

مركز البيدر للدراسات والتخطيط

Al-Baidar Center For Studies And Planning



# A Vision on the Employment Dilemma in Iraq

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## **Introduction**

Amid the increasing employment witnessed in Iraq's public sector, which is not commensurate with the rise in production nor with the growing need to absorb the increasing number of job seekers, the issue of reforming employment policies has become a recurring priority in government programs. Various efforts have been made in this regard, including the formation of a financial reform emergency cell by the previous Iraqi government, which resulted in the issuance of a two-part economic reform program known as the "White Paper." The White Paper, supported by data, identified the challenges facing the Iraqi economy, most notably the expanding role of the state in the economy. It pointed out that an increase does not match the rising number of public sector employees in production.

Many reform programs, including the White Paper, have proposed empowering the private sector and granting it a fundamental role in activating the economy and creating job opportunities. The current government's program explicitly refers to this policy in the section on "strengthening the economy."

Despite the importance of directing government policies toward enabling the private sector to create jobs, this does not alleviate the popular pressures demanding the provision of employment opportunities. Typically, employment in the private sector does not yield political benefits for the government. As a result, reliance on public sector employment in government employment policies has led to a threefold increase in the total number of public sector employees between 2004 and 2020.

In this paper, we will discuss the employment dilemma from the perspective of social economics, as this aspect is of great importance, falling within the general framework of the government's overall and employment-specific economic reform policies.

### **The Roots of the Dilemma**

The roots of this dilemma extend back to the 1970s, when reliance on public sector employment was a priority under the Ba'athist regime. Public sector jobs were often used as a tool for favoritism and political patronage, with the government distributing positions based on loyalty to the ruling party rather than qualifications or merit. This significantly influenced the nature of economic vision within Iraqi society.

Consequently, public sector employees came to enjoy a higher and more prominent social status, not only due to the general nature of their social standing but also because of their party role. Thus, the job combined customary social status with relative party authority. Government policies at the time also reinforced job security for public sector employees. At the same time, there was no equivalent level of protection for private sector employees or owners of small and medium enterprises. This orientation is not surprising under the rule of the Arab Socialist Ba'ath Party, as socialism presupposes reliance on the state.

After 2003, reliance on public sector employment as a means to provide job opportunities increased. This increase had not only economic but also social consequences. The concept of work underwent a social shift, and the balance shifted toward the social status provided by work, rather than its function as a means of earning a living. Behavioral unemployment became increasingly prevalent in our society, meaning that people shunned certain professions and job opportunities despite their availability. Why? Because they do not satisfy the desire for social status.

Dr. Adnan Abdul Amir Mahdi noted a decrease in the unemployment rate among those with primary education or less from 55% to 15% between 2003

and 2008. This group does not view government jobs as attainable due to their insufficient educational levels, so they do not shy away from private sector opportunities, even if they are unregulated.

Dr. Saleh Al-Kafri concludes that the more years of education, the higher the likelihood of unemployment among Iraqi youth. At the same time, he finds that the level of education is directly proportional to the possibility of obtaining a government job, while it is inversely proportional to the likelihood of starting a private business. Most highly educated youth aspire to a suitable or protected government job.

While government policies have focused on addressing this dilemma economically, they have not addressed the social aspect with the same intensity. Government policies aimed at revitalizing the private sector as an alternative to the public sector in terms of employment have not provided private sector employees with the same social status as public sector employees.

For example, the government is moving toward enacting a law on retirement and social security in an attempt to secure private sector employment at the same level as the public sector. However, this will not change the general inclination toward government jobs as long as guarantee policies, such as the guarantee of a government employee for loans or installment purchases, remain in place.

### **Social Privilege and the Role of Policies in Reinforcing It**

Public sector employment is characterized by social privileges that make it more desirable than private sector jobs, even if private sector wages are higher. These social privileges include authority, resources, stability, permanence, and independence.

The state exercises its sovereignty through its public institutions, which means

that employees in state institutions enjoy a share of that authority socially. Private sector employees in the same field do not enjoy this privilege. Specific government policies have contributed significantly to this aspect. For example, employees of Iraqi Airways are easily and frequently granted access cards and facilities at Baghdad International Airport, unlike private companies, which adds a particular social privilege to the employees of the public company. The same applies to companies operating in the Green Zone and other areas of social privilege.

