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Determinants of Unemployment in Pakistan

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Abstract

To find out determinants of unemployment in Pakistan, we employed auto regressive distributed lag (ARDL). Vector auto regression (VAR) estimation technique was also applied to find out the impulse response functions. Time series data for period (1975-2019) was taken from World Bank's World Development Indicators (WDI 2019). The results indicate that foreign direct investment, GDP growth, gross national expenditures are the relevant determinants of unemployment. The computed coefficients of long-run integrating vector show that foreign direct investment is affecting unemployment negatively and significantly. Gross domestic product growth has negative and insignificant relationship with unemployment. Gross national expenditures are showing negative and significant relationship with unemployment. There is no autoregressive conditional heteroscedasticity (ARCH), serial correlation and heteroscedasticity. The normality test Jarque-Bera also suggests that stochastic disturbances have a normal distribution. Models are shown in their best shape. As a result, the error correction model's residual properties are satisfied. VAR analysis was applied to see the impulse responses of unemployment as result of shocks in foreign direct investment, gross domestic product, gross national expenditures and unemployment itself that is shown in figure-3. As a result of shock in unemployment itself, response of unemployment is positive initially but negative after second year, again positive after third year. Response of unemployment is negative and then dies out to zero as a result of shocks in foreign direct investment. Response of unemployment as a result of shocks in public expenditures is initially negative but positive after second year before dying out to zero. Response of unemployment as a result of shocks in GDP growth is negative before dying out to zero. Mostly these graphical results are similar to ARDL bound testing results.

Key words: *Unemployment, Foreign Direct Investment, GDP, Gross National Expenditures.*

Introduction

What are the causes of high unemployment in Pakistan? Which factors are much responsible for such high unemployment in Pakistan? What strategies can we adopt to reduce unemployment in Pakistan? What is the role of economic growth in reducing unemployment in Pakistan? These are the basic questions which motivate someone to re-think about determinants of unemployment in case of Pakistan.

There is persistent under-employment and unemployment in Labor markets of Asia. All countries in Asia are different in convolution and size. Quantitative and qualitative changes have been observed in

population structure, nature and size of Asian countries. In Asian region China, Indonesia, India, Pakistan and Bangladesh are five countries out of seven most populated countries. Some Western and Asian countries like India, China, Japan and many more have been working very hard to achieve and sustain low level of unemployment, high economic growth and economic development. To improve and sustain price stability, high economic growth, low level of un-employment and stable currency value etc., resources were used effectively in investigating material development by human beings (Liu; 2015, Imran; 2015).

The famous economist Arthur Okun is the first to discuss the problems of the 1960s and since it was known as Okun's Law (1962). Okun investigated the statistical relationship between economic growth and unemployment rate in a country. Okun's Law is a mathematical relationship between unemployment rate and economic growth. As a result, the regression coefficients can be used to predict unemployment in the economy even as it rises. However, time used and historical GDP play a role (Zanin and Marra 2012).

Two-way causality has been observed between economic growth and unemployment, but unfortunately researchers neglected the specific aspect usually while comparing the development analysis of Asian economies. Structural changes were considered most important factor for improving economic growth and employment level in economies as the economies have great concern regarding unemployment. Persistent unemployment is one of the social cost of structural changes; if it is high, dream of economic growth cannot be achieved through structural changes. Standards of living of human being is affected negatively by high unemployment rate (Levine, 2012).

Objective of this study was to find out the relevant determinants of unemployment in case of Pakistan particularly to check the impact of economic growth on unemployment. The justification of this study is that as Pakistan is main economic door in south Asia. Many of Asian countries (Afghanistan, Russian federation etc.) do transportation of goods and their business through Pakistan. As well as China-Pakistan Economic Corridor (CPEC) has been launched successfully in Pakistan so it was essential to find out the impact of economic growth on unemployment in Pakistan. Currently Pakistani government and Prime minister are specially supporting the youth in the form of youth training programs, internships and youth loans for business to overcome the unemployment. As well as many other organizations are training the people in Pakistan to become successful business people, entrepreneur, starting small business, freelancer and much more. Furthermore, many research studies have been made on exploring the impact of unemployment on economic growth in developing countries but very small number of research studies was found out to explore the impact of economic growth on unemployment in case of Asian countries. So it was necessary to find out why the unemployment is still high in Pakistan? What are the causes and what are the strategies by adopting them the unemployment could be reduce?

