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THE IMPACT OF GOVERNMENT SPENDING ON THE UNEMPLOYMENT RATE IN IRAQ FOR THE PERIOD 2004 – 2022

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Abstract:

The study aimed to analyze the phenomenon of unemployment in Iraq and to identify the impact of government spending on it, as well as to evaluate the effectiveness of fiscal policy in Iraq using the government spending tool and the extent of its contribution to reducing unemployment rates for the period 2004-2022. The study also assumed a positive impact of government spending on the unemployment rate in Iraq. The results showed an inverse and significant effect in the short and long term between government spending and the unemployment rate. The interpretation coefficient showed that 95% of the changes in the unemployment rate were due to changes in government spending. In addition, there was no problem of autocorrelation, and no problem of homogeneity of variance at a significance level of 5%. The study recommended that achieving economic growth is indispensable for achieving sustainable development and eliminating unemployment and poverty in Iraq. This cannot be achieved without growth in the private sector as a basic and primary tool for economic growth, generating job opportunities, and removing all obstacles that stand in its way. It also stressed the need to focus on small and medium enterprises, which would employ the largest possible number of unemployed people. Furthermore, increasing investments in Iraq would help solve the unemployment problem, which could increase job opportunities. Creating jobs is a priority that should not be overlooked. In order to expand opportunities, it is necessary to create a climate in which the private sector and foreign investments can contribute to eliminating this phenomenon and providing job opportunities for Iraqis according to their academic qualifications, and to establish an incentive system that contributes to attracting investors.

Keywords: government spending, unemployment, standard model.

THE INTRODUCTION

Government spending is one of the most important financial policy tools used by countries to influence indicators of economic and social development. It is also a key indicator of a country's economic policy and its role in economic life.

Keynes's financial thought focuses on the fact that government demand is an important stimulus for aggregate demand in the economy and generates a corresponding response from the supply side, which increases with an increase in the national product. From this, government spending emerges as a means of fiscal policy adopted by countries to reduce unemployment rates, based on the Keynesian theory , which considers government spending a stimulus for the national economy. Any increase in government spending necessarily leads to an increase in economic growth and thus the absorption of the unemployment rate within the local economy.

Importance of the study:

The importance of this study stems from its treatment of a topic that occupies a distinct and important position

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in the economic, social, and political development conditions of the country. Therefore, prior knowledge of the determinants of government spending that affect employment and reduce unemployment will contribute to guiding the spending policy of countries.

Study problem:

The study's problem can be presented in the following main question: What is the impact of government spending on the unemployment rate in Iraq? This problem includes the following sub-questions:

1. What are the government spending?
2. How does government spending affect the unemployment rate?
3. Has government spending contributed to reducing unemployment rates in Iraq?

Study objectives:

The study aims to:

1. Analyzing the phenomenon of unemployment in Iraq and identifying the impact of government spending on it.
2. Evaluating the effectiveness of fiscal policy in Iraq using the government spending tool and its contribution to reducing unemployment rates.

Study hypothesis:

The study is based on the hypothesis that:

1. There is a statistically significant positive effect of current expenditures on reducing unemployment.
2. There is a statistically significant positive effect of investment expenditures on reducing unemployment.

Study methodology:

The study relied on two academic approaches: the descriptive analytical approach and the standard approach, by building a standard model that explains the impact of government spending on the unemployment rate in Iraq during the period (2004-2022) .

