that attract considerable labor such as agriculture and industry is a necessity to be developed in the medium and long term (Oslo, 2006,p. 94).

7. The proposed solutions to unemployment

1.Pursuing effective fiscal and monetary policies that are geared towards increasing domestic investment and attracting FDI. The investment ratios issued in 2010 were low to about 0.06% of GDP(passenger, 2012, p. 215). It guarantees employment opportunities for individuals wishing to work, and indeed the central bank law was issued No. 56 of 2004 and the central bank. It upon itself gives the Iraqi currency and tries to stabilize its purchasing power through the auction of the money. The policy of maintaining the exchange rate of the Iraqi dinar in the range of 1190 dinars per U.S. dollar to ensure that productive projects continue to work without significant loss, ensuring that unemployment rates continue to be reduced. In addition to targeting inflation of about 1.4% for 2015 (Central Bank, 2016) against the increase in the M1 cash offer of about JD 6,580,3115 million for 2015.

Fiscal policy can play its role by increasing the volume of government spending and reducing taxes in line with rising production volume and developing it to allow for increased unemployment through increased employment and employment volume (Sarwat, 1998, p. 58).

2. Granting soft loans to unemployed individuals to ensure that they create a small mac that can develop their abilities and skills to ensure that they receive adequate income

3. Reforming the education system, developing it and promoting it in curricula and buildings, and developing its teaching and scientific staff, i.e., coordination between the outcomes of education and the need for development through the interlocking of the ministries concerned, and commitment to a comprehensive strategy for economic construction.
4. Establish a successful trade policy based on the protection and support of the local product through an interest in the export sector of competitive goods to achieve financial revenues that can contribute to increasing the volume of employment and employment of the workforce
5. Develop appropriate plans and complete statistics on the numbers of unemployed so that the state can address this problem by the potential and capabilities of the Iraqi economy.
6. SMEs are critical entities that contribute significantly to economic progress in most countries by supporting the components of economic growth and GDP and supplying the foreign currency, generating numerous jobs, lowering unemployment rates, and marginally improving enterprise operations. In 2006, 11,620 facilities could obtain concessional loans under the central bank's approval of its establishment 2006 (Al-Rakali, 2012, p. 226).
7. At a time when agricultural production has been sharply low, in most of the country's historical periods. Iraq has the second most renewable source among all countries in the Middle East, while the proportion of land cultivated does not exceed 12%. An estimated 2.6% is Arable land (Oslo, 2006, p. 71). This means that more investment in this sector will provide more employment and employment opportunities for the high powers and contribute to increasing the country's GDP and achieving economic development.
8. Interest in electric power and raising the generation rates of that energy to contribute to the operation of many industrial and service projects alike, especially the rise of the core on electricity to reach (9,000) MW in 2005. In particular, electricity production reached about 8,199.2 MW in 2013 (Central Bank, 2013, p1). It portends a relative improvement in the production of that energy. It is the backbone of industrial life and a key to the operation of many of the workforces that can mitigate unemployment in the country.

8. Conclusions and discussion

According to this article, the population growth of 3% is one of the primary factors for the slowdown, as the local economy cannot accommodate it. The private sector has been unable to play the necessary part in rising production output and operating costs. The majority of unemployment rates are seen in young people in their age group (15-25). The unemployment rate varies across the country according to natural opportunities and available energies; cities along the border, such as Wasit province and Sulaimaniyah, have favorable economic conditions and low unemployment rates. Cities, where economic development is concentrated due to the availability of water and agriculture, are impacted by unemployment, as is religious tourism, which generates financial income and provides jobs for a portion of the population in Karbala province. Wars, security and political instability, and the demobilization of many employment resulting from the war with Iran all contributed significantly to Iraq's rising unemployment rates. The local market's inability to absorb workers due to the disruption of numerous production projects or their work being performed inefficiently, especially the outputs of university education. Fiscal and monetary strategies are ineffective in addressing unemployment as a result of security and political unrest.

Weak international and domestic investment schemes result from a lack of an attractive investment climate, as evidenced in the employment downturn amid the passage of numerous laws. Unemployment dramatically leads to the poverty of many families and their vulnerability to marginalization, disease, and injustice since anyone unemployed is necessarily imperfect. The emphasis on the oil sector in generating financial revenues to support the general budget. It accounts for more than 90%, rather than on the agricultural and industrial sectors. It results in the loss of many jobs since this sector is densely technological and does not need a large amount of labor, as shown by the low ratios of those sectors. Following 2003, the Iraqi state enacted several significant laws aimed at combating unemployment and poverty, including rules on the protection network and special investment laws, as well as laws regulating monetary and financial policy and ensuring the Central Bank of Iraq's independence, as well as housing and loan laws for small businesses and the poor public sector. The is Creating an equilibrium in the domestic labor market between work supply and demand. Develop domestic and foreign investment schemes that allow foreign investors to invest in the country through legislation. Growing the amount of expenditure by establishing a state of political and security stability. Developing schooling in Iraq and its cadres to produce a generation with the experience and skills necessary to reach the labor market.