Literature Review

Unemployment is considered to be a critical issue confronted by most developed and developing countries and as a result socio-economic problems have arisen (Adachi, 2007. The Okun's law has without a doubt evolved as time goes on to fit the current financial atmosphere (Al-Habees and Rumman, 2012). One version of Okun's law has communicated fundamentally that when joblessness falls by 1%, the net public thing (GNP) climbs by 3% (Attfield and Silverstone, 1998; Al-Wadi, 2016). Therefore, the essence is to increase the inconclusive debate on the relationship between gross domestic product and unemployment, while verifying the applicability of Okun's law, especially in a developing country like Pakistan (Attfield and Silverstone, 1998; Al-Wadi, 2016).

According to Kingdon and Knight (2007), unemployment has a negative economic and social effect on a country's economy. They highlighted a few economic and social impact of unemployment in a country leads to erosion. Human capitals, social elimination and protest sin with morbidity rates are raising. Joblessness is the main cause of widespread poverty and income inequality and so, it is important to appreciate the association between joblessness and economic growth to guarantee that strong policies are formulated to encourage economic growth (Kreishan, 2011; Pierdzioch, 2011).

Pigou elaborated that cause of unemployment is nothing but a scheme of interrelated factors is jointly responsible for unemployment (Lal *et al*., 2010). In developing countries, unemployment is a serious problem. Developing countries aim to achieve high rates in the shortest time (Lee, 2000; Quy, 2016). These countries got benefit from technological advancement in western countries but adopted inappropriate policies to achieve higher growth. The unemployment rate has risen sharply (Ruxandra, 2013; Makun and Azu, 2015).

All through a comprehensive period, there is a negative connection between changes in the movements of certifiable economic growth improvement and joblessness (Virén, 2001; Malley and Molana, 2008). This long run association between the two monetary elements was most comprehensively raised during the 1960s by monetary examiner Arthur Okun (Moosa, 1997; Noor *et al*., 2007). In Pakistan, a high record of corruption and an unstable political environment are responsible for higher level of unemployment (Moosa, 1999; Morley, 2003; Owyang*et al*., 2012).

Model and Methodology

It was necessary to apply some unit root tests to decide about the estimation technique for data analysis. The stationarity of variables is checked using the Augmented Dickey Fuller (ADF) and Philips Perron(PP) tests. Based on stationarity, it was decided about estimation techniques to find out the determinants of unemployment in case of in Pakistan. Some variables were found stationary at level, some at first difference and no single variable was stationary at second difference, we employed ARDL bound testing technique of estimation. In case of VAR, we converted all first differenced variables into level by taking difference of relevant data series.

Model

We estimated the following linear regression model to test the determinants of unemployment in case of Pakistan. Most repeatedly used independent variables were collected from the existing empirical literature on determinants of unemployment.

$$unemp_t = fdi_t + gdpg_t + gne_t + \varepsilon_t \quad \text{----------(1)}$$

Where $unemp_t$ is used for unemployment rate, fdi_t for foreign direct investment, $gdpg_t$ for GDP growth (annual percentage) and gne_t is used for gross national expenditure (percentage of GDP).The variables are written in log form, as shown by the small letters. The subscript t indicates that the time-series data is used in the analysis.

