

**SECURITY EFFECTS ON EMPLOYMENT AND PRICE LEVELS IN IRAQ
DURING THE PERIOD (2003 – 2020)**

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Abstract

Since Employment and price levels concern thinkers, countries, organizations and the public, thus digging into the causes of unemployment and the relative instability in price levels undoubtedly is of great importance, especially in a country like Iraq, which is endowed with material and human capabilities, if used properly, it would be possible to overcome the problems of unemployment and instability of price levels.

Key words: Security Effects, Employment and Price Levels.

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Introduction

Security has clear effects on social and economic life, but its effects appear faster on economic activity, because the living requirements do not bear much delay, as they are often urgent, so the repercussions of security in most cases find their reflections in the economic life directly and quickly. The most significant economic manifestations that directly related to security situation are the Employment and priced levels, of which include multiple security aspects would as follows:

- 1- Armed violence.
- 2- Piracy and banditry.
- 3- The weak application of legal legislation and the expansion of the influence of tribal customs.
- 4- The prevalence of bribery transactions in government departments.
- 5- Sharing the national wealth and income by specific groups.
- 6- Others, such as (disrupting the use of national capabilities - such as disabling existing factories and institutions in order to promote trade for specific categories).

Research Methodology:

First: The problem

The research problem is concentrated on the exacerbation of unemployment and the relative instability of price levels as a result of

the instability of the security situation in Iraq during the research period.

Second: The purpose

The research aims to shed light on the most important factors that leads to the exacerbation of the unemployment phenomenon and the lack of real relative stability of price levels during the research period .

Third: The importance of research

Since Employment and price levels concern thinkers, countries, organizations and the public, thus digging into the causes of unemployment and the relative instability in price levels undoubtedly is of great importance ,especially in a country like Iraq, which is endowed with material and human capabilities, if used properly, it would be possible to overcome the problems of unemployment and instability of price levels.

Fourth: The Research Hypothesis

The adoption of an economic policy based on clear control that reflects a real desire to inform the public about economic resources and a rational price policy that would achieve a satisfactory level of employment and relative stability of price levels.

Fifthly: The structure of the research

In order to be able to continue the research, it is divided into three sub-themes:

The first topic: the conceptual framework.

The second topic: the legal environment in Iraq during the period (2003 – 2020).

The third topic: the reality of employment and price levels.

in addition to the conclusions and recommendations.

The first topic: the conceptual framework

The research included several basic concepts, to be clarified as the following:

1- Legal rule: It is an obligatory frequent social behaviour that contributes to putting the legal text into practice, It is also defined as a speech addressed to people, regardless of its source, who feels the arrangement of a certain result on the occurrence of a certain event in order to control order in the society and to achieve harmony between its ties (Al-bakry, no .date) On two grounds:

A: The correlation between law and society

The law is a group of legal rules that organize the society ,which should conform to the conditions of its same society and thus should express the needs of the society, and since these needs change from time to time, the law should also keep pace with this change .

B: The correlation between law and punishment

The basic principle is that man is a sophisticated social being, but this origin happens that some people go against and break the law, so there is a penalty for those who violate the law for the sake of achieving discipline, and here there should be a competent authority to execute the penalty until the obligation is fulfilled.

In order to understand the legal rule, its characteristics should be explained, which are represented by the following (ibid)

- First: It is a social rule of behaviour, because it is closely related to society and is indispensable to it.
- Second: It is an abstract general rule that spreads the spirit of order in society.
- Third: Its speech addresses to the people in the community in order to organize their ties.
- Fourth: It is a binding rule that follows its binding force, including the material penalty imposed by the public authority on those who violate it.

The importance of the legal rule is clear, both in the past and in recent times. From the past, we can take an example. Here is the wisdom attributed to Imam Ali bin Abi Talib, peace be upon him, when he said :“The abuser is reprimanded for the reward of the doer of good (Abah, 2007)From the present we testimony with the speech of Charles De Gaulle, a symbol of free France, when he entered Paris after the liberation of his country from the German invasion, where he asked about the conditions of the country and its institutions, and replied that t was in the worst condition. Then he raised his famous question: Is the judiciary fine, he was replied by yes, he said his most famous saying (if the judiciary is fine, then France is fine, it is the mainstay for the advancement of the state (Akhbarak.net, no.date)