Previous studies:

1. Karley , 2000) studied the impact of government spending on employment in Africa, where he concluded that there is a statistically significant positive relationship between government spending and employment, which is the result reached by many studies such as (Hendarmin , 2012) and (Berument , 2008.(
2. Barro (2001) and Sun (2008) believe that productive government spending has a positive impact on employment, unlike unproductive spending, which has a negative impact. This may be what led Prog (2008) to believe that most direct government spending should be allocated to creating new job opportunities.
3. A study (Mankiw , 2003) concluded that government spending (financial expansion) will hinder investment, which in turn will reduce job opportunities. In the same context, (Suindyah ,) proved that government spending in the military field is negatively related to job opportunities, while it is positively related to education.
4. Maisavonna (2013) demonstrated that infrastructure productivity is a fiscal policy tool as a model for employment in various economic sectors. He emphasized the impact of capital stock on some public and private sectors, as increasing government spending on infrastructure leads to improved GDP and reduced unemployment.
5. Sonmez (2012) aimed to demonstrate the impact of government spending on employment using the Keynes model. He concluded that government spending played a role in improving employment levels.

The first topic
The theoretical framework for the relationship between government spending and unemployment

First: Theoretically: Government spending is considered the primary engine through which the government can create job opportunities that absorb part of the unemployment and mitigate its severity. This means that the relationship between government spending and unemployment is an inverse relationship. The more the government increases the size of its public spending, the lower the unemployment rates and volume. Also, fiscal policy in general and with its various mechanisms (including government spending policy) is considered one of the most successful ways and tools to address cases of underutilization or deflationary gaps; because it is a long-term strategy, and thus government projects work to create job opportunities for consecutive years.

Government spending is defined as an amount of money spent by the government through its various institutions with the aim of achieving public benefit (Lutfi, 1995 , 182). It is also defined as all amounts spent by a public person to meet a public need (Khalaf, 2008 , 89). These two definitions make it clear that government spending consists of three elements which represent the pillars of spending, which are (Darwasi, 2005 , 160):

1. The first element: government spending is a cash amount.

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2. The second element: the issuance of government spending by the state or a public person.
3. The third element: Government spending aims to achieve public benefit.

Second: Determinants of government expenditures:

1. The size of public expenditures and their role in society and the economy depends on several factors, the most important of which are the following (Khalaf, 2008 , 86:(
2. The role of the state: The importance, size, and role of public expenditures vary depending on the role of the state in the economy.
3. The state's financial capacity, i.e. the state's ability to provide the public revenues necessary to finance public expenditures.
4. The state of the economy, which is represented by the level of economic activity, as the state of the economy and the level of its activity determine the need for public expenditures.

Third: The structure of public expenditures :

Public expenditures are divided into (Azzam, Al Wadi, 2007 , 56).

1. Current expenses: These represent the expenses necessary to facilitate the government apparatus and enable it to provide services and implement projects. They include salaries, wages, operating expenses, and transfer expenses.
2. Investment expenditures: These are expenditures that lead to an increase in national capital and affect the movement of economic activities. They are represented by the costs of purchasing machinery and equipment.
3. Taxes: They are an important tool in financing public spending and one of the most prominent tools of financial policy, whereby a portion of the income of individuals and companies is transferred or deducted to the government. Tax deductions to finance public spending represent two aspects: the first, in which they lead to the redistribution of income and the achievement of stability in economic activity, which is transfer expenditures, and the second aspect is a source of transferring public spending.

Fourth: The concept of unemployment and its stages :

Unemployment is one of the major difficulties and challenges facing the economy, with its profound repercussions on economic and social conditions. The severity of this problem is exacerbated by its persistence, high rates, and various forms. Moreover, the Iraqi economy suffers primarily from structural unemployment, resulting from the weak capacity of economic sectors to absorb the growing number of workers who are able and willing to work.

