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Analytical Study of the Reality of Unemployment and Inflation in Algeria During the Period 1990-2020

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Abstract:

This study aims to understand the theoretical aspects of inflation and unemployment and diagnose the reality of inflation and unemployment in Algeria during the period 1990-2020, as unemployment and inflation are considered the most important main indicators of the extent of the state's control over the macroeconomic situation. It aims to track the development of inflation and unemployment rates in Algeria and identify the measures taken to reduce them, as Algeria has adopted many employment policies through a group of programs and supervisory bodies, which contributed to reducing unemployment rates.

Keywords: Unemployment; Inflation; Macroeconomics.

Introduction:

Unemployment and inflation are among the most prominent economic phenomena worldwide due to the significant challenge they pose to achieving comprehensive, balanced, and sustainable economic and social development. Like other nations, the Algerian economy suffers from high rates of inflation and unemployment.

Most countries aim to achieve the objectives of the "magic square," which include price stability, external balance, high growth rates, and full employment, optimizing performance to enhance and develop the economy through economic policy tools.

Study Problem:

Based on the above, the following research question arises:

What is the reality of unemployment and inflation in Algeria?

Study Objectives:

The study derives its objectives from the following points:

- Understanding the phenomenon of inflation and identifying its causes;
- Analyzing the reality of inflation in Algeria;
- Understanding the phenomenon of unemployment and identifying its causes;
- Analyzing the reality of unemployment in Algeria.

Study Methodology:

The descriptive-analytical method was employed to outline the theoretical framework of this study, describing the phenomena under investigation through the provision and analysis of data.

1. The Conceptual Framework of Unemployment:

1.1 Definition of Unemployment:

Defining unemployment is not straightforward. It is generally understood as the total number of individuals within the working-age population who are able, willing, and actively seeking employment but are unable to find work. According to the International Labour Organization (ILO), unemployment refers to: "Anyone capable of

working, willing to work, actively seeking employment, and accepting work at the prevailing wage rate, but unable to find a job."

The unemployment rate is calculated as follows:

Unemployment Rate = Number of Unemployed Individuals / Number of Individuals in the Workforce

This rate cannot be determined precisely, as unemployment levels vary depending on factors such as urban or rural living conditions, gender, age, type of education, and educational attainment (Labeeq, 2016, p. 112).

Unemployment refers to the situation where a portion of the workforce remains unemployed despite being capable and willing to work. To determine the size of the workforce, children below a certain age (e.g., 15 years), retirees (60 years in some countries, 65 in others where life expectancy is higher), individuals with disabilities, homemakers who do not wish to work, and students are excluded (Suleiman, 2017, p. 04).

Unemployment is defined as the state of being unemployed or inactive for a segment of the workforce that is capable of and willing to work, actively seeking employment, and accepting work at the prevailing wage rate but unable to find a job (Saadi, 2020, p. 414).

Unemployment represents the situation of an individual qualified for work—not necessarily possessing a specific profession—who cannot find employment in society (Shalouf, 2017, p. 439).

1.2 Economic Conditions of Unemployment:

The economic conditions of unemployment can be summarized in the following points:

- Lack of employment opportunities;
- Willingness to work;
- Ability to work, excluding those with physical or mental disabilities within the working-age population;
- Actively seeking employment with available resources (Bahdi, 2012, p. 24).

The unemployment rate (UN) is defined as the ratio of unemployed workers to the total workforce. A low unemployment rate indicates that the labor market is approaching full employment, whereas a high rate signifies market instability and disequilibrium (Kaawan, 2017, p. 145).

1.3. Types of Unemployment:

Unemployment can be classified into several types according to various dimensions, the most important of which are:

1.3.1 By Nature:

- Explicit Unemployment: Refers to complete inactivity in employment for a segment of the active workforce.
- Disguised Unemployment: Refers to situations where a large number of workers are employed in a production or service setting, exceeding the actual need for labor.

1.3.2 By Duration:

Researchers have categorized unemployment into three types based on its duration:

- Frictional Unemployment: Occurs in the short term, typically when workers are searching for new jobs.
- Structural Unemployment: Arises in the long term due to economic changes that reduce the demand for specific types of labor relative to the supply in certain markets or regions.
- Cyclical Unemployment: Caused by economic fluctuations such as contractions in aggregate demand or total national spending.

1.3.3 By Choice:

- Voluntary Unemployment: Refers to individuals who choose not to work, despite being capable of doing so.

- Involuntary Unemployment: Imposed unemployment that occurs beyond the job seeker's control, often due to economic shifts or specific policies (Jaafari, 2021, p. 64).

1.4. Algeria's Efforts to Reduce Unemployment:

The Algerian authorities have made various efforts to address the escalating unemployment issue. To achieve this, several programs were implemented to assist the unemployed in entering the labor market through training, internships, or integration initiatives. Notable efforts by the Algerian government to mitigate unemployment include:

1.4.1 Implementation of Public Employment Services:

- Launching public employment services in Algeria on November 29, 1962, and establishing the National Office of Manpower (ONAMO).

