

ELECTRICITY CONSUMPTION NEXUS ECONOMIC GROWTH: A bounds test

Approach

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This article aims to study the relationship between electricity consumption and economic growth in Benin and Côte d'Ivoire. The choice of these two countries is justified by that one electricity producer and one importer of electricity. To do this, we used the co integration test of Pesaran, Shin and Smith (2001) and causality test of Toda Yamamoto (1995). The data from our studies comes from World Bank and related to the electricity consumption, economic growth here materialized by GDP and Gross Fixed Capital Formation. Estimates of the co integration test of Pesaran et al (2001) suggest that both the Benin and Côte d'Ivoire that electricity consumption has a positive long run economic growth, but in the short run its influence on growth economy is not significant. In addition, the Toda-Yamamoto test reveals bidirectional causality between electricity consumption and economic growth in Benin and a absence of causality between electricity consumption in Côte d'Ivoire; allowing that policy energy can be put into execution without compromising economic growth.

Keys Words: Electricity consumption, Growth, Causality, Co integration