

Title of Article: G-Localization as a Development Model: Economic Implications for Africa

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Abstract: In this paper, we investigate G-Localization thesis in which we postulate that developing economies can achieve stable economic growth by active participation in the global economy while exploring the virtue of intraregional trade. We employ the augmented Solow growth model to capture the relationship between growth rates of the economy using trade, industrial and technology explanatory variables in a panel of 41 selected African countries. We commence the empirical analysis with a description of Panel Vector Auto regression model. To assess the long-run relationship, we carried out panel unit root tests, panel co-integration and a panel-based Vector error correction model estimation. Panel Granger causality test is used to examine the direction of causality in a bi-variate manner. The empirical results provide clear support for the need for African countries to look more inward while they participate in global economy: that is they should “G-localize”.