1.4.2 Establishment of the National Employment Agency (ANEM) in 1990:

Programs and mechanisms under this agency include:

- Professional Integration Assistance Program (DAIP) and Contracts for the Integration of Degree Holders (CID).
- Professional Integration Contracts (CIP): Targeted at secondary school graduates and vocational training attendees.
- Training-Integration Contracts (CFI): Aimed at preparing individuals for labor market participation.
- Training-Employment Contracts (CFE): Training contracts that culminate in employment.
- Supported Employment Contract Program (CTA).

1.4.3 Creation of the National Unemployment Insurance Fund (CNAC) in 1994:

Programs under this initiative include:

- Job Search Centers (CRE);
- Centers for Assistance with Independent Work (CATI);
- Support Programs for Enterprises in Difficulty (AED);
- Retraining Programs as an effective and quick reemployment measure (FR).
- Establishment of the National Agency for Youth Employment Support (ANSEJ) in 1996.

1.4.4 Creation of the Social Development Agency (ADS) in 1996:

Programs and mechanisms under this agency include:

- Solidarity Grant Program (AFS);
- Compensation for Public Utility Activities Program (IAIG);
- Public Works Programs Utilizing Intensive Labor (TUP-HIMO);
- Pre-Employment Contracts Program (CPE);
- Paid Employment Initiatives with Local Initiative (ESIL).
- Establishment of the National Agency for Investment Development (ANDI) in 2001 and the National Agricultural Development Program (PNDA).
- Creation of the Zakat Fund in 2003, aiming to provide interest-free loans.
- Establishment of the National Agency for the Management of Microcredit (ANGEM) in 2004 (Setti, 2020, pp. 105-106).

1.5 Economic Variables Influencing Unemployment Rates

Key economic variables that can affect the unemployment rate in the Algerian economy include:

- Gross Domestic Product (GDP);
- Investment;

- Wages;
- Inflation rate;
- Population size;
- Economic reform programs.

The impact of these variables on unemployment is explained according to the perspectives of economic and statistical theories:

- Relationship Between Unemployment Rate and GDP: This is an inverse relationship, where an increase in GDP leads to higher employment levels, creating new job opportunities, and consequently reducing the unemployment rate.
- Relationship Between Unemployment Rate and Investment: This is also an inverse relationship. As investment rises, the demand for labor increases, thereby generating more job opportunities.
- Relationship Between Unemployment Rate and Population Size: This is a direct relationship. An increase in the economically active population raises the labor supply, thereby increasing the unemployment rate.
- Relationship Between Unemployment Rate and Wages: This is a direct relationship. Wages represent the cost of labor services. An increase in wages reduces the quantity of labor demanded while increasing the labor supply, leading to higher unemployment rates.
- Relationship Between Unemployment Rate and Inflation Rate: According to traditional logic and the Phillips Curve, this relationship is inverse. However, in the present context, the relationship's direction is less clear and depends on economic transformations.
- Relationship Between Unemployment Rate and Economic Reform Programs: This is expected to be a direct relationship, as such programs often rely on contractionary policies, negatively affecting the social sector, particularly employment, and leading to higher unemployment rates (Allouache, 2014, pp. 49-50).

2. Conceptual Framework of Inflation:

2.1 Definition of Inflation:

- Excessive increases in the general price level;
- Increases in monetary incomes or components such as wages and profits;
- Rising costs;
- Overcreation of monetary balances (Saij, 2014, p. 13).

Inflation is defined as the persistent rise in the general price level, including prices of goods, services, and assets, resulting from demand exceeding supply capacity (Mohamed, 2023, p. 465).

2.2 Types of Inflation:

Inflation can take several forms, including:

- Mild or Creeping Inflation: Characterized by slight and continuous increases in prices, often occurring during periods of reduced demand.
- Accelerated Inflation: Defined by ongoing and compounded increases in price levels.
- Suppressed Inflation: Occurs when price increases are constrained by qualitative or quantitative policies and restrictions. Once these restrictions are removed, prices rise sharply.
- Hyperinflation: Involves significant price surges, typically during wars or political and social crises.

- Cyclical Inflation: Arises due to fluctuations in aggregate supply and demand, associated with economic cycles (Lsbaâ, 2021, pp. 40-41).

2.3 Inflation Rate (INF):

Inflation is defined as the continuous rise in the general price level over time. It has repercussions that affect all levels of the state. At the consumer level, inflation impacts purchasing power, negatively affecting living standards. Similarly, industrial companies face rising raw material costs. At the state level, the purchasing power of its currency decreases compared to other currencies (Kaawan, 2017, p. 145).

