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Poverty and Youth Unemployment in Afghanistan: An Analytical Study

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ABSTRACT

This study is designed to examine the status of poverty and youth unemployment in the context of Afghanistan. The relevance of the present study well from the fact that, that Afghanistan is ranked 182th on the human development index is unacceptable. The study employed the incidence of poverty as a function of unemployment, agricultural, manufacturing, and services contributions to real GDP, population, and inflation rate, in which the growth rate of the variables was modeled. The results of the study revealed that unemployment, agricultural and services contributions to real GDP as well as population, have a positive determining influence on the poverty level in Afghanistan, with only the agricultural sector statistically insignificant. On the other hand, manufacturing sector's contribution to real GDP and inflation rate exhibited a negative relationship with the poverty level in Afghanistan, with only the manufacturing sector appearing significant. The study recommended, among other things, that governments should make holistic efforts at all levels to create jobs and arrest unemployment.

Keywords: *Youth Unemployment, Status of Poverty, Gross Domestic Product, and Population.*

I. INTRODUCTION

Unemployment is not a new phenomenon in Afghanistan, and for many years, this country has been experiencing high unemployment rates for many reasons, including the lack of proper policies, weak governance, a weak economy, illiteracy, discrimination, poverty, and war. Unemployment in different countries, depending on the type of culture, even climatic and, political and social conditions, arises from specific causes and sometimes follows common factors. According to some analysts and researchers, 70% of the anomalies in society are caused by unemployment because employment can prevent many social irregularities (Šileika, A., & Bekerytė, J., 2013).

The problem of unemployment is one of the significant challenges Afghanistan faces, which profoundly affects the development and growth of this country. Unemployment is the biggest

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problem facing most nations of the world today, whether they are developed or developing. This paper, therefore, examines the main causes of unemployment in a specific time duration in Afghanistan (Gassebner, Martin, and Simon Luechinger, 2011). The inadequate employment situation of youth has a number of socio-economic, political, and moral consequences. This has resulted in poverty in Afghanistan which is chronic and rising. The share of the total population living below the \$1 a day threshold of 59 percent is higher today than in 2001 and 2021, despite significant improvements in GDP growth in recent years. The present study tries to describe the trend of employment and unemployment in Afghanistan, and based on the theoretical framework of the research, the factors affecting unemployment in post-Taliban Afghanistan are scientifically explained and studied. Then, by comparing the strategies and policies done in other countries, suggest ways of reducing unemployment to achieve a stable government in the country (Shah, Ghulam Murtaza, and Haji Ahmed Solange, 2019).

Unemployment and poverty are so intertwined that one can easily confuse one for the other. Although one can be employed and still poor, this is likely to be a case of underemployment. Thus, unemployment includes those underemployed. Unemployment and underemployment reflect the failure to make use of an essential factor of production, labor, to foster economic growth in Afghanistan. Low returns to labour, as well as high unemployment, indicate poverty. Poverty makes it difficult to invest in education and health to increase a person's productivity (Edwards, R. D, 2010).

This is not only true for individuals; families face an inter-generational poverty trap. Families face the choice between sending their children and young family members to school and sending them to earn much-needed income. The social aspects of the problem lie in the association of unemployment with social exclusion and a sense of hopelessness. Structural unemployment and widespread poverty are believed to be the basis for the activities of miscreants, such as militant youth in Afghanistan and the present deadly insurgency in northern Afghanistan, upsetting seemingly peaceful and stable political situations (Bhola, S. S, & Dhanawade, S, 2013). Unemployment in Afghanistan is defined as the proportion of the labor force available for work but did not work in the week preceding the survey period for at least 40 hours. Official figures from the Bureau of Statistics put the unemployment figure at 70.70 percent, about 20 million. By implication, it means that if Afghan 's population is 40 million, then 70 percent of Afghans are unemployed (Shah, Ghulam Murtaza, and Haji Ahmed Solangi, 2019).

Viewing this from the perceptive of the recent events in the Middle East where unemployment and poverty, among others, played a vital role in the uprising, one can only conclude that Afghan's unemployment and high poverty level poses an even more significant threat to its

development, security and peaceful co-existence. It is in light of proffering solutions to the problems of poverty and unemployment that the current study is germane. Therefore, this paper aims to scrutinize the effect of unemployment on poverty in Afghanistan. The paper is divided into five sections. Following the introduction, section II covered a review of related literature. In section III, the method of study is unveiled. Presentation and analysis of results is done in section IV, while section V concludes the study with policy remarks. Three questions are at the heart of much of academic research and public policy for development, and they formed the fundamental questions in this paper, namely: What makes the majority of the Afghan population the poorest region in the world? What can be done to deliver the sustainable and broad-based poverty reduction strategy required to address this? Is there any relationship between poverty and unemployment in Afghanistan?