Consequently, the ARDL bound testing approach was adopted in this study due to following reasons. First, the sample size is finite covering the annual data during 1975-2019. Secondly, the variables under consideration represent a mixture of $I(0)$ and $I(1)$ variables. By using unit root tests, the ARDL approach

starts with testing for the stationarity of the variables such as the Augmented-Dickey Fuller (ADF) and Phillips-Perron (PP) tests. If the variables were a mixture of *I(0)* and *I(1)* variables, then the autoregressive distributed lag(ARDL) is employed (Waleed 2021).

$$\Delta unemp_t = a_o + \sum_{i=1}^{p} \alpha_{1i} \Delta unemp_{t-i} + \sum_{i=0}^{q_1} \alpha_{2i} \Delta fdi_{t-i} + \sum_{i=0}^{q_2} \alpha_{3i} \Delta gdpg_{t-i} + \sum_{i=0}^{q_3} \alpha_{4i} \Delta gne_{t-i} + B_1 unemp_{t-1}$$
$$+ B_2\, fdi_{t-1} + B_3 gdpg_{t-1} + B_4 gne_{t-1} + \varepsilon_t \text{ ----------(2)}$$

The optimal lag levels $(p, q_{1,} q_2, q_3)$ for the above model is selected based on the lag length criteria such as Akaike Information Criterion (AIC) or Schwarz Criterion (SC), where the selected model is the one with least value for the criterion.

In the bounds test, the null hypothesis (H_0) is that there is no long-run relationship between regressors (there is no cointegration) and the alternative hypothesis (H_1) is that there is a long-run relationship between the regressors (there is cointegration) as shown below (Waleed 2021).

In the next step, the existence of cointegration connecting the model variables is tested using the bounds testing approach proposed by Pesaran et al. (2001). According to the bounds testing approach, the significance of the lagged levels of the regressors tests are applying the F-statistic that explains two sets of asymptotic critical values that define two bounds, which are the lower bound and the upper bound (Waleed 2021).

The lower bound assumes that all variables are $I(0)$, while the upper bound assumes that all variables are $I(1)$. If the F-statistic computed for all the lagged levels of the regressors is above the critical value for the upper bound, it can be concluded that the regressors are cointegrated. Conversely, if the F-statistic computed is below the critical value for the lower bound, then the regressors are not cointegrated. Finally, if the F-statistic computed is connecting the critical values for the lower and upper bounds, the inference will not be conclusive in this case (Waleed 2021).

$$H_0 : B_1 = B_2 = ---- = B_4 = 0$$
$$H_1 : B_1 \neq B_2 \neq ---- \neq B_4 \neq 0$$

If the null hypothesis of the bounds test is rejected, this implies that variables are cointegrated and thus we can proceed with estimating the long-run coefficients using the conditional ARDL model which will take the following form (Waleed 2021).

$$unemp_t = B_0 + \sum_{i=1}^{p} B_1 unemp_{t-1} + \sum_{i=0}^{q_1} B_2\, fdi_{t-1} + \sum_{i=0}^{q_2} B_3 gdpg_{t-1} + \sum_{i=0}^{q_3} B_4 gne_{t-1} + u_t \text{ ----(3)}$$

Finally, an error correction model (ECM) is projected by using OLS to represent the short-run dynamics of the model in the form of the lagged differences of the variables in addition to an error correction term (ECT_{t-1}) that shows the speed of adjustment of the variables towards the long-run equilibrium(Waleed 2021).

$$\Delta unemp_t = \alpha_0 + \sum_{i-1}^{p} \alpha_{1i} \Delta unemp_{t-i} + \sum_{i=0}^{q_1} \alpha_{2i} \Delta fdi_{t-i} + \sum_{i-0}^{q_2} \alpha_{3i} \Delta gdpg_{t-i} + \sum_{i-0}^{q3} \alpha_{4i} \Delta gne_{t-i} + \lambda ect_{t-1} + \varepsilon_t - (4)$$

In the above error correction model(ECM), the coefficient of the error correction term (λ) shows how much of the divergence from the long-run equilibrium in the previous time period (t-1) is being adjusted in the current time period (t). A negative and statistically significant λ indicates that a convergence of the variables towards the long run equilibrium, whereas a positive λ indicates a divergence from the long-run equilibrium (Nkoro and Uko; 2016).