2.4 Causes of Inflation:

Economic theories differ in their explanations of inflation, but its causes can generally be categorized into monetary and real factors, as follows:

- Increase in Aggregate Demand (Demand-Pull Inflation): This explanation is based on the laws of supply and demand, where the price of goods is determined by the balance between demand and supply. If demand exceeds supply for any reason while supply remains constant or increases at a slower rate, the price of the good will rise.
- Decrease in Aggregate Supply: A decline in aggregate supply, while demand remains unchanged, results in demand exceeding the available supply. According to market laws, this leads to price increases.
- Rise in Production Costs: Sometimes, there is a noticeable increase in the prices of final goods and services due to a general rise in production costs (*cost-push inflation*), particularly wages. In this context, increased costs refer to rising prices for production factor services, exceeding their marginal productivity. Production factor costs include intermediate and primary goods used in production. An increase in their prices is reflected in the final product price.
- Importing Most Final Goods and Services from Abroad: This is particularly evident in small, open economies reliant on imports to meet most of their needs for final goods and services. This type is referred to as *imported inflation*, characterized by the continuous and accelerated rise in the prices of imported goods and services, which increases their local market prices. Developing countries, in particular, import inflation from the global economy.
- Expansion of Monetary Issuance: According to the quantity theory of money, the central bank, which oversees the money supply, also controls inflation. If the central bank maintains stability in the money supply, it stabilizes price levels. However, if it rapidly increases the money supply, price levels rise at the same pace (Radhouane, 2022, pp. 84-85).

2.5 Theories Explaining Inflation:

Several theories attempt to explain inflation, including:

- Traditional Monetary Theory: Proponents of this theory argue that rising general price levels are due to an increase in the amount of money circulating in the market.
- Cost-Push Theory: This theory emphasizes wage levels as a primary driver of inflation. American economist Charles Schultz was one of the first to explain this theory, stating that labor union pressure increases wages beyond productivity levels, leading to higher product prices to maintain profits, which in turn causes inflation.
- Demand-Pull Theory: This theory explains inflation as a result of aggregate demand exceeding the supply of goods at full employment levels, continuously driving prices upward. This forms the core of Keynesian theory.
- Structural Theories: These theories argue that inflation is not necessarily due to demand, supply, or purely monetary factors but rather stems from the economic structure of a country, whether developing or advanced. According to Raul Prebisch, inflation in developing countries arises from imbalances in

the components of aggregate demand and supply and their relation to socioeconomic development trends. Therefore, identifying and correcting these imbalances is essential (Beshishi, 2021, pp. 17-19).

3. Inflation in Algeria:

Since inflation refers to the rise in the general price level, typically expressed through the Consumer Price Index (CPI), we aim to study the evolution of this indicator during the period 1990–2021. This will help assess the reality of the general price level in Algeria, as it is one of the macroeconomic indicators that significantly influence investments, especially foreign investments.

3.1 Inflation in Algeria During 1990–2000:

Inflation is measured using the Consumer Price Index (CPI), which includes only consumer goods (a basket of consumer goods). It is also measured using another indicator called the GDP deflator, which excludes the effect of price and includes both consumer and production goods. To understand the reality of inflation in consumer goods in Algeria during this period, the following table presents the relevant data:

Table (01): Consumer Price Index and Inflation in Algeria (1990–2001)

Year	CPI (in USD)	CPI (in DZD)	Inflation Rate (%)	Year	CPI (in USD)	CPI (in DZD)	Inflation Rate (%)
1990	16.7	117.9	17.9	1996	18.7	468.1	18.7
1991	25.9	148.4	25.9	1997	5.7	494.9	5.7
1992	31.7	195.4	31.7	1998	5	519.4	5
1993	20.5	235.5	20.5	1999	2.6	533.2	2.6
1994	29	303.9	29	2000	0.3	535	0.3
1995	29.8	394.4	29.8	2001	4.2	557.6	4.2

Source: (World Bank, n.d.), (National Office of Statistics, 2020).

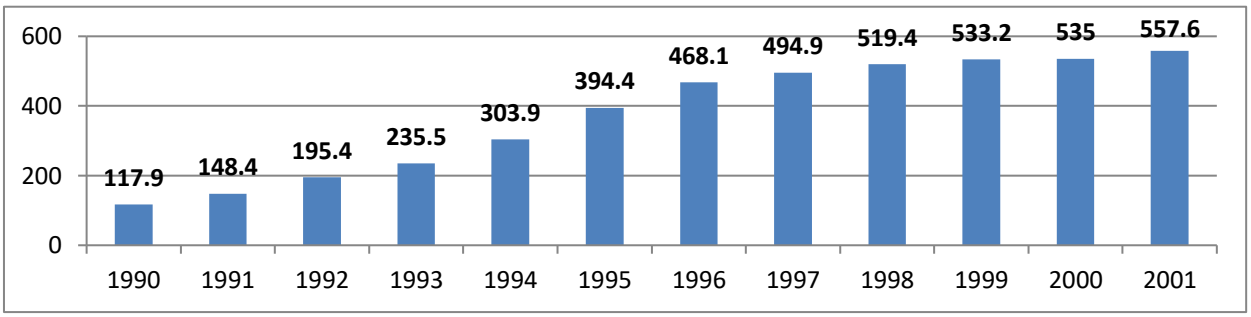

Figure (01): Evolution of the Consumer Price Index in Algeria (1990–2001)

Source: Prepared by the student based on the data from the previous table.

From the table and figure above, it is evident that the Consumer Price Index (CPI) in Algeria experienced a continuous increase. In 1990, the CPI was recorded at 117.9 DZD, rising to 148.4 DZD in the following year, an increase of 30.5 DZD. By 1993, it exceeded 235 DZD, doubling compared to 1990. It surpassed 300 DZD in 1994 and continued to rise, reaching 557.6 DZD by 2001, representing a 4.72-fold increase compared to 1990.

