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The Impact of the Iraqi Government's Financial Policy on Reduction of Unemployment Rates During the COVID-19 Pandemic

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Abstract. This research paper aimed at analyzing the role of the financial policy taken up by the Iraqi government in confronting the outbreak of the COVID-19 pandemic and mitigating the repercussions of the pandemic on unemployment. It relied on quantitative and qualitative methods to analyze and evaluate the effects of financial policy on unemployment rates. Several international indicators were used, such as the Oxford University Government Response Tracker (OXCGR) to know the strength of the stimulus package adopted by Iraq. The Principal Component Analysis (PCA) methodology was also used to analyze the composition of the stimulus financial policy taken. The results of the analysis generally came up with the fact that the role of financial policy adopted by Iraq in promoting economic growth and accelerating recovery from the repercussions of the pandemic was significant on unemployment rates, depending on the size of that fiscal policy in Iraq.

Keywords. Iraq, COVID-19 pandemic, financial policy, unemployment rates

Introduction

First, the COVID-19 epidemic appeared in China in December 2019 and caused a huge loss of life and economic activity. Iraq has taken a wide range of measures to contain the spread of the virus, such as complete closure and travel ban, which has reduced the movement of individuals and disrupted a large part of the business sector. Iraq has responded to the economic repercussions of the COVID-19 pandemic on unemployment rates by adopting a rapid and wide-ranging financial policy, which aims to mitigate the direct impact of the sudden decline on the unemployment sector, business and household sector and maintain the productive capacity of the country.

Second, the procedures involved measures to assist the business sector in retaining workers by implementing some short-term work plans or wage subsidies. Because doing so will keep them in their jobs which is an effective way to support income and reduce job losses during the pandemic. This paper analyzes the financial policy adopted by Iraq to confront the COVID-19 pandemic and its role in stimulating and accelerating growth and employment in light of the repercussions of the COVID19 pandemic and beyond. It takes into consideration in its analysis

on international databases available in the public domain, and selects indicators related to the variables of financial policy and economic performance in Iraq.

The data will be processed and analyzed using statistical methods to find out the relationships between the target variables and the explanatory variables. Besides, there will be a quantitative assessment of scenarios for the potential increase in productive activities, in order to know the role of this policy in stimulating production. This research is of three sections:

The first section deals with the repercussions of the crisis on unemployment in Iraq. The second section sheds light on analyzing and evaluating the role of fiscal policy in mitigating the effects of COVID19 in Iraq. This research paper comes up with a set of conclusions and recommendations.

Significance of Study: The importance of the research focuses on identifying the most important effects left by the Corona pandemic on unemployment rates and the role of fiscal policy in Iraq. To reduce them, especially with the crisis of declining oil prices coinciding with the negative effects of the COVID-19 pandemic.

Problem of Study: The following question is raised: What are the impacts of the COVID-19 pandemic on unemployment rates? and what are the possible solutions and remedies for fiscal policy in Iraq, especially in an unstable political situation?

Objective of Study: The research paper endeavors to review the most important economic repercussions of the COVID-19 virus crisis on the performance of the most important economic and macro indicator affected (unemployment rates) as a result of the ban, closure and social distancing policy taken by the Iraqi government to confront the spread of COVID-19. This paper sought to show the role of financial policy in limiting the effects of the COVID-19 pandemic on unemployment, through a study of the most important financial decisions taken by the Iraqi government.

Hypothesis of Study: The paper counted on the hypothesis that the fiscal policy in Iraq was able to follow some financial reform steps despite the effects resulting from the crisis. It worked on drawing up a fiscal policy that exploits the crisis as an incentive for government reform and reducing unemployment rates, and its reflection on political stability. in the country.

Structure of Study: The paper was put into two sections, in addition to an introduction and a conclusion. The first section shed light on the impact of the COVID-19 pandemic on unemployment rates in Iraq, while the second section dealt with knowledge of the important mechanisms and solutions provided for the treatment of fiscal policy to reduce unemployment rates. The research adopted the descriptive and analytical approach, based on some indicators and data.

First Topic: Economic Repercussions of the COVID-19 Pandemic on Unemployment in Iraq

It is of high importance to mention that containment and mitigation measures taken by many countries have had sudden and profound economic effects. The Organization for Economic Co-operation and Development estimates that containment measures led to an initial decline in production of up to a fifth or a quarter in many global economies, with consumer spending initially reduced by about a third. These rough indicators reflect the direct effects of containment (OECD, 2020,2).