Unemployment is defined as the unavailability of work for a willing and able person in a profession that matches his aptitude and abilities due to the market situation (Al-Rawi, 1989 , 66). Unemployment is also defined as the presence of unemployed individuals who are able, willing and looking for work but do not find it (Abdul Qadir, 2003 , 170). According to the definition of the International Labor Organization (ILO) the unemployed person is every person who is able, willing and looking for work and accepts it at the prevailing wage but to no avail (Hassan, 1989 , 70). The American Banking Department has explained that unemployment is a term that refers to the state of total lack of employment, which refers to people who are able, willing and looking for work but do not find it (Khalil, Al-Ani, 1991 , 3.(

It is clear from the above that the above definitions agree in essence despite their differences in details. This disagreement in itself stems primarily from the difference in opinions about the types of unemployment. In general, the difficulty of agreeing on a specific definition stems from several fundamental considerations, namely that unemployment:

- It is constantly changing and renewing, meaning that new things can be added to it constantly.
- Intertwined and difficult to disentangle between its elements and variables.
- It is difficult to measure, as there is a difference between countries in the definition of employment, unemployment, working age, and other factors that contribute to the formation of employment or unemployment.

In general, the literature that dealt with the subject included various types of unemployment. The Iraqi economy has gone through four stages of unemployment since the end of the seventies of the last century until now, which can be identified as follows: (good, no year, 3:(

1. Behavioral unemployment stage:

This phase emerged in the second half of the 1970s and early 1980s, and many job opportunities became available. However, a large number of Iraqis rejected many of them due to the social views of such jobs.

2. Structural unemployment stage:

It emerged in the late 1980s after the end of the war with Iran and the demobilization of large numbers of military forces that the Iraqi economy was unable to absorb at once.

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3. Disguised unemployment stage:

forced unemployment It emerged during the 1990s with the imposition of a state of siege on Iraq and the cessation of most of its forces, which increased the unemployment rate, particularly in the oil, agriculture and services sectors.

4. Imported unemployment stage:

This stage began after the year (2003) and the opening of the Iraqi market to all imports without any restrictions, which stopped many of the existing craft economic activities and small factories.

The second topic
The evolution of the relationship between government spending and the unemployment rate in Iraq for the period 2004-2022

This research aims to analyze the relationship between government spending and the unemployment rate in Iraq during the period 2004-2022 , in order to understand the developments in these two variables.

First: The development of government spending in Iraq during the period 2004-2022

From Table (1), it is clear that current expenditures increased from (27597.2) billion dinars in 2004 to (72850.1) billion dollars in 2022 , at a compound growth rate of (5.39%). As for investment expenditures, they increased from (3924) billion dinars in 2004 to (5942.2) billion dinars in 2022. With a compound growth rate of (2.30%.)

This indicates that current expenditures were growing at a higher rate than investment expenditures during the research period. As for the total expenditures (current and investment), they increased from (31521.4) billion dinars in 2004 to) 78792.6) billion dinars in 2022 , at a compound growth rate of (5.1%.)

We also note from the table that current expenditures constituted the highest percentage of public expenditures, as they reached the highest percentage in 2020 (95.8%) of total expenditures, and their lowest percentage was in 2013 (66.1%). When compared with investment expenditures, we find that the latter constituted small percentages during the study period, and their highest percentage was in 2013 (33.9%)

(Table1)
period Government spending and unemployment rate in Iraq for the2004-2022

Unemployment % rate	Public expenditure to GDP ratio	GDP at current prices/billion dinars	Ratio of investment expenditures to total expenditures	Ratio of current expenditures to total expenditures	Total public expenditures/billion dinars	Investment expenditures/billion dinars	Current expenditures/billion dinars	years
8	7	6	5	4	3	2	1	
8.6	57..4	54900	12.5	87.5	31521.4	3924	27597.2	2004
8.7	50.0	61600	12.2	87.8	30831.1	3765.0	27066.2	2005
8.7	39.2	95600	14.1	85.9	27494.4	5276.8	323217.6	2006
8.7	42.9	111400	16.8	83.2	39308.3	6588.5	32719.8	2007
8.5	42.9	157000	22.2	77.8	67277.2	14976.0	52310.2	2008
8.4	42.6	130600	17.4	82.6	55589.7	9648.7	45941.1	2009
8.3	42.0	167100	22.2	77.8	70134.2	15553.1	54580.9	2010
8.0	35.2	223600	22.6	77.4	78757.7	17832.1	60925.6	2011
9.3	43.5	273600	27.9	72.1	105139.5	29350.9	75788.6	2012
10.6	43.5	273600	33.9	66.1	1129127.	40380.7	78746.8	2013
10.7	31.3	266600	29.8	70.2	83556.1	24930.7	58625.7	2014
10.8	36.2	194700	26.4	73.6	70397.5	18564.7	51832.8	2015
13.0	34.1	196900	23.7	76.3	67067.4	15894.0	51173.4	2016