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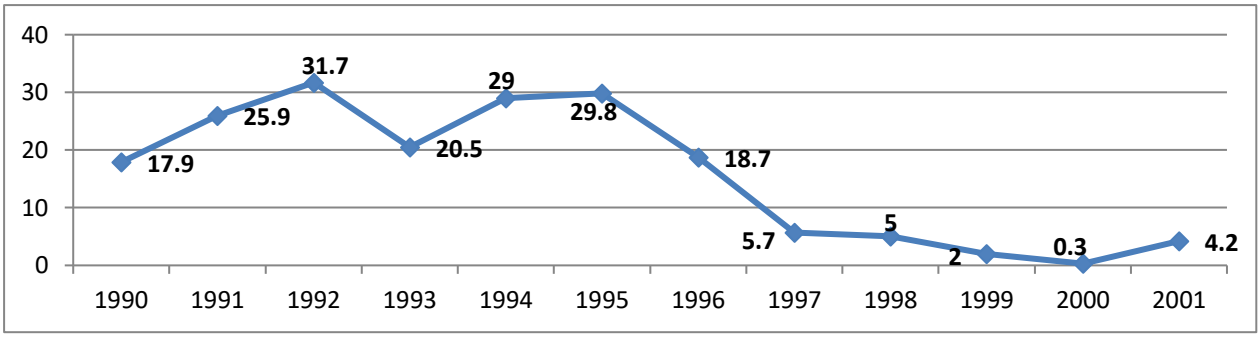
Figure (02): Evolution of Inflation Rate in Algeria (1990–2001) (%)



Source: Prepared by the student based on the data from the previous table.

From the chart and table, it is observed that the inflation rate in Algeria was 17.9% in 1990 and increased to 25.9% in 1991, an increase of 8%. In 1992, the index recorded its highest rate at 31.7%, an increase of 13.8% compared to 1990. Subsequently, the inflation rate gradually decreased, reaching its lowest rate during this period in the year 2000, at 0.3%.

It is noteworthy that during the period from 1990 to 1996, the inflation rate ranged between 17.9% and 31.7%, representing very high levels. This was due to the inflationary shock experienced by the Algerian economy in the early 1990s as a result of reduced revenues and borrowing from the International Monetary Fund under a set of conditions, the most significant of which was the devaluation of the currency. This devaluation led to price increases. As shown in the table, the exchange rate of the dinar collapsed against the US dollar. For instance, in 1998, the consumer price index in dollars was equivalent to 5 USD, compared to 519.4 DZD in the national currency. By the year 2000, this ratio had reached 0.3 USD/535 DZD, reflecting the extent of the collapse of the national currency due to external borrowing, which undermines one of the most significant symbols of national sovereignty, the currency. As a result of the reforms, the period from 1997 to 2001 experienced inflation rates ranging between 0.3% and 5.7%, although the value of the national currency continued to decline.

3.2 Inflation in Algeria from 2002 to 2014

To assess the state of inflation in consumer goods during this period in Algeria (2002–2014), the following table provides the relevant data:

Table (02): Consumer Price Index and Inflation in Algeria (2002–2014)

Year	CPI (in USD)	CPI (in DZD)	Inflation Rate (%)	Year	CPI (in USD)	CPI (in DZD)	Inflation Rate (%)
2002	1.4	101.43	1.4	2009	5.7	131.1	5.7
2003	4.3	105.75	4.3	2010	3.9	136.23	3.9
2004	4	109.95	4	2011	4.5	142.39	4.5
2005	1.4	111.47	1.4	2012	8.9	155.05	8.89
2006	2.3	114.05	2.3	2013	3.3	160.1	3.25
2007	3.7	118.24	3.7	2014	2.9	164.77	2.92
2008	4.9	123.98	4.9	-	-	-	-

Source: (World Bank, n.d.), (National Office of Statistics, 2020).