It sounds that the Iraqi economy, like the Arab and global economy, was affected by the closure of most factories, and the ban and restriction of movement. Republic of Iraq witnessed an unprecedented freeze in work and production as a result of the repercussions of the spread of the COVID-19 virus and the measures taken. The virus affects jobs through its impact on the supply of labor, especially through the welfare of workers and their ability to

move and travel and its repercussions on the activities of business establishments by reducing demand on goods and services and the supply of production requirements.

In this regard, unemployment as defined by the United Nations is a category of the population between the ages of 15 and 24 (United Nations, 2020, 3.) According to this international concept, youth constitute half of the population of Iraq, and they represent for Iraq the lifeblood of the future and the main engine of development. According to the International Bank, Iraq has the world's youngest population.

Despite the global economic and health repercussions of the COVID-19 epidemic, young people are the most affected by it. The unemployment rate among youth reached 27.2% in 2020 (World Bank, 2020,10), while the unemployment rate in Iraq reached about 25.5% in 2018 and 2019 (Central Statistical Organization and Information Technology, 4, 2020). This frustrating reality prompted Iraqi youth to express their dissatisfaction with the popular protests due to widespread corruption, continuous violence, and the high rate of unemployment, in addition to ISIS's occupation of about 40% of Iraq's territory in 2015 (Wilson Center, 2019, 3). It affected the prospects for youth employment, and as soon as the first quarter of the year 2020 began, the Iraqi economy found itself facing a complex crisis and shock represented in three levels (political, health & economic). The popular protests that erupted in November 2019 was as a result of poor economic conditions and lack of job opportunities (Al-Nasrawy, 2019). The following are the effects of this crisis on unemployment in Iraq.

The most prominent economic repercussions of the COVID-19 pandemic in the world is the drop in global oil prices. Such oil price was more seriously affected Iraq. Iraq depends in its budget up to 95% on the money it earns from selling oil, and with the sudden drop in the price of oil, as the price of a barrel of oil reached 11 dollars. (Abdul Reza 2020, 2).

Demand for oil decreased against a large surplus in global crude oil supplies. March 2020 witnessed the largest monthly decline in oil prices since the global financial crisis in 2008, (Al-Mashhadani, 2020, 6). This collapse is due to two main reasons, the first of which is the price war between Russia and Saudi Arabia in order to reduce production. The second is the spread of the COVID-19 virus globally and the subsequent measures that led to the cessation of economic activities, which negatively affected the prices of Iraqi oil (Hussein, Mahmoud, Rashid, 2020, 3) as Iraq lost its financial revenues at a value of 11 billion dollars, and the SOMO company developed official statistics (During the first months of the year 2020) confirms that Iraq sold approximately 409.96 million barrels of oil, at an average price of (38) dollars. The total revenues amounted to 15.39 billion dollars, while Iraq sold in the year 2019 quantities of oil amounted to 423.28 million barrels, at an average price of 62 dollars, and revenues of 26.27 billion dollars (Al-Sabbagh, 2020, 4). Oil revenues are no longer able to cover operating expenses, including the salaries of government employees and retirees who receive their salaries from the state treasury, as well as other obligations that include financial obligations as a result of external debts.

The United Nations Development Program issued a report in October 2020 disclosing that the Iraqi gross domestic product witnessed a decline of 10%, which increases the fiscal deficit in the country by 30% (UNDP, 2020, 12). The recent collapse led to a delay in infrastructure reforms (Hassan Latif Kadhim, 2020, 82). The financial crisis that Iraq was exposed to due to the COVID-19 pandemic also led to a deficit in the General Budget.

Table 1: Evolution of the volume of public revenues and expenditures during the period 2019-2023 (billion dinars)

YEAR	2019	2020	2021	2023
Total of general revenues	107567.6	63199.7	101.000.0	134.552.9
Total expenditures	11173.6	76082.4	130.000.0	199.22.1
Deficit/surplus	(4156.6)	(12882.7)	(28.500.0)	(64.469.1)

Source: Iraqi Central Bank, Annual Statistical Bulletin, Numerous years, different pages
 Ministry of Finance, unpublished statements, 2023
 Figures between brackets refer to (-) minus.