2- Employment

Attention has increased during the last three decades of the last century to the problem of achieving full employment of the labour force, and it should be emphasized that unemployment, especially if it is on a large level ,reflects a defect in the economic system. Defining the concept of employment is necessary, and perhaps the simplest definition of full employment is that it is a situation characterized by an absence forced unemployment (involuntary Unemployment) (Atto, 1971)Forced unemployment arises when a part of the labour force (individuals) are willing to work with the prevailing wages in their industry,

without being successful in finding work. It results in deprivation and financial pressure on families, and its effects soon spread in all social circles (Sammuelson, 1985)(Full employment may be accompanied by the presence of partial unemployment, because absolute full employment is rare in all economies. There must be a certain unemployment that may not exceed 3% of the size of the labour force that does not work temporarily for some reason. There are a number of cases in which those who do not work are not considered unemployed (1- Students 2- Disabled 3- Elderly 4- Pensioners 5- Those who have lost hope of getting a job 6- Temporary employers 7- Those who are in need of work) (Ar.m.Wikipedia, Unemployment, 2018) and economic history shows that economic classical thinking did not pay much attention to the issue of full employment, as it was believed that the flexibility of prices and wages was enough to achieve it, and that the classical thinking considered depression cases as an emergency temporary crisis and it would not take long for them to begin to disappear gradually. This way of thinking continued until 1929 where the none-precedent Great Depression crisis appeared with its severity or the length of its persistence, as the unemployment rose to record rates of 25% of the labour force in the United States of America by 1933

The crisis of the Great Depression (1929-1933) that afflicted the capitalist countries led to the shaking of the foundations of the classical theory and to the lack of confidence in everything that came with it. Since that time, there has been a strong feeling that the urgent need for a new theory of employment that can explain the persistence of high unemployment throughout these years, and the signs of this theory appeared in 1936, when the English economist John Maynard Keynes published his famous book (The General Theory of Employment, Interest and Money) where Keynes attacked in his aforementioned book the classic theory, he did not agree with the opinion that says that equilibrium is always achieved at the level of full employment, as Keynes sees that equilibrium can be achieved at levels less or greater than the level of full employment, and Keynes criticized the classical assumptions and described them as unrealistic. Keynes' point of view can be stated in two main points (Ibid.p.100)

First, Keynes criticized the classics' acceptance of Say's law and its essence that supply creates demand, while Keynes believes that making decisions about production and income-generating is not always accompanied by the same speed of making decisions about spending income , In other words, income is not always spent at the same speed that it is generated from the production process , This of course, results from the difference in the two angles of looking at money, as money according to the classics is only an instrument of exchange, while for Keynes it is an instrument of exchange and a store of value (Syed Ali, 1976)

Second :Keynes did not agree with the classical assumption of the flexibility of prices and wages and their ability to rise and fall until equilibrium is automatically achieved at the level of comprehensive employment, and Keynes saw that this cannot be achieved in practice and theory. In practice, trade unions always oppose the reduction of wage levels and do not allow that, rather they demand and work to always increase them, and in theory, the monetary wages, although they represent a cost component for the production unit, they represent incomes for workers and a source of their purchasing power, so the reduction of these wage levels, even if It will lead to a decrease in the cost of production, but at the same time it will reduce the purchasing power of individuals and their ability to spend, and then sales and prices will decrease, and profits may decrease and unemployment will increase. In other words, it can be said that the volume of employment is determined by the amount of effective demand.

3- Price Levels

In the field of price levels, we find a difference in the nominations/titles. There are those who use the price level as it means the general level of prices in a specific period compared to the general level of prices during another period (Hanson, 1967) There are those who use price levels which means the ratio of the price of one commodity in the comparison period to its price in another period called the base period or the reference period (Spiegel, 1972) while others call it the price rates, which is a group of prices of one commodity or the prices of similar commodities at one price during a certain period (for example, a month), the monthly average of these prices can be calculated using some statistical means such as the arithmetic mean, the simple harmonic means or weighted, and sometimes the median or model (Zainy, 1990), in general the common denominator in these nominations is the existence of prices for a particular commodity. Or a set of prices that are balanced (compared) between them during the two periods to find out the amount of change that occurred.