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14.1	**31.1**	**221600**	**21.8**	**87.2**	**75490.1**	**16464.4**	**59025.7**	**2017**
15.1	**31.7**	**254800**	**17.1**	**82.9**	**808720.3**	**13820.**	**67025.9**	**2018**
16.2	**40.2**	**277900**	**21.9**	**78.1**	**111723.6**	**24422.9**	**87301.0**	**2019**
16.2	**34.6**	**2196800**	**4.2**	**95.8**	**76082.4**	**3208.96**	**72873.5**	**2020**
16.3	**34.1**	**301400**	**13.0**	**87.0**	**102849.7**	**13322.7**	**86526.7**	**2021**
15.5	**20.3**	**383100**	**7.5**	**92.5**	**78792.6**	**5942.5**	**72850.1**	**2022**
3.27%		**10.79%**			**5.1%**	**2.30%**	**5.39%**	**Compound Growth Institute**

Source: For columns4, 5 and 7, they are the work of the researchers, while the remaining columns are sourced from . World Bank data

As for the indicator of the ratio of public expenditures to GDP, which expresses the extent of intervention in economic life in general and social life in particular. That is, the higher this ratio is, the more state intervention there is, and vice versa. It also indicates the level of public needs. Table (1) shows that the ratio of public expenditures to GDP was (57.6%) in 2004, which represents the highest ratio during the study period, and decreased to (20.3%) in 2022.

Second: The evolution of unemployment rates in Iraq for the period 2004-2022

The Iraqi economy has a special status among developing economies due to the nature of the economic and political conditions that the country witnessed during the eighties and nineties of the last century, as Iraq went through a series of exceptional situations that resulted in a specific economic structure that required a special type of national economic management, which was represented by Iraq's involvement in a series of regional wars, starting with the Iran-Iraq War, followed by the First Gulf War and the accompanying unjust economic blockade imposed by the international community. The economic losses were estimated at approximately (1265) billion dollars, in addition to losses of approximately (150) billion dollars in unrealized oil revenues (Al-Shamaa, 2005 , 34) and the accompanying debt and compensation that were reflected in the overall national economic activity, as Iraq witnessed an unprecedented spread of unemployment and poverty, accompanied by the cessation of many small and medium industrial projects in addition to large industrial projects, as approximately 72% of the total small and medium industrial projects were halted, while the remaining percentage was operating at a capacity that was much less than its production capacity levels, which contributed to reducing job opportunities, laying off increasing numbers of workers and exacerbating the unemployment problem. (Dhanun , 2005 , 149) .

The situation worsened after 2003 , as the repercussions of the change increased the problem of unemployment to become a dangerous phenomenon threatening Iraqi society in most of its age, class and professional segments, as unemployment affected not only the groups with limited education, but also a segment that included university graduates and postgraduates, as the Ministry of Labor and Social Affairs announced that the number of unemployed registered in the database of the Department of Labor among graduates from 2003 until 2009 reached (1,500,000) unemployed (www.alsumaria.news). The reason for this is the paralysis of the national economic activity due to the destruction of the infrastructure by the war and the subsequent acts of sabotage and looting of all public property, which led to a deterioration in the economic sectors.