Pursuing fiscal and monetary policies that improve the buying power of the Iraqi citizenry by stabilizing the exchange rate, rising government spending, and lowering taxes, both of which promote employment and increased demand. Granting loans to unemployed individuals to start small businesses, thus providing them with income and capability development. Developing the private sector and growing its capital base allowed it to offer more opportunities for the unemployed. Supporting the ration card for residents as a kind of in-kind assistance that enables them to increase their incomes and avoid poverty

References

- [1] H. Alfatlah, "A Systematic Review on The Circular Economy Initiatives Through the Sustainability Reporting: A Socio-Cultural Approach," *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, vol. 12, no. 7, pp. 1892-1906, 2021.
- [2] Y. M. A. Al-Wattar, A. H. Almagtome, and K. M. AL-Shafeay, "The role of integrating hotel sustainability reporting practices into an Accounting Information System to enhance Hotel Financial Performance: Evidence from Iraq," *African Journal of Hospitality, Tourism and Leisure*, vol. 8, no. 5, pp. 1-16, 2019.
- [3] R. Zetter and H. Ruauadel, "Refugees' right to work and access to labor markets—An assessment," *World Bank Global Program on Forced Displacement (GFPD) and the Global Knowledge Partnership on Migration and Development (KNOMAD) Thematic Working Group on Forced Migration. KNOMAD Working Paper. Washington, DC: World Bank Group*, 2016.
- [4] A. Almagtome, M. Khaghaany, and S. Önce, "Corporate Governance Quality, Stakeholders' Pressure, and Sustainable Development: An Integrated Approach," *International Journal of Mathematical, Engineering and Management Sciences*, vol. 5, no. 6, pp. 1077-1090, 2020.
- [5] A. H. Almagtome, A. J. Al-Yasiri, R. S. Ali, H. L. Kadhim, and H. N. Bekheet, "Circular Economy Initiatives through Energy Accounting and Sustainable Energy Performance under Integrated Reporting Framework," *International Journal of Mathematical, Engineering and Management Sciences*, vol. 5, no. 6, pp. 1032-1045, 2020.
- [6] M. N. Ali, A. H. Almagtome, and K. S. Hameedi, "Impact of accounting earnings quality on the going-concern in the Iraqi tourism firms," *African Journal of Hospitality, Tourism and Leisure*, vol. 8, no. 5, pp. 1-12, 2019.
- [7] E. Vladi and E. Hysa, "The impact of macroeconomic indicators on unemployment rate: Western Balkan countries," in *international firms' economic nationalism and trade policies in the globalization era*: IGI Global, 2019, pp. 158-181.
- [8] S. Teitelbaum, "Criteria and indicators for the assessment of community forestry outcomes: a comparative analysis from Canada," *Journal of Environmental Management*, vol. 132, pp. 257-267, 2014.
- [9] H. Obinger and C. Schmitt, "Total war and the emergence of unemployment insurance in western countries," *Journal of European Public Policy*, vol. 27, no. 12, pp. 1879-1901, 2020.
- [10] E. Amusawi, A. Almagtome, and A. S. Shaker, "Impact of Lean Accounting Information on The Financial performance of the Healthcare Institutions: A Case study," *Journal of Engineering and Applied Sciences*, vol. 14, no. 2, pp. 589-399, 2019.
- [11] M. Saleem, A. Khan, and M. Saleem, "Business Ethics in Islam," *Dialogue (Pakistan)*, vol. 13, no. 3, 2018.
- [12] C. Carrère, A. Grujovic, and F. Robert-Nicoud, "Trade and frictional unemployment in the global economy," *Journal of the European Economic Association*, vol. 18, no. 6, pp. 2869-2921, 2020.
- [13] S. I. Kbelah, E. G. Amusawi, and A. H. Almagtome, "Using Resource Consumption Accounting for Improving the Competitive Advantage in Textile Industry," *Journal of Engineering and Applied Sciences*, vol. 14, no. 2, pp. 575-382, 2019.
- [14] D. Lederman and M. Zouaidi, "Incidence of the Digital Economy and Frictional Unemployment: International Evidence," *World Bank Policy Research Working Paper*, no. 9170, 2020.
- [15] K. S. HAMEEDI, Q. A. AL-FATLAWI, M. N. ALI, and A. H. ALMAGTOME, "Financial Performance Reporting, IFRS Implementation, and Accounting Information: Evidence from Iraqi Banking Sector," *The Journal of Asian Finance, Economics and Business*, vol. 8, no. 3, pp. 1083-1094, 2021.
- [16] L. E. Arango and L. A. Flórez, "Determinants of structural unemployment in Colombia: a search approach," *Empirical Economics*, vol. 58, no. 5, pp. 2431-2464, 2020.
- [17] M. Khaghaany, S. Kbelah, and A. Almagtome, "Value relevance of sustainability reporting under an accounting information system: Evidence from the tourism industry," *African Journal of Hospitality, Tourism and Leisure*, vol. 8, pp. 1-12, 2019.