The level of prices is important in the economy, as it is considered a main and important indicator for many (governments, political and union groups, and business owners) because the change in price levels has many repercussions on the purchasing power of consumers and investors, which makes it necessary to identify changes in order to take appropriate policies against them. The nature of economic problems and their succession led to the emergence of financial theories that dealt with the interpretation of these problems and an attempt to find solutions to them. The most important of these theories: (Yahya W. y., 2001) :

First: Quantitative theories as the oldest theory that stated the value of money as it was noticed by all old thinkers the existence of strong relationship among fluctuations affecting the quantity of money with the fluctuation of its value, Jean Bodin said in his book published in France in 1568 (political Economics) on the clear relationship between the prices fluctuation (money value) with the fluctuations of quantity of money, Bodin presented five causes of prices raise phenomenon, which are : i) abundance of gold and silver, ii) monopolization, iii) scarcity of supply due to the import, iv) overspending of kings and feudal lords, and v) official reduce of currency standard/level. Considering that the first cause is the main reason of this phenomenon, which is the abundance of money, therefore, Bodin has presented a clear vision of quantity money theory. The same concept was explained by both (Luck and David Hume), also Ricardo who have formulated out of these concepts a theory that become a stable component of the classical economic thinking.

Economists have added several modifications on this theory, most importantly that which have been added by Fisher, the well-known American economist , the theory of quantity of money does not contain one perspective, but there are three perspectives or different theories that use equation exchange, however, they are not similar in regards to the quality and importance of factors that determine levels of prices, those theories are monetary theory, (Fozy, 1964)

A- Transactions- (Irving Fisher formula)

$$MV=PT$$

Where M = Total amount of money during a given period .

V = Velocity of circulation of money

P = general level of prices

T = Total transactions that took place during this period

Here we find that the change in money supply causing similar change on the general level of prices

$$P = \frac{MV}{T}$$

Assuming that both T and V are constant (Fisher I. , The purchasing power of Money , 1922)

B- Cambridge formula (or cash balances formula)

$$M = KPY$$

Where:

M= Money supply

K= that percentage of nominal income which are hold by individuals, which is also the opposite of (V) in the transactions formula.

P= general level of prices

Y= amount of transactions (real income)

Thus if both K and Y are constant, then the change of M will affect in the general level of prices in the same percentage and direction,

And if the aggregation of real income Y (=100) and the general level of prices P is (2), and individuals and institutions decided to hold (0.5%) as an average of their nominal income, then the demand on money will be 100.

$$100 = 0.5 * 2 * 100 \text{ which is } M$$

C- Fisher equation (use income instead of transactions)

$$M^S V = PY \text{ (ibid : pp. 48 - 50)}$$

Where:

M^S= nominal monetary supply

V= velocity of money circulation

P= general level of prices

Y= real income

If V and Y are constant, then the change of M^S will include an equal rate change of the general level of prices.

1- Modern Quantitative Theory (or Theory of Friedman – the Pioneer of modern quantitative theory) as Freidman considers that the modern quantity theory is in the first place (monetary demand theory), for more details, please refer

Secondly: Keynesian theories

A- Liquidity Preference Theory

B- Investment Portfolio Theory (Ibid.84-98)

The second topic: the legal environment in Iraq during the period (2003-2020)

Iraq is one of the first countries that witnessed the birth and nurturing of ancient civilizations such as the Sumerian, Akkadian and Assyrian Babylonian civilizations. After that, Iraq became an important home for the Arab Islamic civilization since the establishment of Basra and Kufa in the years 15 and 17 AH, respectively, and the adoption

of Imam Ali bin Abi Talib, peace be upon him, Kufa as the capital of the Islamic caliphate. Then, Iraq was an important area on which many events passed during the Umayyad, Abbasid, Mughal, Turkish and Persian historical eras, up to the modern era, which began with the British occupation of Iraq in 1917 and the establishment of national rule in 1921, when the features of national rule began on the Basic Law of 1925 and work continued under it until 1958, when the coup took place over the Royal governance and the establishment of the republican system, to begin with it a long period of political changes and temporary constitutions (Interim Constitution 1958, Interim Constitution 1963, Interim Constitution 1968, Interim Constitution in 1970). Then Iraq witnessed the entry of a new phase that began in 2003, and if Iraq had established some foundations of the legal environment, especially during Royal Governance era, thanks to assigning various tasks to the geniuses of science, law and constitution jurists/scholars, giants of the economy, diplomatic gurus, and parliamentarians (Al-Suwaidi, 2011) such as Tawfiq Al-Suwaidi, Muhammad Fadel Al-Jamali, Nuri Al-Saeed and Sasoon Heskell. However, the legal environment witnessed a significant decline during the post 2003-period Iraq did not witness in any of the eras it passed through, when the totally fold historical advancement pages before 2003, some thought that the next would be better than the previous ones, especially since most of the opponents of the political scene and decision-makers are from the community segment who carries the banner of religiosity and who defend the rights of the oppressed and they are those who are supposed to be the best to know with what the truth, Glory be to Him, says in His saying (And you lived in the dwellings of those who remained themselves, and it became clear to you how we dealt with them, and We gave you examples) (holy Quran .Ibrahim .45) However, with days passing by, it became clear that the new page might be worse than the previous one, and the Commander of the Faithful, Ali bin Abi Talib, peace be upon him, believed when he said: "Many Lessons, but no learning (Abdah S. M., 2007, p. 566) This legislative body (Parliament) continues to issue laws that in the interests of the three presidencies (the President of the State, the Prime Minister, the Presidency of Parliament and the Supreme Judicial Council) are devoted, and because the subject is so broad that it is not possible to refer to all the details due to the narrowness of the field in such research, so examples of legal imbalances should be given:

First :On the level of salaries, the obvious imbalance can be observed, as when balancing the pension rights for the salaries and allocations of the Council of Ministers, which is regulated by Law No. (27) of 2011 (Iraq R. o., 2011) Article (8) of this law referred to granting those covered by its provisions: With the following:

A - 30% of his total salary and monthly allowances if he has an actual service in the country that exceeds Six months and less than one year.

b- 50% of his total salary and monthly allowances if he has actual service in the state for more than one year and less than three years .

C – 70% of his total salary and monthly allowances if he has actual service in the state for more than three years and less than five years.

D – 80% of his total salary and monthly allowances if he has actual service in the state for more than five years, or if he died or was martyred during the service, regardless of his service.

And when balancing these pension salaries with the pension salaries of all state employees included in the Unified Pension Law No. (9) of 2014 (Iraqi Realities, No. 4314 on 3/10/2014), as Article Twelve of the said law indicated that the lump-sum is the amount he receives A retired person during his life and who has a pension service of not less than (10)

years and less than (15) fifteen years is the average salary of the employee during (36) thirty-six months of his last pension service, so that it becomes clear to those who conduct such balancing the amount of legal differences in this field and it is considered a regression in the laws and orders issued, including Order No. 31 of 2005, which came to amend Order No. 9 of 2005, which goes to grant each of the members of the dissolved Governing Council, the families of those who were martyred among them, their deputies, its general secretary, members of the Presidency Council, the Prime Minister, his deputy and agents Ministries and those of their rank and advisors who receive the salary of an undersecretary, a pension equivalent to (80%) of the salaries and allowances of their peers who continue to serve, except for cases of dismissal, dismissal or resignation without the approval of the competent authority (Iraq R. o., 2005)

Second: Allocations within the federal budget estimates for the year 2019

In this regard, not all allocations will be reviewed, but examples will be given:

Table No. (1) Some important items in the federal budget

sequence According to the main accounts	the side	The total amount allocated (Thousand dinars)	ratio to total (Customizations)(1) %
1-	Parliament	275646959	0.207
8-	Presidency	70834422	0.053
10-	CoMSEC	118305113	0.088
23-	College of the Imam A'adham	19717378	0.015
24-	College of Imam Al- Kadhim	16450768	0.012
31-	Popular Mobilization Authority	2592744759	1.948
38-	Ministry of Defense	9056284700	6.803
40-	Ministry of Education	2188665855	1.644
42-	Ministry of Commerce	3115624989	2,341
52-	Ministry of Electricity	10056908492	7.555
55-	Kurdistan Region	9783025811	7.350
65-	Basra Governorate	2062007023	1.349
65-	Nineveh Governorate	281210077	0.021
67-	Baghdad Governorate	3508884405	2,636

(1) Total expenditures (133107616412) (one hundred thirty-three trillion, one hundred and seven billion six hundred and sixteen million four hundred and twelve thousand dinars (Iraq R. o., 2019)

When conducting a budget in the expenditures of some entities, such as the expenditures of the Kurdistan region and the governorates of Basra, Nineveh and Baghdad, it becomes clear that the increased percentage of allocations to the Kurdistan Region (which includes three governorates, Erbil, Dohuk and Sulaymaniyah) which reached (7.350%) of the total federal public expenditures, while there are many problems related to the contribution of the KRI to contribute the federal budget with incomes especially the revenues of the extracted oil in addition to other incomes, and if we divide the total Kurdistan region allocations total population of the region, according to figures from the statistical Abstract (2010 - 2011) where the population of the region (4502568) (organization C. s., Annual statistical abstract, 2010- 2011) then the share of one person will be (2172.7) thousand dinars, while the share of one person in the governorates of Basra, Nineveh and Baghdad is (835.7) thousand dinars and (88.2) thousand dinars and (510) thousand dinars, respectively, as the populations of these governorates were (2467531) (3187154) (6875565) respectively, and thus it becomes clear the extent of unfairness and lack of respect for legal rights in distributing resources between governorates and that the most unfairly treated governorate is Nineveh.