This economic chaos has deepened the structural imbalance in the Iraqi economy and paralyzed its activity as it could not maintain its public workforce, so how could it create additional job opportunities for the new segments entering the labor market? What exacerbated the unemployment phenomenon was the dissolution of a large number of the state's public institutions. The annual unemployment rate reached (19.7%) during the period (2003-2008) (annual statistical collection for the mentioned period) for the year 2010. Males constituted about (20%) as an annual average and females (18%) during the mentioned period. Thus, unemployment rates in Iraq (even assuming the accuracy of the Central Bureau of Statistics data may reach 45%) (including underemployment) or 39% according to World Bank estimates for the year 2010 (Salem, 2011 , 34). In addition, unemployment among young people is

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considered the most dangerous consequence of the unemployment phenomenon that Iraqi society may face, as preventing this group, which is more active than other age groups, from contributing to the construction process and keeping this group unemployed may push them to commit illegal acts, especially under conditions such as Iraq.

Official statistics indicate that unemployment among youth aged (15-24) years constituted a rate of 30% in 2008 for all of Iraq, 20.4% in 2016 , and 27.2% in 2022 (Table (2,3)) . This confirms the importance of youth (especially graduates) in the national workforce. Dhi Qar Governorate had the highest rate for this category, with the youth unemployment rate reaching (59.1%), followed by Nineveh Governorate (41.9%) and Basra Governorate (40%.(

Unemployment among males reached (23.4%) and females (65.5%) in 2022 , as shown in Table (3)

(Table3)
Youth unemployment rate by governorate for the period 2006-2016

years 24-15 unemployment Youth				Governorate
2016	2014	2008	2006	
-	12.8	41.9	43.5	Nineveh
28.7	5.2	29.6	16.8	Kirkuk
12.0	17.9	33.1	33.5	Diyala
-	33.3	25.7	-	Anbar
18.6	19.0	23.2	26.4	Baghdad
11.0	21.3	20.3	21.1	Babylon
12.1	12.2	27.9	31.1	Karbala
20.2	12.5	22.1	14.0	Wasit
16.3	15.3	28.7	29.1	Saladin
16.4	10.6	27.0	32.2	Najaf
21.0	21.0	26.6	34.9	Al-Qadisiyah
26.0	12.0	38.4	33.2	Al-Muthanna
34.8	31.0	59.1	48.6	Dhi Qar
29.2	28.7	37.7	36.9	Maysan
25.5	22.7	40.0	29.6	Basra
28.1	15.0	32.5	-	Dohuk
22.2	11.2	32.4	-	Erbil
19.4	12.3	20.4	24.2	Sulaymaniyah
20.4	17.6	30.0	30.3	Total

:Source

- Central Agency for Statistics and Information Technology, Annual Statistical Abstract2008-2009 March ,(2010 Table ,15/2 .
- Results of the Social Survey of the Family in Iraq for the year2014 .
- 2016 . Iraqi Household Nutrition and Vulnerability Assessment Survey

Table3
Youth unemployment rate15-24) of **period total labor force for the** the**2004-2022**

Total youth	female unemployment	Male unemployment	years
17.4	19.8	17.1	**2004**
17.5	19.5	17.2	**2005**
30.3	19.34	17.0	**2006**
17.1	19.32	16.9	**2007**
30.0	21.2	16.2	**2008**
17.0	23.5	16.3	**2009**

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16.8	25.6	15.9	**2010**
16.5	27.4	15.3	**2011**
16.2	29.4	14.8	**2012**
18.2	37.2	16.1	**2013**
17.6	45.9	17.0	**2014**
21.4	41.6	18.6	**2015**
20.4	37.5	20.1	**2016**
25.5	62.8	21.9	**2017**
25.3	62.8	21.7	**2018**
25.1	61.6	21.6	**2019**
27.2	64.6	23.6	**2020**
27.2	65.2	23.5	**2021**
27.2	65.5	23.4	**2022**

.Source: Prepared by researchers based on World Bank data

The third topic
Measuring and analyzing the impact of government spending on the unemployment rate in Iraq for the period 2004-2022

First: Study variables:

(1) Table
Study variables

Description	Variable name	Variable symbol
independent variable	**Current expenses**	**X1**
independent variable	**investment expenditures**	**X2**
dependent variable	**unemployment**	**Y**

. **Source: Table based on model description**

Second: Standard Model Tests (Unit Root Test)
Before entering into model testing, we will present a table showing the time series Stationarity test for the research variables according to the results of the Phillips - Perron (PP) test. The Phillips - Perron test was chosen for all models, as it is more accurate.