It is worth noting that the general budget for the year 2020 recorded a deficit of (-12.8) trillion dinars, while public revenues recorded a significant decrease to reach (63.2) trillion dinars, compared to (107.6) trillion dinars in 2019. This decline is due to the fall in oil revenues as a result of the decline in global demand for oil and the occurrence of an excess in supply. Due to the COVID-19 epidemic and the drop in global oil prices, and with regard to the expenditure side, public spending recorded a noticeable decrease in 2020, as it reached (76) trillion dinars, compared to (111.7) trillion dinars in 2019, as a result of the decrease in public spending, both investment and current. As a result, the Central Bank of Iraq decided to devalue the currency against the dollar to help the government secure employee salaries. Table (2) explains this, as the Central Bank approved that the purchase price of the dollar from the Ministry of Finance was 1450 dinars, while the price of the dollar to banks through the foreign currency sale window for 1460 dinars. This had double negative effects, as it confused the market conditions and increased the demand for foreign currency with weak confidence in the national currency (Al-A'ni, 2020, 1).

Table 2: Average dollar exchange rate for the period (2020-2023).

Month	2020	2021	2022	2023
Annual average	1240	1471	1482	1561

Source: Table extracted based on reports of dollar exchange rates (different years) - Central Organization for Statistics and Information Technology, Baghdad, Iraq, 2023.
 Especially since the increase in the budget deficit in 2021 and 2023 amounted to (28.5) and (64.4) trillion dinars, respectively. table (2).

Table 3: Indicators of macroeconomic performance in Iraq(2019 – 2023) (%)

Inflation rate					Unemployment rate				
<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
<i>0.2</i>	<i>0.8</i>	<i>6.3</i>	<i>4.3</i>	<i>6.4</i>	<i>12.9</i>	<i>35.6</i>	<i>14.20</i>	<i>16.5</i>	<i>13</i>
Budget deficit /gross domestic product					Balance of payments /gross domestic product				
<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
<i>0.8-</i>	<i>22.3-</i>	<i>0.2-</i>	<i>3-</i>	<i>3-</i>	<i>1.2-</i>	<i>21.7-</i>	<i>18.3-</i>	<i>20.5-</i>	<i>20.8-</i>

Source: The Unified Arab Economic Report (multiple years), Arab Monetary Fund, Abu Dhabi, UAE. Economic instability has affected some economic indicators, especially unemployment. It is clear from this table that inflation rates increased in 2020, as they were approximately

(0.8)% compared to (-0.2)% in 2019. Then it reached 6.4% in 2023, especially since Iraq suffers from economic instability.

This indicates that the COVID-19 pandemic crisis has increased economic instability and exacerbated Iraq's problems with an unstable economy. Similarly, unemployment rates in Iraq increased from 12.9% in 2019 to 14.1% in 2021, and still high in 2022 and 2023 (about 16.5-20%) respectively.

Small and medium-sized companies in the retail, food and manufacturing sectors were affected the most.

A report prepared by the International Labor Organization on the impact of COVID-19 on small and medium enterprises and vulnerable segments in Iraq disclosed that young workers constitute 36% of those laid off from work (Kebede, 2020). These young workers were responsible for entire families who could now barely make ends meet. The 2020 Arab Youth Survey indicates that more than 65% of two-thirds of Iraqi youth are more inclined to emigrate or are considering emigration. (Unescwa, 2020.)

«The Ministry of Finance estimates that 7 million Iraqis (out of about 40 million citizens) receive government salaries and pensions. When the government faced a problem in paying salaries with the occurrence of the epidemic, « when oil revenues decreased significantly, therefore, the government paid salaries intermittently. Especially since there is an increase in the total workforce during the year 2023 by (832,967) employees, and this increase constitutes (13) percent of the total workforce for the year 2021. The table below demonstrates the increases in the workforce for the ministries and centrally funded departments for the year 2023 and its comparison with the year 2021.

Table 4: Number of manpower in the ministries for the period 2021-2023

Ministry	Number of manpower 2021	Number of manpower 2021	Amount of increase	% of increase
Ministry of Education	154,106	963,949	809,843	525%
Ministry of Interior	679,195	701,446	22,251	3%
Ministry of Health	116,451	488,263	371,812	320%
Ministry of Defense	429,219	453,951	24,732	6%
Ministry of Construction & Housing & General Municipalities	11,720	14,975	3,255	28%
Ministry of Agriculture	10,882	19,992	9,110	84%
Ministry of Higher Education & Scientific Research	113,560	149,867	36,307	32%
Ministry of Sunni Waqf	19,177	32,538	13,361	70%
Commission of Popular Gathering	122,000	238,075	116,075	95%

Source: The Federal General Budget of the Republic of Iraq for the years 2023, 2024 & 2025, p. 13.