Data

Annual data taken from World Bank's World Development Indicators (WDI; 2020) was used for the period 1975-2019. Limited data set was taken due the unavailability of data of concerned variables.

Methodology

Auto Regressive Distributed Lag (ARDL) bound test:

The auto regressive distributed lag approach was used in this study to identify factors that are cointegrated with unemployment in the county. This method is considered better than other long-run methods of estimation because it has no prior condition to check stationarity of variables, it shows better performance in small sample sizes, and estimates both long run and short-run relationships consecutively. Although the ARDL has no prior condition to check stationarity of variables, it is essential because Pesaran, et al. (2001) critical F-statistics is not valid for stationarity of variables at second difference (Zibah and Oyakhilomen; 2014).

After finding the variables having significant effect on unemployment through employing ARDL approach it is necessary to check the impulse response of unemployment to their relevant determinants using vector auto regression (VAR).

EstimationofVector Auto Regression (VAR)

Sims (1980) introduced vector autoregression (VAR) as estimation technique to observe the mutual dynamic behavior of all variables under estimation having no restrictions like structural VAR. This method of estimation is used at world level to check the impulse response and variance decompositions of dependent variable as a result of shocks in independent variables. Although no strong identification assumptions are required in estimation of VAR equations, yet some identification restrictions are needed to calculate variance decompositions and impulse response functions (IRFs). An assumption related to dynamic relationship between a pair of variables becomes the typical restriction that there is one way lagged causality from variable x to variable y or there is no long run association between x and y variables. VAR would be the two equations with the help of two variables, and. ' x and y ' an order- p .

$$y_t = \beta_{y_0} + \beta_{yy_1} y_{t-1} + \ldots\ldots\ldots + \beta_{yyP} Y_{t-p} + \beta_{\chi P} x_{t-1} + \ldots\ldots\ldots + \beta_{yx1} x_{t-1} + v_t^{\,y}$$

$$x_t = \beta_{x0} + \beta_{xyt} y_{t-1} + \ldots\ldots\ldots + \beta_{xyp} y_{t-p} + \beta_{\chi\chi 1} x_{t-1} + \ldots\ldots\ldots + \beta_{\chi\chi} x_{t-p} + v_t^{\,x} . \text{----------} (5)$$

Where β_{xyp} shows the coefficient of y in the equation for x at lag p. If we were to add another variable z to the system, there would be a third equation for z_t and terms involving p lagged values of z, for example, β_{xyz}, would be added to the right-hand side of each of the three equations.

Results and Discussion

Auto Regressive Distributed Lag (ARDL)

All variables were stationary at level and at first difference but no variable was stationary at second difference to justify the assumptions of ARDL bound test. Vita et al. (2011) also observed that the dependent variable should be stationary at first difference.

Table-1: ADF Unit Root Test

S.no.	Variables	Level		First Difference	
		Intercept	Trend and Intercept	Intercept	Trend and Intercept
1.	fdi	-1.942	-2.335	-6.720	-6.815
2.	gdpg	-4.250	-4.499	-9.862	-6.051
3.	gne	-1.956	-1.601	-7.134	-7.177
4.	unemp	-1.982	-1.953	-5.921	-5.870
	Critical values of 1%	-3.588	-4.219	-3.592	-4.186
	Critical values of 10%	-2.603	-3.198	-2.603	-3.189

Note:fdi,gdgp, gne, unemp represent overall foreign direct investment, GDP growth (annual percentage), Gross national expenditure and Unemployment respectively.

Augmented Dickey Fuller (ADF) and Phillips-Pearson (PP) tests were utilized to get unit root results that are shown in table-1 and table-2. Foreign direct investment is first differenced stationary in intercept and intercept &trend specifications at one percent level of significance. Gross domestic product (GDP) growth is level stationary in intercept at one percent level of significance. Gross national expenditure and Unemployment are stationary at one percent level of significance in both specifications (intercept, trend and intercept).