If we look closely at Table (1), it will also become clear to us that the allocations to some ministries and agencies have risen: -

_The colleges of the Imam A'adham and Imam al-Kadhim. The spending on these two colleges is supposed to be covered by the private resources of these two colleges. The College of Imam A'adham has the resources of the Sunni endowment, which is very large, as well as the wages that are collected from the students. As for Imam Al-Kadhim College, it has the resources of the Shiite endowment, as well as the fees that are collected from the students.

_It is also noted that the allocations of the Ministry of Defense and the Popular Mobilization have increased, as they total 8.751% of the total expenditures of the federal budget.

_It is also noted that the increase of allocations of the Ministry of Commerce, amounting to 2.341% of the total expenditures, and it does not process foodstuffs except for a very few months.

_Also, the Ministry of Electricity accounts for 7.555% of total expenditures, which have been for (18) years, despite that the ministry could not reach a satisfactory solution to the issue of electricity.

_While the Ministry of Education receives only a percentage (%1,644) of the federal budget allocations, despite the greatness of the task it is providing.

Third - in the field of contracts in public sector institutions

A- It is rumoured that contracts that are concluded in public sector institutions lack transparency and that these contracts are conducted according to personal or partisan interest and considerations with no regard to the interest of the country. This occurs in the shadow of sharing interests and cover at each other of the parties who have the authority

and governance in hand, this is done through inflating the costs (additional fees) for the benefit of those parties who has the authority to sign those contracts, so that it can be implemented, and this has led to the reluctance of many international companies to enter Iraq because they realize the absence of the legal base and that they will be subjected to extortion if they want to enter Iraq for the purpose of doing business.

B-The contracts that are being concluded and implemented are received without the initial authentic receipt procedure by matching the port with the original contract, with the existence of implementation on paper only without any actual implementation as was declared by people who are closely familiar with the situation, or that the implemented is not in conformity to contract specifications .

Fourth - In the field of mobility for economic activity

Citizens suffer greatly while doing activities and move between different governorates and regions, as the roads are surrounded by security detachments the are affiliated to various parties which practice extortion and do not allow the passage of citizens who engage in economic activity except after paying sums of money that are proportional to the value of the material that the citizen is transporting, which in most cases results in forcing the citizen to pay the required bribe, otherwise it delay the passage of the citizen and the goods he is transporting which would result in the possibility that they will be exposed to losses as a result of this delay. In both cases ,there is an increase in the cost of the transported goods, ultimately, the seller is less active and the consumer has to bear the burden of bribery, and thus pays additional amounts for the goods he/she buys.

The third topic: the reality of employment and price levels during the period (2003-2020)

There is no doubt that every reality or phenomenon is nothing but a result of the factors that are active in that reality or that phenomenon, and the employment and price levels in Iraq are no different from that:

First: The status of employment in Iraq during the period (2003-2020)

Since 9 April 2003 until the present time, it I not possible to know the true identity of the economic system in Iraq , there is a totalitarian system , as was the case prior to this date where the system runs almost be completely centralized on the economic affairs, neither was it as free system , where individuals can manage their activities freely with their commitment to by paying the taxes and fees due from them to the relevant state institutions, therefore you find that there is chaos that leads to more confusion and high unemployment during this period, as is evident from the following table: Table No (2) .

Unemployment rate among the population aged 15 years and over for the years (2003-2016)

Year		unemployment Rate
2003	=	28.10
2004	=	26.80
2005	=	17.97
2006	=	17.50
2007	=	11.70
2008	=	15.34

2012	=	11.92
2014	=	10.59
2016	=	10.82

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Source (organization C. s., Annual statistical Abstract, 2018 -2019)

And if the numbers mentioned in the above table are agreed, there are those who give much higher unemployment rates than what was mentioned (jobs without growth) (Planning M. o., 2018) while it was hoped to reduce the unemployment rate, which led to an increase in the number of workers in the public sector to 3.02 thousand public employees (Planning M. O., 2018, pp. PP.29-30)

In this regard, the following can be mentioned:

1-Many public sector facilities/institutions are still suspended and the appropriate decision has not been taken, either to rehabilitate and operate them ,or sell them, knowing that a lot is spent on them such as (the wages of employees, workers, guards, etc., in addition to being inactive capital), which results in not benefiting from the economic resources of these facilities/institutions and thus increase unemployment.