(Table2)
Phillips–Perron test statistic results

Variables	Stability test					
	Level	Level		First difference	1st Difference	
	PP	Sig.	Result	PP	Sig.	Result
X1	-2.84654	0.0035	stationary	-2.6776	0.0038	stationary
X2	-4.98754	0.03350	stationary	-2.0989	0.0387	stationary
Y		0.0035	stationary	-2.6776	0.0038	stationary

. Source: Table based on model description

Third: Estimating the impact of government spending on the unemployment rate:
Initial estimation of the ARDL model:
After the stability tests conducted on the government spending variable, both current and investment, as variables and the unemployment index as a dependent variable, were shown to be stable at the level and at the first difference (1), and with the availability of this condition, we were able to apply the ARDL model , and the table below shows us the test results for this model.

Table (3)

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First estimation results for the ARDL model

Dependent Variable: Y			
Method: ARDL			
Selected model: ARDL (1,0,0)			
11.50555555	**Mean dependent var**	**0.96541647**	**R-squared**
3.222982218	**S.D dependent var**	**0.95800571**	**Adjusted – R-squared**
2.201399422	**Akaike info criterion**	**0.66046983**	**S.E of regression**
2.399259813	**Schwarz criterion**	**6010708559**	**Sum squared reside**
2.228681702	**Hannan – Quinn crater**	**- 15.812594**	**Log likelihood**
1.772495074	**Durbin-Watson stat**	**130.272341**	**F-statistic**
		1.83075467	**Prob (F-statistic)**
***Note: p values and subsequent test results do not account for the model**			
			Selection

based on the outputs of theEViews program.13

3shows the results of the (Adjusted-squared) test that current and investment expenditures as independent variables explained (95%) of the changes in the unemployment rate variable (Y), and that the remaining percentage (5%) is due to other factors not included in the model. As for the (F-statistic c) test It indicates the overall significance of the model from a statistical point of view at a probability level of approximately (Prob= 0.000 00), less than 5%.
Fourth : Results of the boundary test for cointegration:

To test the extent of the existence of a long-term equilibrium relationship (the existence of joint integration) between government spending, both its current and investment components (X) as an independent variable, and unemployment (Y) as a dependent variable , a bound test must be conducted , as in the following table:

(4) Table
ResultsBound Test

Null hypothesis: No relationship levels		
Sample size: 45		
Value		**Test Statistic**
4.139005		**F - Statistic**

1%		**5%**		**10%**		
I(1)	**I(0)**	**I(1)**	**I(0)**	**I(1)**	**I(0)**	**Sample Size**
6.333	**5.593**	**4.523**	**3.937**	**3.73.**	**3.120**	**40**
6,193	**5,607**	**4,460**	**3.877**	**3,730**	**3.190**	**45**
5,580	**4,940**	**4,160**	**3.620**	**3,150**	**3,020**	**Asymptotic**

based on the outputs of theEViews program.13

It is noted from Table (4) above that the calculated value of (F-statistic) reached (4.139005) which is greater than the tabular value at a significance level of (5%), which means that we reject the hypothesis of non-existence and accept the alternative hypothesis, and this means the existence of an integrated relationship between government spending as independent variables and unemployment (Y) as a dependent variable.

Third: Testing the estimated parameters (short-term):

This test shows the estimation of short-term parameters in order to reveal the degree of influence of the independent variable on the dependent variable. This test also shows the error correction coefficient that measures the speed of the model's return to equilibrium in the short term. The table below shows this.