As a result of the COVID-19 pandemic and its economic effects, about 4.5 million Iraqis, (11.7%), have been pushed below the poverty line. Huge losses in businesses and jobs, and

high prices, have also led to an increase in the national poverty rate from 20% in 2018 to 31.7% in 2020. Children are the most affected by the crisis. While one in five children suffered from poverty before the crisis, the ratio nearly doubled to two in five (37.9%) with the onset of the crisis. The budget deficit in Iraq has more than doubled due to the pandemic, and the problems of the current account, which recorded a deficit in Iraq, have been exacerbated by -1.2% and -21.7%, respectively (Table 3).

As a result of this pandemic, Iraq faced a financial crisis with the accumulation of public debt and external borrowing, as the debt amounted to 125 billion dollars, equivalent to 65% of the gross domestic product. (2020,82). At the same time, Iraq found difficulties in obtaining foreign loans in the required amounts (Kadhim, The Economic and Social Repercussions of the Corona Pandemic, 2020, 82).

Due to the collapse of the economic and political conditions in Iraq, the House of Representatives voted on a draft of internal and external borrowing to finance the fiscal deficit for the year 2020. This law allowed Iraq to obtain loans in the amount of (\$5 billion) from foreign banks and about (\$13 billion) from local banks. This measure came to finance the salaries of employees and retirees and the necessary government expenditures (Iraqi Facts, 2020, 3)

The total external debt of Iraq payable ranges between 23-25 billion dollars, referring to the allocation of (9 trillion) dinars in the 2021 budget within debt services, which represents 7% of the total spending in the aforementioned general budget. This percentage is not only for external debts, but most of it is for internal debts, which amount to about 70 trillion dinars (Saleh, the volume of internal and external debt, 1,2021.) And in mid-April (2021), Iraq's internal and external debts amounted to 113 billion dollars, of which 40 billion dollars are outstanding debts in favor of 8 countries since the 1980s and 1990s of the last century, including Iran and Saudi Arabia (Ali, 2021, 2), the Emirates and Kuwait, with a value of \$ 40 billion (Na'oush, 1998, 109).

Given that the financial crisis in Iraq under the conditions of the COVID-19 pandemic which was deep and rapid due to the reliance on oil revenues in the Iraqi budget, therefore it was difficult to find alternative sources of financing quickly unless resorting to borrowing to bridge the financial deficit.

Table 5: Domestic Product & Debts Percentage for the period 2019 – 2023

	2019	2020	2021	2022	2023
Total of external debts (Billion \$)	64.885	68.256	79.000	63.3	70.000
Total of internal debts (Billion \$)	38.331	43.454	50,246	47,210	50.000
Domestic Product (Billion \$)	268,2	134,1	209,9	322.2	245.3

Source: Table was extracted based on the data of the Central Statistics Organization and Information Technology (different years), Baghdad, Iraq.

The decline in economic activity during the crisis can be measured using the Manufacturing Purchasing Managers Index. The decline in economic activity during the crisis can be measured using the Manufacturing Purchasing Managers Index (PMI).

The Industrial Purchasing Managers Index (PMI) illustrates the level of economic welfare of the industrial sector in Iraq based on IHS Markit data, and is based on survey answers covering

the following economic variables: output or output, new orders, new export orders, incomplete backlogs, output prices, and input prices. supplier delivery times, finished goods inventory and quantity, purchase inventory, labor and future production. The indicator value ranges from 0 to 100 points. If the value of the index is greater than 50 points, this means there is an expansion in activity compared to the previous month. Index values below 50 points represent a downturn, and a score of 50 indicates no change.

Table 6: Tendencies changing the general mobility of Iraqi society in the context of the COVID-19 pandemic

Sale in retail & upgrade	Grocery and pharmacies	Parks	Stations - Transport	Worksites	Residential places
-10	+8	8	-16	-22	+10

Source: Google, Google Report on Community Mobility During the COVID – 19.