2-Also, many private sector facilities are still complaining of stumbling due to unsystematic economic openness, for example, flour factories operate at their lowest capacity due to competition from imported flour and the government's failure to prepare a tight plan to operate these factories, which results in widening unemployment rates as there are large numbers mills that are closed or operate with the lowest production capacity, and unemployment such as these factories leads to deepening unemployment, as the non-operating of these mills led to a rise in the prices of fodder ,as the price of a ton of bran rose to (500,000) Iraqi dinars, which prompted the owners of livestock to get rid of his livestock because they were unable to provide them with fodder, same applies to the owners of poultry and fish fields and other local products, which has expanded the size of unemployment for economic resources, especially human ones.

3- On the other hand, the continuation of the electricity dilemma throughout this period pushes unemployment rates to rise, as there is no doubt that the lack of electrical energy leads to the closure of large factories or reducing the number of hours of operation because it leads to a high cost of production when relying on generators to operate them, and the interruption of the electric current drives even other citizens to search for a place where electricity is available to spend time and avoid heat waves, which has negative repercussions that would expand the scope of unemployment.

4- The unstable security conditions ,with an estimated decrease in the labour force by 10% due to the lack of security, violence and limited job opportunities for young people, which made them feel frustrated (Bank, no .date, p. 18) and the continuation of the unemployment situation pushes many citizens, especially young people and professionals, to emigrate. While for those who have capital, they invest it in other countries, and this affects the increase in unemployment rates .

5-On the political level, the majority of citizens have become convinced that the coming days will not be better than a precedent because of the absence of a reliable political leadership to lead the Iraqi vehicle, which has been traveling without competent and honest leadership for a long time, and that the elections are a political lie that is intended to deceive

people, the politicians would not (Al-a alamy, 2002)bring the desired political change for the people, so most of the citizens' thinking and activity is focused on the outside and not on the inside, and each of them says to his companion (Survive Sa'ad as Sai'ed has perished) (an Arabic proverb means that you should save yourself the soonest as your companion has already perished and you are the next) and in such an atmosphere prevails pessimism and unemployment.

6-Nowadays, bribery has become like a law or a custom that everyone knows, not only in the field of transactions that take place in the public sector, but even if a person wants to carry out a charitable project, he must present this bribe so that the project takes its course, otherwise it is not possible, and this is to keep Unemployment rates remain unchanged, because many investors are not willing to offer such a bribe for psychological, moral and religious reasons (the briber and the bribed are in hell)

7- On the street, the weakness of the state's authority in regulating traffic can be observed, as there is a clear weakness of the traffic police in regulating traffic (for fear of being subjected to cases of assault), which leads some citizens to avoid going out on the street except for the necessary cases to avoid street distress and because of the street chaos, many citizens prefer to travel outside Iraq ,especially during holidays and official holidays, whose duration has increased unjustifiably after 2003, which increases unemployment.

8- What increases unemployment is the dispersion of central decision due to the absence of a single window. If an investor decides of undertaking an actual economic project, he must be prepared to take a wide and long tour between state departments, and this may include also stopping by the political parties existed because some of them are waiting for their share and are do not the project to move forward until after receiving this share, and this often leads to the reluctance of some investors, especially foreign companies that follow accounting rules, in which bribery does not have a specific clause, which contributes to the expansion of unemployment

Second: Price levels during the period (2003-2020) Table No (3) .

Developments of the consumer price index during the years

2003-2020

Year	Consumer price index by years (1993, 2007, 2012) (A)	Consumer price index calculated on the basis of the arithmetic mean of the same numbers mentioned* (B)
2003	6943.5	103.4
2004	8815.6	131.3
2005	12073.8	179.8
2006	18500.8	275.5
2007	24205.5	360,5
2008	24851.3	370.1
2009	24155.1	359.8
2010	125.1	1.9
2011	132.1	2.0
2012	140.1	2.1
2013	142.7	2.1
2014	145.9	2.2
2015	104	1.5
2016	104.1	1.6
2017	104.3	1.6
2018	104.7	1.6
2019	104.2	1.6
2020	104.7	1.6

*On changing the consumer price index see .(R.Spiegel, 1972)

The source of the consumer price index (annual statistical group) based on different years, so it was unified in the second field.

