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Growth, Employment and Poverty Reduction: The Case of West African Countries

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ABSTRACT

Since independence from colonialism and white-minority regimes, individual African countries have, in the context of the global order, suffered from inequality and underdevelopment either by their individual actions or through external influences. Development deals with the alleviation or the eradication of extreme unemployment and bridging the overstretched gap of inequality. Unemployment, inequality and above all, an optimal rise in population (without effective economic policies) is inter-related to other problems of underdevelopment in West Africa and when a greater measure of a high populated country are exempted from the work force, this poses a great threat to the development of the country. In the 2000s, six of the world's ten fastest-growth countries were in Africa, but this has not significantly helped to equal incomes or to redistribute wealth. Accelerated per capita growth has failed to create enough job opportunities notably for the young. The purpose of this study is to examine the interplay of economic growth and employment in the reduction of poverty amongst West African Countries. Cross sectional country level data between 1991 and 2010 is used to examine the relationship existent between these variables within the West African region. The empirical result of the study supports a positive effect between economic growth and poverty reduction in West Africa. In terms of the influence of employment on poverty reduction, it can be observed that there exists a positive relationship, however, this relationship tends to be statistically insignificant. Employment-intensive growth is necessary but not sufficient within the region's confine. That is, it is unlikely that the poor possess sufficient skills necessary to take advantage of the new employment opportunities evident within the region; thereby propelling a reduction in broad-based employment growth. In addition to this, employment does not coincide with poverty eradication because it is not in any way linked to the economic sectors that affect the poor.

KEYWORDS Economic Growth; Employment; Poverty Reduction; West African Countries; Co-integration Analysis