(A) Literature Review- Conceptual Theoretical Issues

a. Concept of Unemployment

One of the greatest challenges facing the Afghanistan economy is unemployment which has maintained a rising trend over the years. The total labor force in Afghanistan comprises all persons aged 15-60 years, excluding students, home keepers, retired persons, and stay-at-home to work or not interested. Unemployed refers to people who are willing and capable of work but cannot find suitable paid employment. The classical school of thought that provided the earliest thinking on economic issues did not fail to give a central point of reflection on the undesirability of unemployment. Following the path of their predecessors, economists at all times and in all ages have expressed various degrees of concern over the threat of the monster called unemployment. The population of every economy is divided into two categories, the economically active and the economically inactive. The economically active population (labor force) or working population refers to the people that are willing and able to work, including those actively engaged in the production of goods and services (employed) and those who are unemployed (Hillage J., 1998). The next category, the economically inactive population, refers to people who are neither working nor looking for jobs. There seems to be a consensus on the definition of unemployment. The International Labour Organization (ILO) defines the unemployed as the economically active population without work but available for and seeking employment, including people who have lost their jobs and those who have voluntarily left work (Edwards, R. D, 2010). Examples include homemakers, full-time students, invalids, those below the legal age for work, and old and retired persons. However, applying this definition across countries has been faulted, especially for comparison and policy formulation, as countries characteristics are not the same in their commitment to resolving unemployment

problems (Mosaqi Sayed Ahmad, 2016).

The unemployment rate is a percentage of the total number of persons available for employment at any time. This paper will focus on the relationship between unemployment and poverty as they relate to the growth of the Afghan Economy. Unemployment has been categorized as one of the serious impediments to social progress. Apart from representing a colossal waste of a country's manpower resources, it generates welfare loss in terms of lower output, thereby leading to lower income and well-being (United Nations Population Division (UNDP), World Population Prospects 2019). Unemployment is a severe issue in Afghanistan (Yousufzai, F. A., 2017). The need to avert the adverse effects of unemployment on poverty has made tackling unemployment problems feature very prominently in the development objectives of many developing countries.

b. Concept of Poverty

Poverty is not an easy concept to define. As a result, various definitions exist, influenced by different disciplinary approaches and ideologies. The dominant Western definition since World War II has defined poverty in monetary terms, using income or consumption levels to measure poverty and defining the poor by a headcount of those who fall below a given income/consumption level or poverty line (Martínez, R., Ayala, L., & Ruiz-Huerta, J, 2001). However, this economic definition has been complemented in recent years by other approaches that define poverty more multidimensionally (Fielden, Matthew, and Sippi Azerbaijani-Moghadam, 2011). These approaches include the basic needs approach, the capabilities approach and the human development approach (United Nations Population Division (UNDP), World Population Prospects 2019). Their acceptance is reflected in the widespread use of the United Nations Development Programme's (UNDP) Human Development Index (HDI), which is a composite measure of three dimensions of human development: (i) life expectancy, (ii) educational attainment and (iii) standard of living, measured by income in terms of its purchasing power parity (UNDP, 2006).

It is also reflected in the Organization for Economic Co-operation and Development's (OECD) conceptualization of multidimensional poverty, defined as interlinked forms of deprivation in the economic, human, political, socio-cultural, and protective spheres (Martínez, R., Ayala, L., & Ruiz-Huerta, J, 2001). For our purposes here, poverty is also defined by a sense of helplessness, dependence, lack of opportunities, self-confidence, and self-respect on the part of the poor. Indeed, the poor see powerlessness and voicelessness as critical aspects of their poverty (Otekhile, C. A., & Zelený, M, 2016). Further, the acknowledgment of the

multidimensionality of poverty is reflected in the range of quantitative and qualitative methodological approaches adopted to conceptualize and measure poverty (Callen, M., & Long, J. D, 2015).