(5) Table
Results of estimating the error correction model and the short-run relationship

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based on the outputs of theEViews program.13

The results of the table above showed a set of results as follows:

1. The results showed an inverse relationship between the volume of expenditures X1 and the unemployment rate Y , i.e., when current expenditures increase by one unit, the unemployment rate Y decreases by 2.7 units.
2. The results showed an inverse relationship between the size of investment expenditures X2 and the unemployment rate Y , i.e., when investment expenditures increase by one unit, it leads to a decrease in unemployment Y , by 7.7 units.

Fifth : Testing the estimated parameters (long-term)

This test demonstrates the long-term estimation of parameters in order to reveal the degree of influence of the independent variable on the dependent variable, as well as to determine the type of long-term relationship, as in the following table:

(6) Table
Long-term parameter estimation results

Dependent Variable: D(Y) Method: ARDL				
Prob.	**t-Statistic**	**Std. Error**	**Coefficient**	**Variable**
0.01778	**20659233**	**6.910631**	**0.00018 -**	**X1**
0.0519	**-2.111167**	**0.000246**	**-0.00052**	**X2**
0.1497	**1.518398**	**3.766600**	**5.71919**	**C**
Note: *Coefficients derived from the CEC regression.				

The table was prepared by the researcher based on the outputs of the:EViews program.13 .

Dependent Variable: D(Y) Method: ARDL				
Prob.	**t-Statistic**	**Std. Error**	**Coefficient**	**Variable**
0.0034	**1.3995488**	**0.1067445**	**0.149394**	**COINTEQ***
0.0109	**-1.311143**	**2.0939074**	**-2.745414**	**X1**
0.0244	**2.5222708**	**3.0819342**	**-7.773473**	**X2**
0.2588	**-1.179184**	**0.7245810**	**0.854415**	**C**

1. inverse relationship between the volume of expenditures X1 and the unemployment rate Y , i.e., when current expenditures increase by one unit, the unemployment rate Y decreases by 0.00018 units.
2. The results showed an inverse relationship between the size of investment expenditures X2 and the unemployment rate Y , i.e., when investment expenditures increase by one unit, it leads to a decrease in unemployment Y , by 0.00052 units.

Fifth: Post-tests (confirmatory)

To ensure the accuracy of the results obtained in the previous tests, we will conduct some important diagnostic tests to prove this, as follows:

The problem of autocorrelation: The results showed, according to the (LM) test and the (F-TEST) statistic, that they were not significant, and therefore we reject the hypothesis of the existence of an autocorrelation problem. See Table (7) below.

(Table7)
Self-correlation

Breusch – Gofer Serial correlation LM Test:			
0.0574	**Prob. F(1,42)**	**3.816496**	**F-statistic**
0.0556	**Chi – Square (1) Prob.**	**3.665183**	**Obs*R-squared**

Source: Prepared by the researcher based on the statistical program EViews .13.

Heterogeneity of variance test: The results, according to the (ARCH) test and the (F-TEST) statistic, were found to be insignificant. Therefore, we reject the hypothesis of the existence of a problem of homogeneity of error variance.

Table (8)

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heterogeneity of variance

Heteroskedasticity Test: ARCH			
0.0574	**Prob. F(1,42)**	**3.816496**	**F-statistic**
0.0556	**Chi – Square (1) Prob.**	**3.665183**	**Obs*R-squared**

Source: Prepared by the researcher based on the statistical program EViews .13.

Normal distribution problem: The results showed that the estimated model is free from the problem of normal distribution of residuals.