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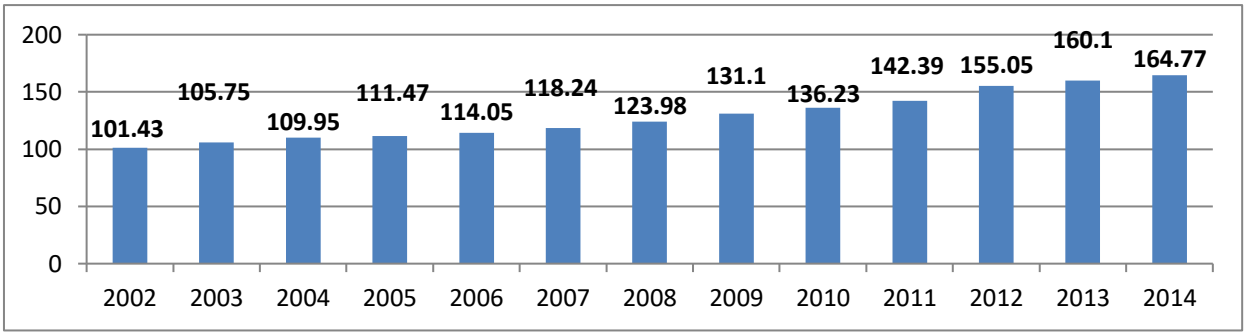
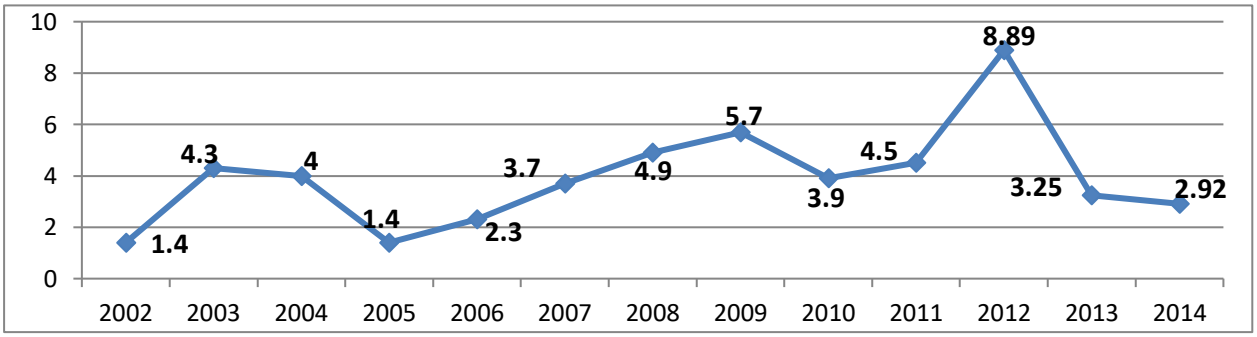
Figure (03): Consumer Price Index in Algeria During the Period 2002–2014



Source: Prepared by the student based on the data from the previous table.

From the figure, it can be observed that the standard of living, as represented by the Consumer Price Index (CPI), witnessed continuous growth during the period 2002–2014. The index recorded a value of 101.43 DZD in 2002, gradually increasing to reach 164.77 DZD in 2014. Compared to the 1990s, the CPI appears lower. This can be attributed to the abundance of foreign currency reserves, the revitalization of the Algerian economy through monetary injections, the execution of development programs, and the opening of imports.

Figure (04): Evolution of the Inflation Rate in Algeria During the Period 2002–2014



Source: Prepared by the student based on the data from the previous table.

From the previous figure and table, it can be observed that inflation rates in Algeria decreased compared to the 1990s. In 2002, the inflation rate was recorded at 1.4%, rising to 4.3% in the following year and remaining fluctuating until 2014, where it reached its highest rate of 8.89%. The decline in the inflation rate compared to the previous period can be attributed to extensive government subsidies for consumer goods. These subsidies were one of the main objectives of development programs. On one hand, employment and project financing led to improved purchasing power for individuals due to better wages. On the other hand, the availability of foreign currency reserves also played a significant role. These factors collectively increased aggregate demand in the Algerian economy, while the limited diversification in the supply of goods and services led to reliance on imports.

3.3 Inflation in Algeria (2015–2021):

This period was marked by the implementation of the *New Growth Program 2015–2019*, which was later abandoned by the government due to a lack of funding resulting from declining oil revenues. To analyze inflation rates during this period, the following table presents the relevant data:

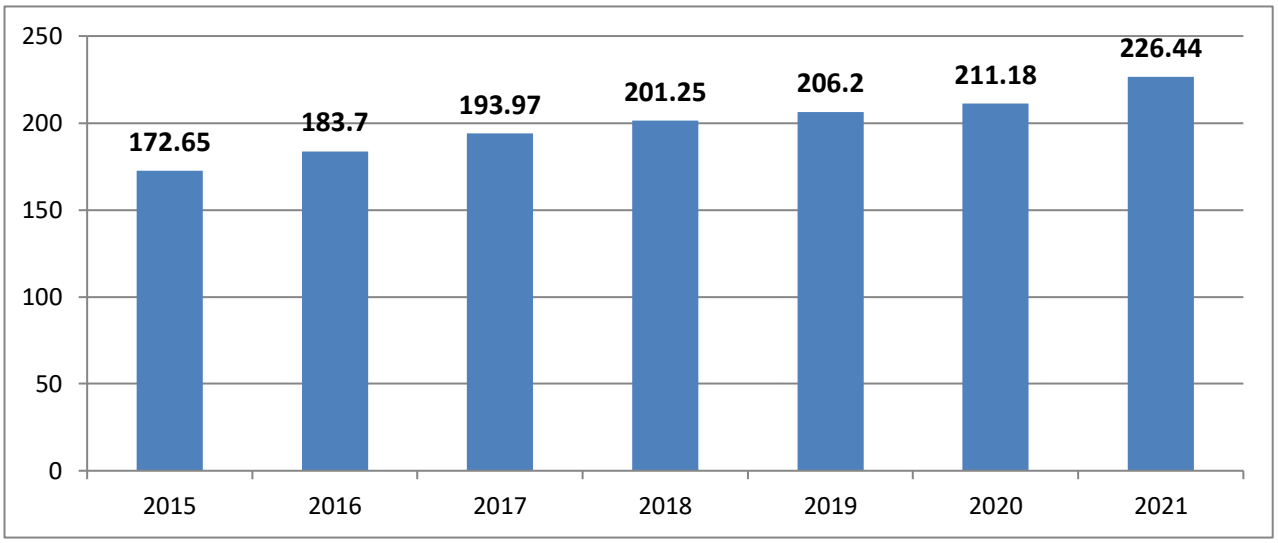
Table (03): Evolution of Inflation Rates in Algeria (2015–2021)