It is noted from the above table that a significant collapse occurred in the value of the index in Iraq in 2020 due to the COVID – 19 pandemic, and table (1) reveals these stages.

Figure 1: Phases of COVID – 19 pandemic impact on unemployment



Source: Created by researcher

Second Topic: Analysis and Evaluation of the Role of the Iraqi Government's Financial Policy to Reduce Unemployment Rates during COVID19 pandemic

First: Financial Policy Measures to Confront the Corona Virus Pandemic

The direct challenge of fiscal policy at the stage of containing the Corona crisis to double the effort to eliminate the health crisis and control the spread of the virus, which requires improving the work and financing of health care systems As quickly as possible by doubling the volume of intensive care in hospitals and providing preventive materials. and support efforts to develop tests, treatments, and vaccines. The more efforts are made to tackle the virus, the smaller its impact will be and the smaller the economic impacts associated with it will be (Eichenbaum, Rebelo and Trabandt, 2020). The COVID-19 crisis has highlighted the important role that financial policy can play in creating economic balance and changing the future view of public finance. Many studies have focused on the importance of financial policy as the best economic tool available to respond to the repercussions of the crisis. (2020, Baldwin and Weder di Mauro).

As for these procedures, the economic institutions found themselves facing an exceptional and new reality, which made them face many difficulties, especially financial ones, due to their inability to deal with financial dues in exchange for work. Such difficulties forced them to find legal solutions to protect their interests by deviating from the normal legal provisions regulating labor relations with the need to maintain the continuity of labor relations in this epidemic. The Iraqi legislator was keen to regulate labor relations and set strict legal rules to manage them

with guarantees aimed at protecting them. We will try to identify the various economic measures in Iraq through the table (7).

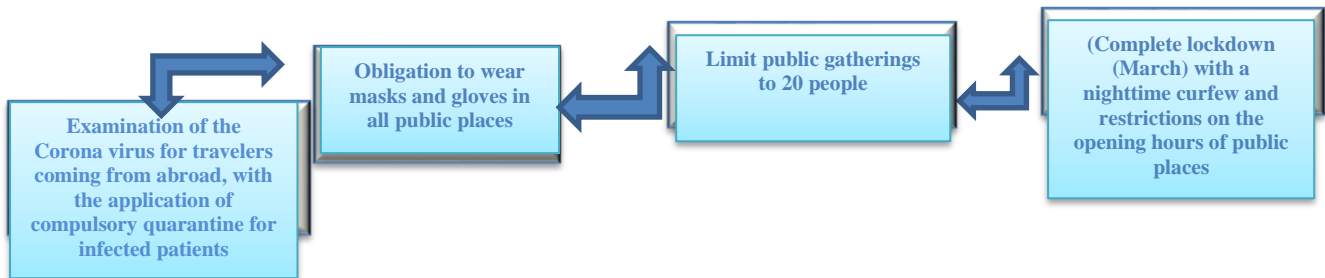
Table 7: Iraqi government measures to confront the COVID - 19 pandemic

Closure procedures	Health Institutions Support	Closure of cities
<p>2. Full lockdown included mid-March: schools and institutions, with the exception of all service and health institutions.</p> <p>2. Partial lockdown, starting from April 20, and allowing a partial return of markets and public institutions by 25%.</p>	<p>1. Providing urgent assistance to the health directorates in the governorates .</p> <p>2. Establishing field hospitals in the governorates by increasing the production of oxygen in its laboratories, as well as the production of masks and protective masks.</p>	<p>Authorities began to close the borders between the governorates on official The joys of Eid Al-Fitr and Al-Adha</p>

Source: Table extracted based on the data of the Ministry of Finance - Economic Department, Baghdad, Iraq 2020.

The Iraqi government's procedures can be illustrated through Figure (2).

Figure (2) Financial policy measures to reduce the impact of the COVID - 19 pandemic on unemployment



Source: Created by the researcher

Iraqi government resorted to various measures to limit the spread of the virus. These measures included closing schools and factories, travel bans, and curfews in cities. For example, the Iraqi government responded to the spread of the COVID-19 virus by canceling all flights on 2/25/2020, closing schools, and other precautionary measures. The economy gradually reopened at the beginning of June 2020 and these measures led to high unemployment rates. The Iraqi government has taken many measures to mitigate the economic impacts of these measures. It included a package of financial stimulus policy. The Iraqi stimulus package comprised reducing the Central Bank of Iraq's reserve requirements and announcing a freeze on interest payments for small and medium enterprises. In addition, a cash transfer program was implemented at a total cost of 300 billion IQD (US\$254 million) targeting families of private sector employees who did not receive salaries or benefits from the government during the pandemic. (Abdul Hadi, 2022, 26).