Table-2: Unit Root Test Phillips-Perron

S.No.	Variables	Level		First Difference	
		Intercept	Trend and Intercept	Intercept	Trend and Intercept
1.	fdi	-1.943	-2.481	-6.711	-6.784
2.	gdpg	-4.250	-4.68	-18.592	-19.752
3.	gne	-1.942	-1.609	-7.108	-7.229
4.	unemp	-2.098	-1.995	-5.924	-5.869
	Critical values of 1%	-3.592	-4.186	-3.596	-4.192
	Critical values of 10%	-2.603	-3.189	-2.604	-3.191

Note: fd, gdgp, gne, unemp represent overall foreign direct investment, GDP growth (annual percentage), Gross national expenditures and Unemployment.

F-statistics was calculated in the first step using three lags given by the Akaike Information Criterion (AIC). Table -3 shows that the estimated F-statistics exceeds the upper bound one percent critical values that provides empirical evidence through which we can reject the null hypothesis of no co-integration among variables.

Table- 3: F-statistics of Co-Integration Relationship

Calculated F. Statistic	7.379	
Significance Level		
	L.B	U.B
1 Percent	3.65	4.66
5 percent-	2.79	3.67
10 percent	2.37	3.2

Note: lower bound (LB) and upper bound (UB) are critical values. Source: Authors' Calculation.

Long Run Co-integration

The estimated coefficient of the long-run co-integrating vector is shown in Table-4. The results show that foreign direct investment is affecting unemployment negatively and significantly. This relationship is according to the theory that unemployment is reduced as a result of foreign direct investment. Channel can be explained that foreign direct investment creates the environment of growth activities in the economy which provides the opportunities of employment. Gross domestic product growth affects unemployment negatively but insignificantly. Justification of insignificant relationship may be the less growth momentum in Pakistan since last few years. When gross domestic product growth decreases, a situation of less resources are emerged that affects unemployment negatively. Gross national expenditures (percentage of GNE) is showing negative and significant relationship with unemployment that is according to the theory. Justification is that when government increases its development expenditures, employment opportunities are produced as a result of growth activities.

Table-4: Long-run Estimation

Variables	Coefficient	t-statistics	p-value
fdi	-9.867	-7.329	0.0000
gdpg	-0.086	-0.039	0.968
gne	-232.446	-7.351	0.000

Short Run Co-integration/ Error correction model

Table-5 shows short run dynamic relationships obtained from the ARDL model's error correction version. It is obvious from the table 4 and table 5 that foreign direct investment, GDP growth, and Gross national expenditure cause unemployment both in short run and long run. The error correction term (ect (-1)) in a dynamic model measures the speed with which adjustments are made to restore equilibrium. Long-run equilibrium can be achieved if the error correction term has a significant negative estimate. Its estimate is -1.052 implying a one-year change in deviations towards long-run equilibrium.

Furthermore, the error correction version's residuals of the auto regressive disturbed lag model were tested by application of different diagnostic tests. In the disturbances, the results show no serial correlation, no heteroscedasticity and no autoregressive conditional heteroscedasticity (ARCH) effect. The normality test Jarque-Bera also recommends that stochastic disturbances have a normal distribution. Models are shown in their best shape. As a result, the residuals of the error correction model satisfy their properties.