Year	CPI (in USD)	CPI (in DZD)	Inflation Rate (%)
2015	4.8	172.65	4.78
2016	6.4	183.7	6.4

2017	5.6	193.97	5.59
2018	4.3	201.25	4.27
2019	2	206.2	1.95
2020	2.4	211.18	2.42
2021	7.2	226.44	7.23

Source: (World Bank, n.d.), (National Office of Statistics, 2020), (Bank of Algeria, 2022, p. 105).

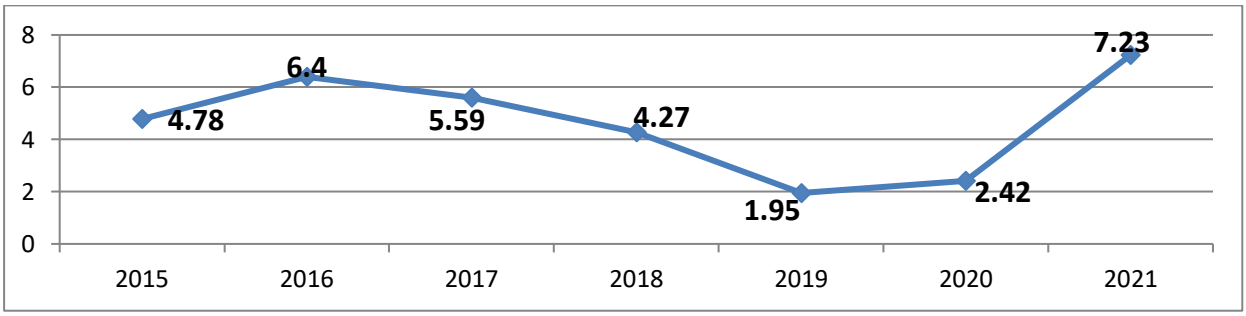
Figure (05): Consumer Price Index in Algeria During the Period 2015–2021



Source: Prepared by the student based on data from the previous table.

From the table and the previous figure, it can be observed that the Consumer Price Index (CPI) recorded 172.65 DZD in 2015 and gradually increased to 193.97 DZD in 2017, surpassing 200 DZD in 2018, where it reached 201.25 DZD. This period does not differ significantly from the previous one, as the government continued to subsidize essential goods.

Figure (06): Evolution of Inflation in Algeria During the Period 2015–2021



Source: Prepared by the student based on data from the previous table.

From the figure, it can be noted that inflation rates in Algeria during the period 2015–2021 ranged between 1.95% and 7.23%. This occurred amidst declining revenues in the state budget. The price increases during this phase were not linked to public spending as in the previous period, but rather to an increase in the money supply in the Algerian economy due to inflationary financing, which coincided with restrictions on imports through the imposition of import licenses and limits on imported goods. This situation made several commodity markets vulnerable to price increases due to monopolistic practices by certain producers and importers.

Prices during this period could also be attributed to the funds spent under investment programs, whose effects only materialized after several years. According to the expansion in public spending based on Keynesian theory, which focuses on stimulating aggregate demand by injecting money into the economy, such policies are more suitable for advanced economies with a flexible production system capable of responding to the increased money supply. Additionally, Keynesian policies rely on other conditions for the multiplier effect, such as the absence of full employment. The lack of these conditions in Algeria led to price increases instead of stimulating economic growth. According to statistics, the private sector in Algeria played an almost negligible role due to the crowding-out effect.

From the previous figure, it is observed that inflation rates in Algeria during the period 2015–2021 ranged between 1.95% and 7.23%. This occurred in the context of declining public budget revenues. The price increases during this period were not linked to public spending as in the previous phase but were rather due to an increase in the money supply in the Algerian economy as a result of inflationary financing. This coincided with restrictions on imports through the imposition of import licenses and limits on imported goods, which made certain commodity markets vulnerable to price increases due to monopolistic practices by some producers and importers.

Additionally, the prices during this period might also be attributed to the funds spent under investment programs, whose effects were only felt after several years. This is consistent with the expansion of public spending based on Keynesian theory, which advocates stimulating aggregate demand by injecting money into the economy. However, this policy has a flaw: it is only suitable for advanced economies with flexible production systems capable of responding to increased money supply. Furthermore, it depends on other multiplier conditions, such as the absence of full employment. In Algeria, the lack of these conditions led to price increases rather than economic growth stimulation. According to statistics, the private sector in Algeria plays a nearly negligible role due to the crowding-out effect.

4. Unemployment in Algeria

Unemployment relates to the qualified workforce that remains unemployed. The negative aspect of this phenomenon in Algeria is its impact on the Human Development Index (HDI), which comprises sub-indicators related to education and health. On one hand, these indicators show very high levels due to spending on health and education. On the other hand, significant levels of unemployment persist.