Before expanding on the details of Table (3), it should be noted that field (B) of it resulted from dividing the consumer price indices in field (A) by the arithmetic mean of these numbers, i.e. $(120857.5/18=6714.3)$ and then multiplying the result by 100 for example the index Consumer prices for the year 2003 calculated on the average indices are equals to $6943.5/6714.3*100= 103.4$, from Table No. (3), it can be noted that the research period is almost divided into two distinct periods, namely the period (2003 - 2009), where the consumer price index tends towards a steady increase and the period (2010-2020)

during which it is noted that the consumer price index has witnessed relative, and in this regard it is the researcher is posing the following question: What are the factors that led to the relative stability in the consumer price index ? While there are factors that logically lead to a rise in this number, the most important of which are:

1- An increase in the money supply

From the available statistics, it is noted that the money supply has increased, as the money supply in its narrow sense has increased from (21721) million dinars in 2007 (Statistical group 2008-2009 - Table 4/8) to (76987)million dinars in 2017 (organization C. S., 2018-2019, p. table 8 / 4)

2 -Existence of a foreign currency outlet

As the Central Bank of Iraq is selling about (200) million dollars a day in hard currency, (Currency sale window) in 2019, which is much larger than the Iraqi market's consumption or need). However, Farhan, Saad Abdul Karim Hammad & Jarwan, Subhi Abdul Ghafour (2013) and by analysing the volume of cash sold in the currency auction showed that auction sales of foreign currency are much larger than the imports of the private sector. The rise did not have an impact on the exchange rate because it was basically a fixed exchange rate. It also did not affect the stability of the market exchange rate but contributed to raising the prices of imported goods and services. This rise in dollar sales did not have a clear impact on the rate of inflation, for several reasons, primarily the large monetary mass and the decline in the number of other revenues, except oil revenues, which became the main source of financing the public budget. The amount of withdrawn money of the auction does not compare with the size of the large cash issue to be such an increase in sales of the auction unjustified and waste of foreign currency.

Is the Currency Auction at Gateway to Corruption in Iraq? (abacademies.org)

3- Increasing internal and external loans

So ,with reference to the federal budget for the fiscal year 2021, Chapter Three, Article Ten, it is noted that the budget is loaded with a huge amount of sovereign expenditures, the most important of which are loans from banks and international organizations, which successive Iraqi governments have obtained from those parties.

4- Increasing the number of employees

The number of employees increased from (924397) in 2001 ⁽²⁾ (organization C. s., Annual Statistical Abstract, 2004, p. Table 11/2)(to (3199) thousand employees in 2014 (National Development Plan 2018-2022, pp.29-39) with the increase in salary levels during the period that followed 2003, which means an increase in cash injection.

5- Continuing high rate of population growth

As the high growth rate of the population remained constant at 3% until 2011 Therefore, it is noted that the population numbers are constantly increasing, which ultimately means the growth of aggregate demand during this period.

6- No improvement in productivity

² The year 2001 is the closest year for which information is available on the number of employees to compare it with the year 2003.

The official statistics indicate that productivity did not witness an improvement during this period (Planning M. o., 2018, pp. 29-30) If we add to this the failure of the Ministry of Commerce to secure the items of the food ration in a large way, it becomes clear the amount of pressure that this situation creates on the general level of prices, the issue of stability or at best a very modest rise in the consumer price index, the consumer price index has changed during the month of January 2019 at a rate of 0.6%, but the annual rate of change had decreased, and this decline reached (-0.2%).

The year 2019 compared to the year 2018, and the Iraqi economy is facing, at the very least, the above-mentioned factors that require a contemplative and analytical

It seems to the researcher that the stability of the consumer price index is similar to the water pump that was expected to fill the water tank on the upper floor, however, after a short period of time, he found that the tank was empty, although the water pump was working well. After investigation and examination, it was found that the defect was not in the pump, but rather there are leaks in the lower floor (or floors) prevented water from reaching the upper tank.