Second: Analyzing the role of financial policy in Iraq in mitigating the repercussions of a pandemic using the Principal Component Analysis (PCA) methodology:

Fiscal policy in Iraq suffers from numerous challenges that stand in the way of achieving the goals and reform programs, including: Type and nature of the government expenditure: The essence of this challenge lies in the nature of government expenditure on oil revenues by more than 90%. The oil revenues are characterized by three elements that expose government expenditure and Iraqi economy to vulnerability. The first is the fluctuation of oil prices, the second is that oil is a depleted resource, and the third is linking the budget from revenues and spending to oil prices (Tohme, 2016, 3). Economic slack and job inflation: Governments have practiced an employment policy that has nothing to do with actual needs or economic capabilities. (Abdel Moneim, 2018, 79).

It is significant to mention that federal budget is characterized by exposure and rapid vulnerable to external shocks, which makes it characterized by instability. To confront the crisis, the government has taken a series of measures and policies to achieve economic stability, by following austerity measures in government spending, increasing the collection of taxes and customs duties, and controlling border crossings, as well as following motivational procedures for support and encouragement of the private sector, the fiscal policy in Iraq followed the principle of compressing public expenditures and that the bulk is at the expense of investment expenditures, as investment expenditures are always the victim of any drop in oil prices, which stops Building and reconstruction businesses.. (Poverty Alleviation Strategy in Iraq, 2018, 23). The stimulus package that Iraq took to confront the COVID -19 crisis included the A set of fiscal, monetary, exchange rate, and balance of payments policies. Tables (7), (8) exhibit the type and size of the policy followed in Iraq. According to IMF data and index (2020 Elgin et al.) in different periods of the crisis.

Table (8) presents that Iraq did not increase the fiscal stimulus in the first months of the crisis only by a very small percentage. It reached the highest rate of 0.01% of the GDP in Iraq, which is equivalent to 20.6 billion dollars to deal with the repercussions of the crisis.

Table 8: Iraq took a series of packages to end the crisis during the first months March 31, 2020

Financial stimulus (% of GDP)	0.01
Reducing interest rate as a percentage of pre-pandemic dominant price	0
Stimulating cash procedures (% of GDP)	1
Other cash procedures	0
Balance of payments procedures (% of GDP)	0
Other procedures of balance of payment	0

Source: International Monetary Fund 2020, Elgin et al. (2020).

* If the procedures found taking, the value 1+, and not taken value of zero.

On average, the stimulus package is 0.01% of GDP.

On average, the size of the stimulus package is 0.01% of the gross domestic product (GDP).

With regard to monetary policy, the interest rate (reduction rate) was not reduced as a percentage of the pre-pandemic rate in Iraq, in addition to the stimulus monetary package other than the interest rate as a percentage of GDP. It is symbolized by the symbol (Macro Financial D) in the table. These policies are 1% of Iraq's GDP. As for the balance of payments policies as a percentage of the GDP. Gross Domestic Product (BOP-GDP), not implemented by Iraq.

The remaining columns of the table, (Other-Po-man-man), display the monetary measures and other balance of payments measures that were not included in the fiscal policy, respectively, taken by Iraq.

As to table 8, it reveals the stimulus package that Iraq took in July 2020, which includes, in addition to the previous measures in table 9, changing the compulsory reserve ratios and providing microfinance. The table indicates the continuous interest in small and medium enterprises by the state in Iraq.

Table 9: Stimulus package adopted by Iraq to confront the crisis in July 2020

Date	JUL 16
Financial stimulus (% of GDP)	0.1
Reducing interest rate	0
Mandatory reserve	13.3
Smallest financing	1
Other monetary procedures	1
Balance of payments procedures (% of GDP)	0
Other procedures of balance of payment	0

Source: International Monetary Fund 2020, (O Elgin et al. 2020).

* If the procedures found taking, the value 1+, and not taken value of zero.