4.1 Unemployment in Algeria (1990–2000):

This period was marked by a decline in the Algerian economy, recourse to the International Monetary Fund (IMF), and the implementation of economic reforms. To analyze unemployment rates during this period, the following table provides the relevant data:

Table (04): Evolution of Unemployment Rates in Algeria (1990–2000)

Year	1990	1991	1992	1993	1994	1995
Unemployment Rate (%)	19,7	20,6	24,4	26,2	27,7	31,8
Year	1996	1997	1998	1999	2000	---
Unemployment Rate (%)	28,5	25,4	26,7	28,3	29,8	---

Source: (National Office of Statistics, 2020, p. 88)**,** (World Bank, n.d.)

From the previous table, it can be observed that unemployment rates in Algeria were recorded at 19.7% in 1990, increasing slightly to 20.6% in the following year. The rates continued to rise, reaching their peak during this period at 31.8% in 1995. However, the rate gradually declined before increasing again in subsequent years, settling at 29.8% in 2000.

The following figure illustrates the evolution of unemployment rates in Algeria during the period 1990–2000:

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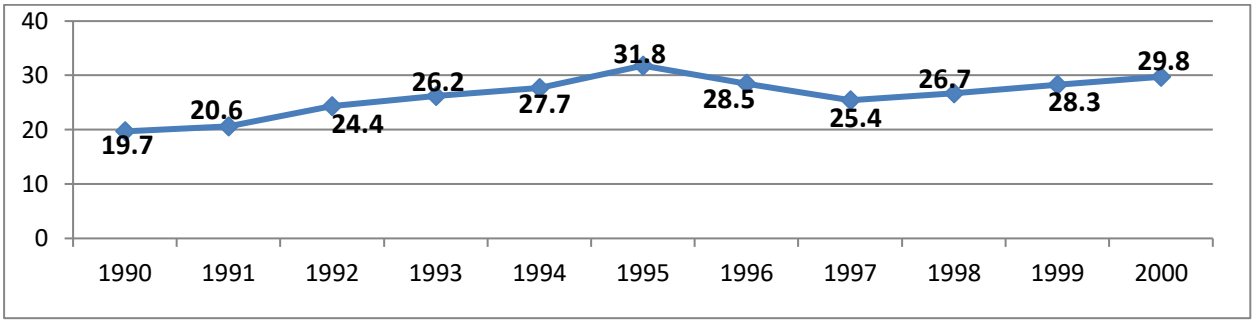
Figure (07): Evolution of Unemployment Rates in Algeria (1990–2000)



Source: Prepared by the student based on data from the previous table.

4.2 Unemployment in Algeria (2001–2014):

This period was characterized by an expansion in public spending to finance public investment programs adopted by the Algerian government in 2001. The primary goal of these programs was to support economic growth and employment. Therefore, we present unemployment rates during the years of public treasury prosperity through the following table:

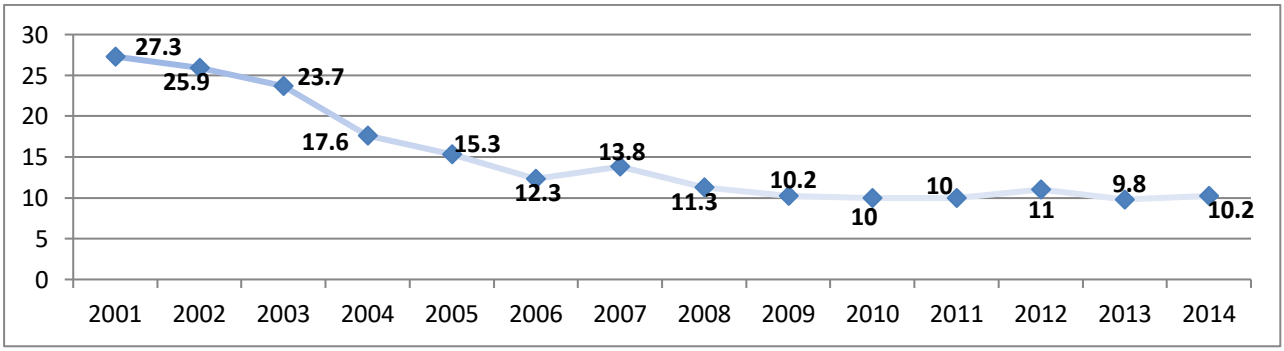
Table (05): Evolution of Unemployment Rates in Algeria (2001–2014)

Year	2001	2002	2003	2004	2005	2006	2007
Unemployment Rate (%)	27,3	25,9	23,7	17,6	15,3	12,3	13,8
Year	2008	2009	2010	2011	2012	2013	2014
Unemployment Rate (%)	11,3	10,2	10	10	11	9,8	10,2

Source: (National Office of Statistics, 2020, p. 88), (World Bank, n.d.).

From the previous table, it is observed that the unemployment rate in Algeria was 27.3% in 2001, decreasing to 25.9% in the following year. This downward trend continued until 2006, where a rate of 12.3% was recorded. In the subsequent period, starting in 2008, the rate was recorded at 11.3%. Between 2009 and 2014, the unemployment rate fluctuated between 9.8% and 10.2%. To illustrate this variation in unemployment rates, the following figure is presented:

Figure (08): Evolution of Unemployment Rates in Algeria (2001–2014)



Source: Prepared by the student based on data from the previous table.