- [18] G. Gozgor, "The impact of globalization on the structural unemployment: an empirical reappraisal," *International Economic Journal*, vol. 31, no. 4, pp. 471-489, 2017.
- [19] D. Adriani and E. Wildayana, "Finding Policies of Disguised Unemployment Arrangement: Through Various Technological Innovation of Agriculture and Income Diversification for Tidal Rice Farmer," *Sriwijaya Journal of Environment*, vol. 3, no. 3, pp. 113-122, 2019.
- [20] A. H. Amagtome and F. A. Alnajjar, "Integration of Financial Reporting System and Financial Sustainability of Nonprofit Organizations: Evidence from Iraq," *International Journal of Business & Management Science*, vol. 10, no. 1, 2020.
- [21] E. Forsythe and J.-C. Wu, "Explaining Demographic Heterogeneity in Cyclical Unemployment," *Labour Economics*, vol. 69, p. 101955, 2021.
- [22] M. T. Pasara and R. Garidzirai, "Causality effects among gross capital formation, unemployment and economic growth in South Africa," *Economies*, vol. 8, no. 2, p. 26, 2020.
- [23] T. I. Palley, "The fallacy of the natural rate of interest and zero lower bound economics: why negative interest rates may not remedy Keynesian unemployment," *Review of Keynesian Economics*, vol. 7, no. 2, pp. 151-170, 2019.
- [24] V. M. Isidro Luna and G. Corzo Cardona, "Exploring the determinants of the unemployment rate in European countries," *Revista de economía*, vol. 34, no. 88, pp. 82-98, 2017.
- [25] E. E. Ene, "An empirical analysis of the budget deficit and unemployment nexus in Nigeria," *International Journal of Contemporary Applied Researches*, vol. 5, no. 9, pp. 23-45, 2018.
- [26] N. Walton and B. S. Nayak, "Rethinking of Marxist perspectives on big data, artificial intelligence (AI) and capitalist economic development," *Technological Forecasting and Social Change*, vol. 166, p. 120576, 2021.
- [27] R. Williams, *The Rockefeller Foundation, the Population Council, and Indian Population Control*. Rockefeller Archive Center, 2010.
- [28] S. A. Mahmood, "MEASURING THE IMPACT OF SOME ECONOMIC VARIABLES ON UNEMPLOYMENT RATES IN IRAQ FOR THE PERIOD (1990-2017)," *International Journal of Management*, vol. 11, no. 10, 2020.
- [29] K. O. HassanAl-Azzawi, "The Relationship Between Unemployment and Financial Policy: Case Study of the State of Iraq for the Period (2003-2014)," *PalArch's Journal of Archaeology of Egypt/Egyptology*, vol. 17, no. 6, pp. 1148-1161, 2020.
- [30] A. A. A. Albakri, "Unemployment Syndrome in the Iraqi Economy Between Challenges and Remedies/An Analytical Study for the Period From 2003-2018," *AL-Anbar University journal of Economic and Administration Sciences*, vol. 12, no. 28, 2020.
- [31] E. Woertz, "Iraq under UN embargo, 1990–2003: Food security, agriculture, and regime survival," *The Middle East Journal*, vol. 73, no. 1, pp. 92-111, 2019.
- [32] H. S. Jadaan and B. Anis, "AN ANALYTICAL STUDY OF THE REALITY OF THE LABOR MARKET AND UNEMPLOYMENT IN IRAQ FOR THE PERIOD 2003-2013," *PalArch's Journal of Archaeology of Egypt/Egyptology*, vol. 18, no. 4, pp. 7009-7032, 2021.
- [33] K. P. Levitt, "From mercantilism to neoliberalism and the financial crisis of 2008," *Decolonial Perspectives on Entangled Inequalities: On Europe and the Caribbean*, p. 15, 2021.
- [34] B. Xu and B. Lin, "Investigating the role of high-tech industry in reducing China's CO2 emissions: A regional perspective," *Journal of Cleaner Production*, vol. 177, pp. 169-177, 2018.
- [35] A. J. Al-Mosawi, "Iraq healthcare system: An update," *Lupine Online Journal of Medical Sciences (ISSN: 2641-1725)*, vol. 4, no. 3, pp. 404-411, 2020.
- [36] M. Fernandez and R. Joseph, "UAE the Attractive FDI Destination in the Middle East," *International Research Journal of Finance and Economics*, vol. 153, 2016.
- [37] Hole, Y., & Snehal, P. & Bhaskar, M. (2019). Porter's five forces model: gives you a competitive advantage. *Journal of Advanced Research in Dynamical and Control System*, 11 (4), 1436-1448.
- [38] Yogesh Hole et al 2019 J. Phys.: Conf. Ser. 1362 012121
- [39] C. L. Meek, A. L. Lovecraft, M. D. Robards, and G. P. Kofinas, "Building resilience through interlocal relations: Case studies of polar bear and walrus management in the Bering Strait," *Marine Policy*, vol. 32, no. 6, pp. 1080-1089, 2008.
- [40] A. M. Fund, "Unified Arab Economic Report," *Abu Dhabi, various years and pages*, 2000.