CONCLUSIONS AND SUGGESTIONS

First: Conclusions

1. The challenge of unemployment is at the forefront of the challenges facing Iraq due to its abnormally high rate. Equally important are the repercussions and effects, some of which lead to negative behavior that harms society, such as crime and violence.
2. The increasing proportion of the young age group and the increasing number of graduates year after year have led to a lack of suitable job opportunities for them due to the lack of alignment between the outputs of educational institutions and the needs of the labor market.
3. The worsening unemployment problem, particularly among graduates, in Iraq stems from the foreign occupation of the country, the destruction of the Iraqi economy's infrastructure, and the absence of productive investment resulting from the halting of economic development plans and the exclusive focus on security, as well as privatization policies and a sudden opening up to the outside world.
4. The results of the time series stationarity test according to the Phillips-Perron test indicate that:
5. P. p to the stability of both government spending , current and investment. and the unemployment rate At the level and at the first team.
6. 5The results of cointegration according to the bounds test indicate the existence of a long-run equilibrium relationship (co-integration relationship) between government spending (current and investment) and the unemployment rate.
7. The results of the short-term econometric analysis showed that current government spending has an inverse and significant effect on the unemployment rate . The results also showed that investment spending has an inverse and significant effect on the unemployment rate.
8. The results of the long-term econometric analysis showed that current government spending has an inverse relationship .
9. And morally on the unemployment rate , and the results also showed that investment expenditures have an inverse and significant impact on the unemployment rate.
10. The results of the explanatory power reflected by the coefficient of determination (R^2) showed that current and investment expenditures explained 95% of the changes in the unemployment rate variable. .
11. The diagnostic results of the relationship between government spending and the unemployment rate showed no problem.
12. Autocorrelation according to the (LM) test, as well as the absence of the problem of homogeneity of variance according to the (ARCH) test.

Second: Proposals:

1. Achieving economic growth is indispensable for achieving sustainable development and eliminating unemployment, including unemployment and poverty, in Iraq. This cannot be achieved without growth in the private sector as a basic and primary tool for economic growth, generating job opportunities, and removing all obstacles that stand in its way. It is also necessary to focus on small and medium enterprises that will employ the largest possible number of unemployed people.
2. Increasing investments in Iraq will help solve the unemployment problem, which can increase job opportunities. Creating jobs is a top priority. In order to expand opportunities, it is necessary to create a climate in which the private sector and foreign investments can contribute to eliminating this phenomenon and providing job opportunities for Iraqis according to their academic qualifications, and to establish an incentive system that contributes to attracting investors.
3. A condition for acceptance must be set in the new investment law, which prohibits foreign companies from employing foreign labor and restricts them to specialized foreign labor that the labor market currently needs until Iraqi cadres are prepared and

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trained, and relies on the use of a large number of workers in projects.

4. Disbursing financial aid to the unemployed through a special fund in the Ministry of Labor and Social Affairs until job opportunities are found for them.
5. Encouraging technical and vocational education for both genders and highlighting the importance of vocational education in developing the human cognitive and technical skills and capabilities of the workforce. It will play a significant role in preparing the Iraqi workforce to confront the structural changes and transformations that have occurred in the demand for labor in the labor market by developing training programs to qualify and rehabilitate the unemployed.
6. Improving education in general and higher education in particular, and paying attention to the applied and training aspects and field work by making fundamental changes in the curricula of education and higher education to create a state of compatibility between the number of graduates and the requirements of the labor market.
7. Providing the necessary equipment to operate idle factories by securing raw materials and other requirements to enable them to absorb a significant portion of the unemployed workforce.
8. The need to diversify the Iraqi economy and make optimal use of oil resources to develop other sectors. This would provide job opportunities for a growing number of unemployed people.
9. Restarting the industrial facilities affiliated with the Ministry of Industry and the Military Industrialization Authority after converting them into civilian industries that can be used to rebuild what was destroyed by the occupation and to employ the unemployed.
10.]It is necessary, as is the practice in developed countries , to accurately calculate the issue of the relationship between politics. Educational The human resources development plans require This is achieved by following an education planning policy that is compatible with these needs, taking into account the country's capabilities and the quality of development programmes. Required .

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