It is observed from the previous figure that unemployment rates in Algeria during the period 2001–2014 experienced a significant decline compared to the previous period (1990–2000). The expansion of employment in the public sector and the promotion of investment contributed to the reduction in the unemployment rate. This was particularly evident during the *Economic Growth Consolidation Program*, when unemployment reached its lowest level (9.8%), with expenditures amounting to $286 billion.

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4.3 Unemployment in Algeria (2015–2021):

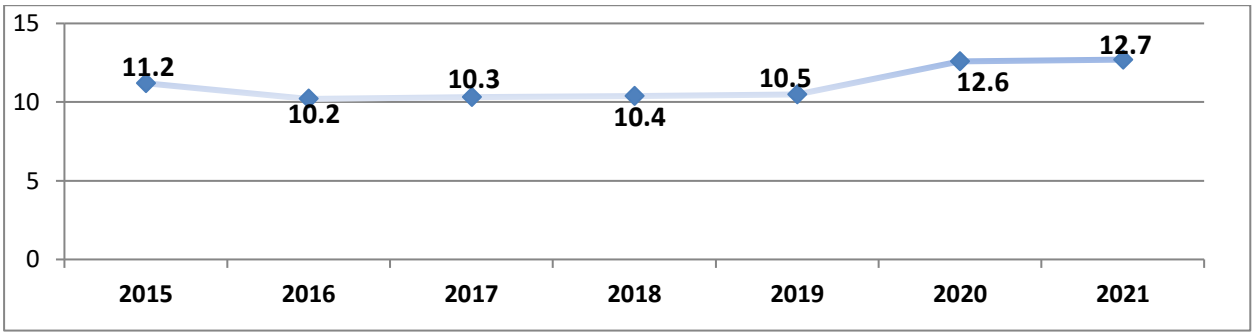
Table (09): Evolution of Unemployment Rates in Algeria (2015–2021)

Year	2015	2016	2017	2018	2019	2020	2021
Unemployment Rate (%)	11.2	10.2	10.3	10.4	10.5	12.6	12.7

Source: (National Office of Statistics, 2020, p. 88), (World Bank, n.d.).

From the previous table, it can be observed that unemployment rates in Algeria were recorded at 11.2% in 2015, ranging between 10.2% and 10.5% during the period 2016–2019. In 2020, the rate increased to 12.6%, rising slightly in 2021 to 12.7%. To illustrate the evolution of unemployment rates in Algeria, the following figure is presented:

Figure (09): Evolution of Unemployment Rates in Algeria (2015–2021)



Source: Prepared by the student based on data from the previous table.

It is observed from the previous figure that unemployment rates in Algeria during the period 2015–2021 were at acceptable levels compared to the 1990s. This is attributed to the economic programs implemented by the government aimed at developing infrastructure.

Conclusion:

In this study, we addressed the concepts related to both inflation and unemployment and analyzed the data concerning them. Unemployment and inflation are significant economic, social, and political concepts, making state intervention crucial for both. They are among the most critical issues linked to the process of economic development, both in the present and the future.

The key findings of the study are as follows:

- Unemployment and inflation in Algeria exhibited instability and fluctuations during the study period.
- The state has established several structures to mitigate unemployment, such as the National Employment Agency, the National Unemployment Insurance Fund, the National Agency for Youth Employment Support, the Social Development Agency, the National Agency for Investment Development, the Zakat Fund, and the National Agency for the Management of Microcredit.
- Several variables can influence unemployment rates, including GDP, investment, wages, inflation rates, population size, and economic reform programs.
- Inflation takes various forms, including moderate or creeping inflation, accelerated inflation, suppressed inflation, hyperinflation, and cyclical inflation.
- Several factors contribute to inflation, such as increased aggregate demand, decreased aggregate supply, rising production costs, importing most final goods and services, and expansion in monetary issuance.

Based on the findings of this study, the following recommendations and suggestions are proposed:

- Review policies to eliminate unemployment by implementing mechanisms to create permanent job opportunities.

- Activate the social role of the state by establishing a law that grants unemployed individuals a salary to meet their basic needs.
- Reduce rural-to-urban migration by developing strategies to improve rural services and strengthen the agricultural sector.
- Align educational and training outcomes with the needs and demands of the labor market.
- Ensure the widespread adoption of digitalization across all sectors to accurately track the number of workers and unemployed individuals.
- Utilize natural resources effectively by adopting an economic diversification policy to reduce the burden of consumer imports in foreign currencies and minimize the impact of imported inflation on the economy.
- Diversify locally produced export goods and avoid over-reliance on exporting raw materials to mitigate the continuous fluctuations in their prices and the pressures caused by foreign currency inflows. These pressures often lead to inflation due to increased public, particularly consumer, spending.
- Avoid inflationary financing due to its risks to the economy, especially in the context of a stagnant production system, which exacerbates inflation.
- Identify and address the root causes of inflation.

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