The most important leakages of cash resources, which come mainly from oil revenues, are :

1- In the waste of these resources, which had begun since the era of Paul Bremer, who was appointed by the United States of America as a military ruler with absolute powers after the occupation of Iraq in 2003, as a Member of the Supreme Council for Combating Corruption, Saeed Yassin Moussa ,revealed the amount of money stolen from the Iraqi treasury since 2006 until now, which amounted to 360 billion dollars, by slowing down and not implementing more than 10 thousand investment contracts <https://www.annaharar.com/arabic/economy/%D8%A3%D8%AD%D8%AF%D8%AB-%D8%A7%D9%84%D8%A3%D8%AE%D8%A8%D8%A7%D8%B1/100820201>

2- The sales of the Central Bank of Iraq represent a major leakage of Iraqi resources, as they exceed the cost of imported goods, as indicated by quite a few researchers.

3-The huge salaries, allowances and social benefits enjoyed by the heads of the three presidencies (legislative, executive and judicial) also represent a leakage of these resources.

4- The high percentage allocated within the general budget of the Kurdistan region also represents another leakage of those resources.

5- In addition to the oil resources, there are taxes, fees, state property revenues, and the various economic sectors that are highly suspicious of their acquisition by persons and parties and their failure to reach the state's public treasury, whether in the centre or in the Kurdistan region.

Conclusions and Recommendations

First: Conclusions

1-Security has become a game or a justification for evading responsibilities and at the same time taking it as a bridge to blackmail, as some activities such as tax collection are often postponed due to lack of security, and then bargains take place between the taxpayer and the tax owner, and in the end the taxpayer and the tax owner benefit and cause loss to the public treasury. which reflects negatively on the employment and price levels due to weak state resources and its inability to provide the necessary funds to support employment and price levels.

2- The lack of security during the research period (2003-2020) has generated an environment that is not conducive to investment, which negatively affects employment and price levels.

3- It seems that there is an obligatory absenting or blinding of the legal rules among the citizens, such as the rule (no law = no tax), and if these legal rules do exist as active rules, they are often applied to their highest limits in order to bargain with the taxpayers.

4-The stability or slight increase in the consumer price index is due to:

-The low prices of some commodities may be due to money laundering operations, so some commodities are sold at low prices.

-There are inaccurate indications of a decrease in some paragraphs, for example, the annual report of the Central Bank on the role of monetary policy in managing inflation for the year 2018 / chapter one indicates a decrease in the paragraph (water, gas and electricity) while that decrease occurred in the paragraph (rent and maintenance and housing services) and there was no decrease in the costs of gas and electricity in particular .

5- It seems that the employment in Iraq in general and the centre and south in particular is controlled by a hidden hand behind the curtain that works to impede industrial and agricultural projects by all means, clearly evidenced by:

A - The inability to solve the problem of electricity during the research period.

B- The unsystematic openness to the world and import control over the local market.

C- Diseases suffered by the agricultural sector, especially fish and poultry products.

D- The high costs of agricultural production, and the paralysis of state institutions and their inability to do so by taking possible treatments.

E- The state's failure to take the possible measures to operate the public, mixed and private projects that are disrupted after the US occupation in 2003.

6-The existing economic policy is still far from achieving a satisfactory level of use and relative stability of price levels, as the state's general budget is still a field for political power debates and does not reflect a real desire of the public to control economic resources and distribute them in an efficient manner.

Second: Recommendations

- 1- The type and extent of security risks should be diagnosed and apply the law in frankly and firm manner this regard; all false pretexts should not be excused for those who take them as a justification to achieve private goals/profits.
- 2-Appropriate measures should also be taken to support investment in a way that enhances employment and relative stability of price levels.
- 3-Working to ensure that the legal rules are clear in all fields with increased level of transparency to its employees and to the public, and to open direct channels of communication regarding what is taking place as difference of views about them.
- 4- Working to find a quality control for imported goods because they cost the country a foreign currency and not to allow the import of what does not have an acceptable level of specifications.
- 5-Working on following up money laundering and monitoring the prices of imported goods and comparing them in the country of origin and in neighbouring countries so as not to be an outlet for the smuggling of foreign exchange provided by oil exports.
- 6-Working to confront the hidden hands that hinder investment and employment in Iraq, especially in the agricultural and industrial sectors.
- 7-Work urgently to solve the electricity dilemma because of its negative effects on the employment, price levels and production costs.
- 8- The trade policy should be reconsidered to achieve the interest of the Iraqi market first.
- 9- Work should be done to confront the risks to which the agricultural sector is exposed to (health and economic), whether real or manmade, in order to achieve the interests of producers and consumers.

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Make known for the Iraq money which stolen and wasted since 2006

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