Table- 5: Error correction model

Variables	Coefficient	t-statistic	p. value
$\Delta\,(\mathrm{unemp}(-1))$	0.275	2.082	0.058
$\Delta_{\,\mathrm{lfdi}}$	-2.958	-3.184	0.007
$\Delta\,(\mathrm{lfdi}(-1))$	6.670	5.766	0.000
$\Delta\,(\mathrm{lfdi}(-2))$	0.764	0.829	0.421
$\Delta\ (\mathrm{lfdi}(-3))$	2.859	3.327	0.005
$\Delta\,\mathrm{lgdpg}$	-2.718	-3.953	0.001
$\Delta(\mathrm{lgdgp}(-1))$	-1.938	-1.995	0.067
$\Delta\,(\mathrm{lgdpg}(-2))$	-1.224	-1.257	0.230
$\Delta\,(\mathrm{lgdpg}(-3))$	-1.507	-1.737	0.105
$\Delta\,(\mathrm{lgdgp}(-4))$	-1.422	-1.940	0.074
$\Delta\,\mathrm{lgne}$	-116.194	-5.714	0.000
$\Delta\,(\mathrm{lgne}(-1))$	135.146	3.873	0.001
$\Delta\,(\mathrm{lgne}(-2))$	141.731	5.356	0.000
$\Delta\,(\mathrm{lgne}(-3))$	117.729	5.138	0.000
$\Delta\,(\mathrm{lgne}(-4))$	70.165	2.989	0.010
ect(-1)*	-1.052	-6.946	0.000
Diagnostic Tests			
F- statistic LM Test	0.040		0.960
F-statistic ARCH	0.695		0.411
F-statistic White Test	0.606		0.843
Jarque- Bera Test	0.705		0.702
R^2	0.881		
Adj.R^2	0.777		

Cumulative sum of recursive residuals (CUSUM) and cumulative sum of square of recursive residuals were applied to test both the short run and long run estimations (CUSUMSQ). If the cumulative sum goes outside the 5% critical boundaries, this test detects parameter instability (Farhani, 2012). CUSUM and CUSUMSQ do not cross the upper and lower bounds by more than 5% critical values, as shown in figure-1 and figure-2 As a result, we found that both long and short run estimates were stable during the sample period, with no structural breaks.