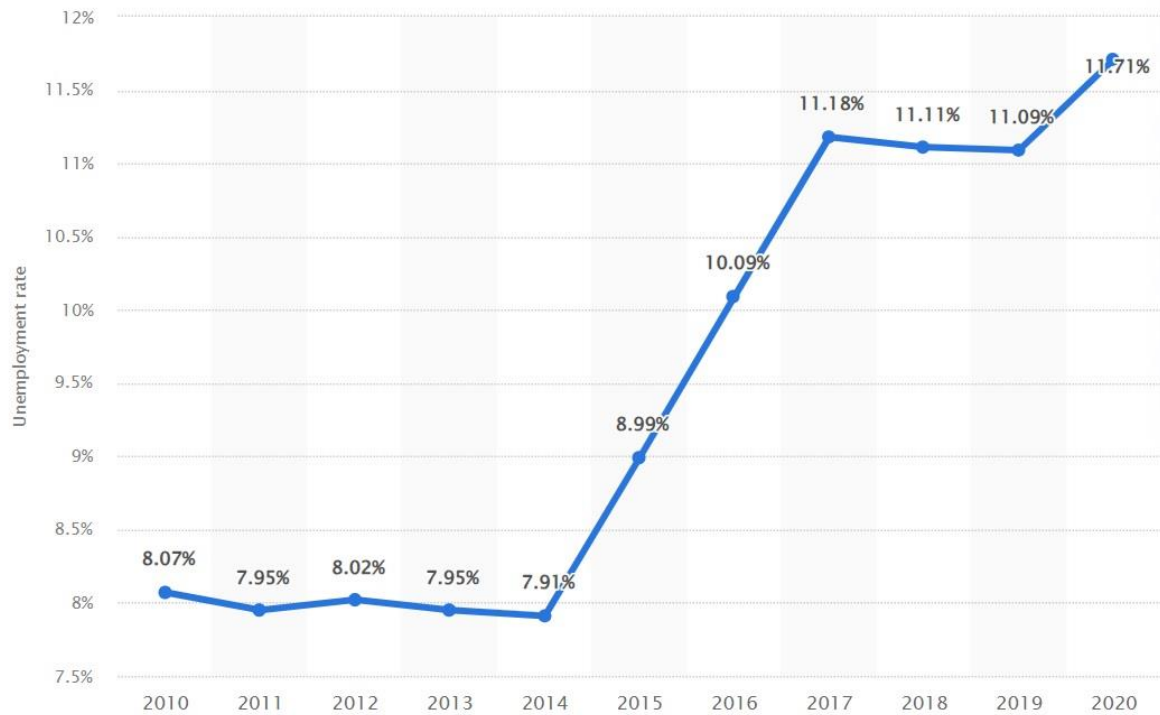
The poverty situation in Afghanistan is quite disturbing. Both the quantitative and qualitative measurements attest to the growing incidence and depth of poverty in the country (IMF Country Report, 2008). This situation, however, presents a paradox considering the vast human and physical resources that the country is endowed with. It is even more disturbing that despite the considerable human and material resources that have been devoted to poverty reduction by successive governments, no noticeable success has been achieved in this direction. Although predicted poverty reduction scenarios vary greatly depending upon the rate and nature of poverty-related policies, the evidence suggests that poverty's depth and severity are still at its worst in Afghanistan and South Asia (GIDEON, E. H, 2017). Within these regions, poverty is essentially a rural phenomenon, with an average of 62 and 75 percent of the population living on less than a dollar a day, and it also tends to be deeper than urban poverty in these regions (Blinder, Alan S, 1988). Besides, it has become increasingly evident that within the African area, people experiencing poverty are heterogeneous, and some dynamics do exist with a clear distinction between chronic and transitory poverty (Callen, M., & Long, J. D, 2015).

Chronic poverty is considered the component of total poverty that is a static and transitory poverty component that is attributable to the inter-temporal variability (Šileika, A., & Bekerytė, J, 2013). The isolation of the process underlying chronic and transitory poverty is considered essential in understanding the extent to which each poverty type may obscure the other or even distort the effects of government anti-poverty programs. A national poverty survey indicates that the high tropic areas have moderate poverty while the northern regions have poverty levels of as high as 70 percent (Sonia Nazario, 2015). Afghanistan's foremost challenges include reducing poverty, diversifying its economy from the oil and gas sector towards more labor-intensive sectors, and improving health and education. The oil has increased economic volatility and inflation, while those living in poverty are most vulnerable to volatility and inflation.

Additionally, the instability of government revenues and a crowding out of agriculture have worsened the situation. The oil industry does not employ many unskilled workers, contributing little to reducing poverty. The masses cause social unrest because the wealth gotten from their territory does not get to them. In Afghan society, the best way to acquire wealth is to enter the political sphere. Most of the time, political success is tied to criminal activities. He ends the article by stating that the link between economic and political power must be broken for progress to be made.

II. GROWTH PROFILE OF UNEMPLOYMENT IN AFGHANISTAN

In table 1 below, the growth of unemployment in Afghanistan from 2010 to 2020 is shown in which after the year of 2014 the unemployment rate is increased from 7.91 to 11.71 in the year of 2020.



III. CONCLUSION

That Afghanistan is ranked 182th on the human development index is unacceptable. From the evidence of various development indicators shown in this study, such as unemployment rate by states, average growth profile of poverty, unemployment, and other relevant variables, relative and absolute poverty, among others, and the results of our empirical findings, the central conclusion reached is that Afghanistan is indeed a poor country with the majority of her population wallowing in abject poverty. In the observed results, the study employed the incidence of poverty as a function of unemployment, agricultural, manufacturing, and services contributions to real GDP, population, and inflation rate, in which the growth rate of the variables was modeled. The study's results revealed that unemployment, agricultural and services contributions to real GDP, and population positively influence the poverty level in Afghanistan, with only the agricultural sector statistically insignificant. On the other hand, manufacturing sector's contribution to real GDP and inflation rate exhibited a negative relationship with the poverty level in Afghanistan, with only the manufacturing sector appearing

significant. Therefore, governments should make holistic efforts at all levels to create jobs and arrest unemployment. The federal and state governments should endeavor to convince citizens to adopt birth control. Finally, the real sector of the economy should be boosted to contribute meaningfully to reducing poverty in Afghanistan.