Table 9 brings to light that The Iraqi government has taken policies related to the balance of payments to mitigate the effects of the crisis in the recent period The remaining columns of the table, Other-Po Other-man, denote on monetary measures and other balance-of-payments measures not covered by the previous policies, respectively.

It is clear from the previous analysis that Iraq adopted a divergent fiscal policy, and that the stimulus fiscal package did not play the most important role. It has a weak link with interest rate policies, and is not linked to other monetary ones.

These results imply that the stimulus package taken by the Iraqi government will increase economic growth and accelerate economic recovery. And depending on the size of that package and according to these estimates, it is expected that Iraq will recover from the repercussions of the COVID-19 pandemic faster than others.

Third: Methods and Mechanisms of Fiscal Policy to Address Unemployment after COVID – 19 Pandemic

Undoubtedly, the decisive factor in the state's fiscal policy in confronting the pandemic and its effects on unemployment and post-pandemic is following policies and implementing essential and urgent financial reforms, taking into account that these reforms are implemented in a direction that promotes macroeconomic growth. The process of restructuring expenditures and revenues can contribute to the public budget, as it included routes of fiscal policy during and after the pandemic, routes to contain the health epidemic, stopping the spread of the epidemic, and routes to respond to the crisis. The most important of these procedures are:

1. Reducing Expenditures:

Solutions can be a combination of short and long term measures. In the short term, they shall (Al-Fatlawi, 2020, 5):

- A. Carry out good preparation for the 2023 budget, as it abandons the traditional method of preparing the budget and turns to the program and performance budget or the zero budget.

- B. Raise the efficiency of exchange and public spending, improving the efficiency of the process of collecting non-oil revenues, such as mobile phone revenues and revenues from border crossings, and reforming the tax and collection structure, among others.
- C. Reduce the primary deficit in the public budget to 3% of GDP over the next three years.
- D. Reduce the salary and wages bill (25%) of GDP to (12.5%) over the next three years, by taking measures, including reducing new job opportunities in the public sector and limiting them to absolutely necessary ones, and isolating the payrolls of public companies and funded administrative institutions. It is self-financed by the central government.
- E. Draw up preparation and effective implementation of operational and investment allocations and setting rules and regulations related to basic expenditures in the budget and investment projects.
- F. Reform the retirement fund by limiting the payment to the fund only and gradually stopping its funding from the budget.
- G. Diminish financial support for public companies by (30%) for a period of three years.
- H. Cut down current expenses by reducing the salaries of job grades by 25% and paying salaries every 35 days instead of thirty days. This will provide until the end of the year the salaries of almost a full month, or about (3.3 trillion dinars).
- I. Cancel multiple salaries and canceling retirement for members of the House of Representatives and provincial councils.
- J. Hold negotiations with the creditor countries of Iraq to postpone the payment of debt installments for the two years (2020-2021), i.e. the years that witnessed the outbreak of the epidemic.
- K. «Following the Ministry of Finance decision, under market pressure, to reduce the value of the currency to 1450 dinars against the dollar in the 2021 budget, followed by the Central Bank, which raised the price of the dollar to 1460, while setting the price of the dollar for commercial banks at 1470 dinars. As the devaluation of the currency is a measure in the right direction that would contribute to improving situational production, reduce the damage resulting from currency smuggling and help the government pay the salaries of its employees, but the danger lies in the fact that the purchasing power of the dinar will decrease locally as well». What is now required of the government is to work to protect the poor classes from the effects of the depreciation of the currency, at least so that the national economy can respond to the demand for import alternatives, whose market will undoubtedly flourish; Especially if it is less expensive and of higher quality than its imported counterparts. Prevention is embodied in increasing the low salaries of employees and beneficiaries of social protection network assistance. There shall be a move to combat corruption and stopping the overt looting of state funds by seizing border crossings and ports, smuggling oil and taking bribes in exchange for appointment to state jobs, and moving them around in the long term. Serious steps must be taken to support industry, agriculture and tourism, which are the three sectors that can compensate for revenues. The (qualifying) oil.
- L. As for the long term, the current government shall go on preparing public budgets according to programs and performance, provided that this budget takes into account the state of the economy, its need to get out of recession, confront corruption, and control public expenditure in a measured manner.