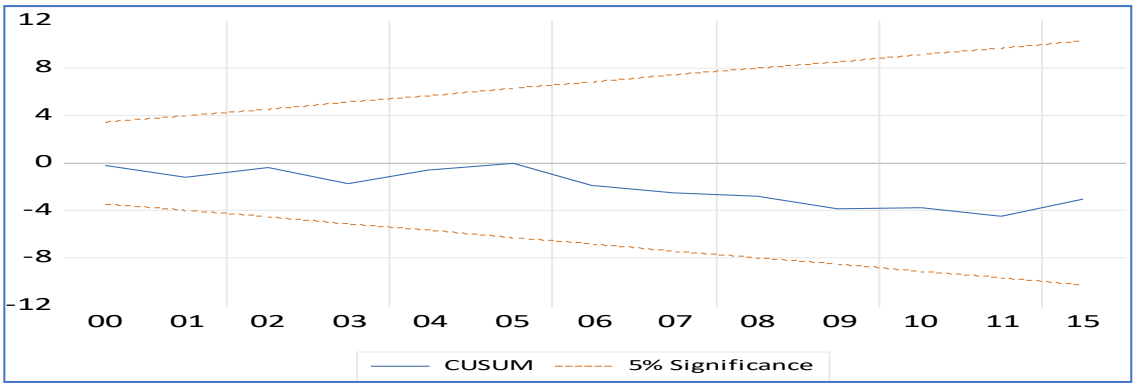

Figure-1: Cumulative Sum of Recursive

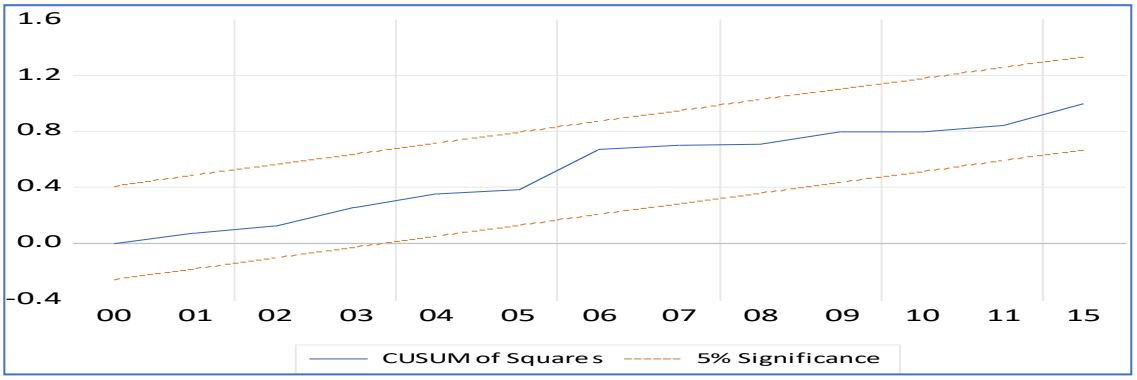

Figure-2: Cumulative Sum of Square of Recursive Residual

Vector Auto Regression

Before employing the vector auto regression(VAR) analysis, we converted first differenced stationary variables into level stationary by taking first difference of all relevant data series that is the prior condition of VAR analysis. Then again unit root was tested through ADF and PP tests. Table-6 and Table-7 show that all variables are level stationary at one percent level of significance in both specifications (intercept, trend and intercept).

Table -6: Unit Root Test ADF

S.No.	Variables	Level		First Difference	
		Intercept	Trend and Intercept	Intercept	Trend and Intercept
1.	fdi	-6.720	-6.815	-8.365	-8.249
2.	gdpg	-4.250	-4.499	-9.862	-6.051
3.	gne	-7.134	-7.177	-7.331	-7.289
4.	unemp	-7.828	-7.828	-8.625	-8.513
	Critical values of 1%	-3.596	-4.190	-3.605	-4.205
	Critical values of 10%	-2.604	-3.191	-2.606	-3.194

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Table-7: Unit Root Test Phillips-Pearson

S.No.	Variables	Level		First Difference	
		Intercept	Trend and Intercept	Intercept	Trend and Intercept
1.	fdi	-6.710	-6.783	-9.250	-9.115
2.	gdpg	-4.250	-4.468	-18.599	-19.844
3.	gne	-7.138	-7.272	-39.026	-43.759
4.	unemp	-7.840	-7.891	-43.254	-43.720
	Critical values of 1%	-3.597	-4.192	-3.600	-4.198
	Critical values of 10%	-2.605	-3.191	-2.605	-3.192

VAR analysis was applied to see the impulse responses of unemployment ($dunemp$) as result of shocks in foreign direct investment ($dfdi$), gross domestic product ($gdpg$), gross national expenditure ($dgne$) and unemployment that is shown in figure-3.

As a result of shock in unemployment itself, response of unemployment is positive initially but negative after second year, again positive after third year. Response of unemployment is negative and then dies out to zero as a result of shocks in foreign direct investment. Response of unemployment as a result of shocks in public expenditures is initially negative but positive after second year before dying out to zero. Response of unemployment as a result of shocks in GDP growth is negative before dying out to zero. Mostly these graphical results are similar to ARDL bound testing results.

