Comercial Openness, Foreign Direct Investment and Child Labour: Cross-Country Empirical Evidence from Sub-Saharan Africa

Fabien Sundjo
University of Buea-Cameroon. sundjofabien@rocketmail.com

Micah Ezekiel Elton Michael
Nassarawa State University Keffi-Nigeria.

Simon Ottou Bessala
Head of the Statistics Unit at the Ministry of Public Contracts (MINMAP)-Cameroon.

Manga Essama Deflorinr Grace
University of Yaoundé II-Cameroon.

Isiah Fozoh Aziseh
University of Bamenda, Cameroon.

Abstract

This paper has made an attempt to analyse the effect of trade and foreign direct investment inflow on the incidence of child labour by using a panel of Sub-Saharan African (SSA) countries. We specifically, empirically examined, first, the often-cited conventional wisdom that an increase in trade will permit Less Developed Countries (LDC) through the income effect to reduce poverty driven child labour and secondly, the concern that multinational enterprises could cut costs to gain competitiveness by increasing the incidence of child labour. The interesting result that emerges from this analysis is that, for SSA countries, trade (which is generally based on agricultural products) expose children to child labour. To be more precise, an increase in trade by 5% point increases child labour by 10% point. We surprisingly find out that Foreign Direct Investment inflow has an insignificant effect on the incidence of child labour. If the positive linkage between child labour and commercial openness for SSA countries is accepted, the inclusion of labour standard especially those concerning child labour, in the rules and mandate of the WTO is not appropriate, this being because it may reduce commercial trade for SSA countries and hence the objective of encouraging trade by the WTO may not be attained. Such a result might suggest why the WTO keeps on rejecting the proposal to include labour standard in it framework despite the incessant pressure mounted by the UE countries.

Keywords: International Trade, Child Labour, Cross-Country study, Commercial Openness, Foreign Direct Investment inflow.

Journal of Business Management and Economic Research
Vol.2, Issue.9, 2018
pp.12-24