Public sector employees also have access to resources that are unavailable to private sector employees, particularly in terms of technology and data. For instance, a researcher in the public sector typically has relatively straightforward access to government data compared to a researcher in the private sector. Similarly, a scientific researcher in a government institution can utilize university laboratories equipped with modern devices for experiments. In contrast, it may be more challenging for a researcher in a private institution to do so.

Additionally, public sector employees enjoy greater stability and permanence in several respects. This includes working hours, official holidays, and the nature of the work itself. In contrast, private sector employees may not enjoy these benefits, as their work may require overtime and often takes place during holidays.

Finally, government employees enjoy a kind of independence not afforded to their peers in the private sector. Private sector employees work for private institutions to which they may not feel a sense of belonging or share the vision and goals. In contrast, government jobs are considered a social privilege because the employee provides a national service through their job duties, which imbues a sense of purpose and independence in their work.

## **Proposed Policies**

To move beyond the dilemma of relying on government employment to absorb job seekers, it is necessary to address the social aspect of the issue and adopt government policies that target this aspect. Economic encouragement of the private sector also requires social encouragement. In addition to the financial security and protection that labor and social security laws may provide, we propose the following policies:

1. Establish a Government Entity for Private Sector Development: Create a government entity linked to the General Secretariat of the Council of Ministers, responsible for supervising the development and support of the private sector, preparing plans, formulating policies, and considering their development in collaboration with other state agencies. This entity would also handle complaints from private sector employees and investors. The White Paper implicitly referred to this entity, suggesting its affiliation with the Ministry of Planning. However, it would be more effective if linked to the General Secretariat of the Council of Ministers, giving it a stronger executive character and providing private sector affiliates with genuine support from the authorities.

2. Activate Vocational Training Centers: Enhance the role of vocational training centers affiliated with the Ministry of Labor and Social Affairs by developing a dedicated electronic platform for job applications and job announcements in the private sector, and by revising vocational training curricula to meet the needs of the private sector labor market. Centralizing job announcements and applications would streamline the job search process, enabling the government to compile accurate and official statistics. Government adoption of this project would have a positive social impact on the nature of private sector employment. Training centers and related departments should be subject to a national strategy that links

training outcomes to the future needs of the labor market.

3. **Reduce Taxes and Support Insurance for Private Projects:** Reduce taxes on small, medium, and large private projects under certain conditions and establish government-supported insurance systems for private projects. This would encourage citizens to pursue self-employment, which offers greater independence than public sector jobs. Insurance policies for entrepreneurs would provide significant social security.

4. **Institutionalize Employment Equality:** Incorporate the concept of employment equality between public and private sector employees into various state policies and work to reduce social discrimination against public sector employees. For example, abolish policies that rely on government employee guarantees for loans, installment purchases, or processing certain government transactions.

### **Implementation Obstacles**

The main obstacles to implementation are the resistance of public sector employees to these policies, as they naturally do not serve their interests, which may result in reluctance to implement the policies. This necessitates that the government create a suitable environment for policy implementation by raising awareness among public sector employees about the need to activate the private sector, as reliance on government employment will inevitably threaten their job security. The government should also implement these policies gradually and in a functional hierarchy, from top to bottom.

Gradual implementation means starting at the top of the pyramid, where political quotas are relied upon. This implies that resistance may come from political forces, requiring an active political will to move forward with the policies. The government must convince political forces of the significant role that the

social privilege of public sector employees plays in motivating collective awareness among job seekers to pursue public jobs and in fostering dissatisfaction with private sector jobs.

### **Research Identity**

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## **About center**

Al-Baydar Center for Studies and Planning is a non-governmental and non-profit organization established in 2015 and registered with the NGO directorate in the general secretariat of the council of ministers in Baghdad.

The center seeks to contribute to developing the state and its institutions, by proposing ideas and practical solutions to the main problems and challenges facing the state, including improving public sector management, policies, and strategic planning, using reliable data and best practices. The center engages the relevant authorities in the state with regular meetings to support this objective and utilizes the support of international organizations dedicated to assisting Iraq's development. The center also seeks to support economic reforms, and sustainable development and provide technical assistance to the public and private sectors. The center also seeks to support the development of the private sector to provide job opportunities for citizens through training and upskilling, in a way that reduces dependence on government institutions and contributes to supporting and diversifying the country's economy.

The center aims to utilize the vast amount of potential in Iraq's human resources by organizing programs to prepare and develop promising young people, including leaders capable of proposing, adopting and implementing visions and future plans that advance society and preserve its value-system based on the commitment to a high moral standard and rejection of all types of corruption.

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