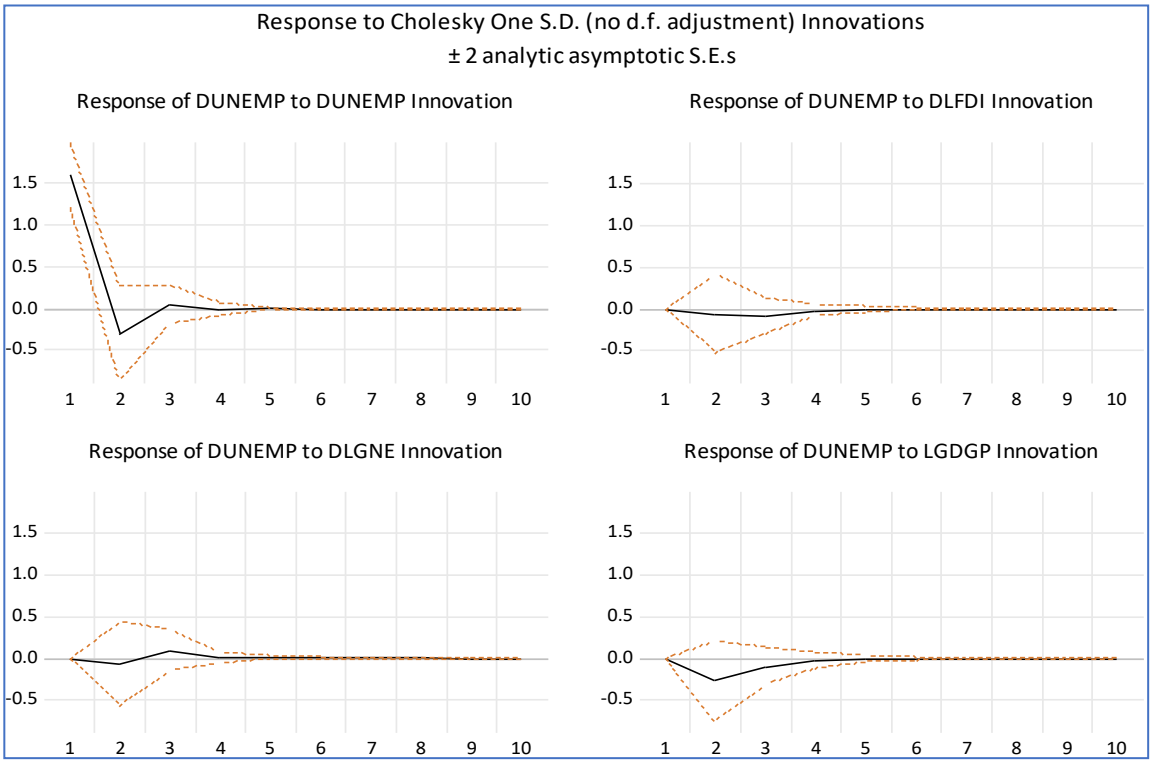

Figure-3: Impulse Response Functions

Conclusion

Here, we found out the determinants of unemployment in case of Pakistan using auto regressive distributed lag (ARDL) and Vector Auto Regression (VAR). We used annual data during period 1975- 2019. The reason behind this was unavailability of required data due to birth of new country Bangladesh. There is long run association among variables shown in ARDL equation mentioned in methodology section. The results further indicate that foreign direct investment (percentage of GDP), GDP growth (annual percentage), gross national expenditures (percentage of *GDP*) are the relevant determinants of unemployment with basic education (percentage of total labor force with basic education). The computed coefficients of long-run cointegrating vector show that foreign direct investment is affecting unemployment negatively and significantly. Gross domestic product growth has negative and insignificant relationship with unemployment. Gross national expenditure (percentage of (GDP) is showing negative and significant relationship with unemployment.

In the disturbances, the results have no autoregressive conditional heteroscedasticity (ARCH), no serial correlation and no heteroscedasticity. The normality test Jarque-Bera also suggests that stochastic disturbances have a normal distribution. Models are shown in their best shape. As a result, the error correction model's residual properties are satisfied. CUSUM and CUSUMSQ did not cross the lower and upper bounds by more than 5% critical values, as shown in figure-1 and figure-2. As a result, we find that both long and short run estimates are stable during the sample period, with no structural breaks.

VAR analysis was applied to see the impulse response functions of unemployment as a result of shocks in foreign direct investment, gross domestic product, gross national expenditure and unemployment itself that is shown in figure-3. As a result of shock in unemployment itself, response of unemployment is positive initially but negative after second year, again positive after third year. Response of unemployment is negative and then dies out to zero as a result of shocks in foreign direct investment. Response of unemployment as a result of shocks in public expenditures is initially negative but positive after second year before dying out to zero. Response of unemployment as a result of shocks in GDP growth is negative before dying out to zero. Mostly these graphical results are similar to ARDL bound testing results.

Policy Recommendations

It is recommended that government should focus on the factors that enhance economic growth as the relationship between economic growth and unemployment is not significant. Unemployment will be reduced as a result of increasing economic growth. Foreign direct investment and gross national expenditures should be enhanced to reduce unemployment.

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