2. Revenues Promotion:

- A. Increase customs revenues and activating the tax system. (The White Paper, 2020, 49). There are also a number of other short-term measures, including: (Al-Marsoumi, 2020, 6, 7)
- B. Reschedule existing debts with financial institutions and other creditor countries.
- C. Diversify sources of income and maximize non-oil revenues.
- D. The Central Bank's initiative to launch a loan package with zero or close to zero interest for the private sector to activate the national production base and employ more manpower.
- E. Hold an agreement with licensed companies to reduce production costs and pay their dues in oil instead of dollars.
- F. Resolve the issue of revenues related to Kurdistan, whether oil revenues or other revenues. These measures will achieve positive results if implemented correctly.

3. Government should aim to rationalize financial resources through:

- A. Prepare to reformulate the general budget.
- B. Stop multiple salaries for all categories without exception.
- C. Cancel the exceptional allocations, and rationalize the retirement contributions for the groups that did not provide retirement contributions.
- D. One of the first tasks of the white paper is to make salaries and government pensions not exceed 12.5% of GDP instead of 25%, which includes oil and non-oil revenues, and the internal public debt, which is a matter of danger to Iraq's economic future.
- E. The paper also aims to expand employment opportunities in the private sector because there is an added annual labor force estimated at 400,000 new job seekers. It is necessary to crop them in the private sector and make the public job at the same time more productive (Salih, Iraq White Paper, Constitution the next financial and economic reform, 2020).

4. It can be declared that overcoming the crisis of the (COVID-19) pandemic is through various means, including:

- A. Investment can be an effective element in restructuring the Iraqi economy by securing the entry of capital and employing it in real projects that serve the economy and development by bringing investments, technology and expertise in a way that diversifies the trade balance to avoid dependence on oil.
- B. Activating the role of small and medium industries and opening training courses for unemployed youth from civil society organizations or banks that grant loans to set up special projects (Abdulaziz, 2020).

5. Fiscal policy can contribute to reducing the impact of unemployment on workers and their families by providing temporary income support (such as unemployment insurance schemes and social assistance programs) and using active labor market policies (such as labor exchange or mobility assistance, education and training, and business or employment support)

6. «Encouraging the non-oil private sector in achieving growth and reducing dependence on oil, while continuing to provide job opportunities for a large number of the most vulnerable and limited-income families by expanding the scope of social assistance programs». Because social protection programs can help mitigate the deterioration of conditions of the poor that have been exacerbated by the outbreak of pandemic, especially those in informal and low-skill jobs, the elderly, women, and those who have been excluded from many jobs have left many workers

unemployed. This undoubtedly leads to high rates of poverty and an increase in income inequality.

7. The Iraqi government should also invest in technology, quality education and vocational training to cut down the unemployment rate, especially since the younger generations are known for their ingenuity and skills in the field of modern technologies,. This would develop the suitability of their youth to work in a world that has become almost completely digital.

Conclusions:

This research paper has come up with a number of results, the most important of which are:

- 1) This research paper analyzed the Iraqi fiscal policy adopted to confront the COVID – 19 pandemic, and evaluated its role in addressing unemployment in light of the repercussions of the COVID-19 pandemic.
- 2) Use the Oxford University Index (OXCGRT) to reveal the strength of the stimulus package adopted by Iraq. This indicator pointed out that Iraq, in general, took measures to respond to the COVID-19 pandemic in February 2020, and it reached its peak in March, April and May, and then began to gradually decline after that until August of the same year.
- 3) An analysis of the basic component of the stimulus package adopted by Iraq affirms that it adopted a divergent fiscal policy, and that fiscal policy did not play a significant role in eliminating unemployment.
- 4) The Iraqi government was capable of pursuing some financial reform steps to reduce unemployment rates despite the effects of the crisis, and that it planned to draw up a financial policy that exploits the crisis as an incentive for government reform, and its reflection on the political and economic stability in the country.

Recommendations:

This research paper has urged a set of recommendations

- 1) It is necessary for the government to provide support and legislate financial policies in light of the COVID – 19 pandemic in order to develop the recovery of the private sector and support the economic sectors in the country.
- 2) The Iraqi government's financial policy must provide significant promotion to individuals and companies affected during this pandemic, and this matter depends on the evolution of the pandemic.
- 3) Work to make the laws and procedures governing financial policy more transparent and streamlined in order to achieve social justice.
- 4) Highlight the importance of an appropriate political environment for the effective management of public funds in order to achieve stable government performance and macroeconomic policies.

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