The Dual Challenge of Inflation and Unemployment: Assessing Policy Trade-Offs and Their Socio-Economic Impacts on Sierra Leone

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ABSTRACT

This study explored the dual challenge of inflation and unemployment in Sierra Leone between 2015 and 2024, with emphasis on policy trade-offs and socio-economic outcomes. Anchored in classical, Keynesian, and structuralist theories, the research employed a qualitative approach, relying on secondary data from the World Bank, IMF, African Development Bank, Bank of Sierra Leone, Statistics Sierra Leone, and relevant policy documents. The analysis was interpretive, seeking to uncover patterns, meanings, and contextual linkages between macroeconomic instability, structural weaknesses, and policy responses. Findings revealed that inflation was persistently driven by exchange rate volatility, food and energy price shocks, and supply-side constraints, while unemployment remained high due to weak industrialisation, a narrow private sector base, and demographic pressures. Expansionary fiscal policies often exacerbated inflation without creating sufficient jobs, whereas monetary tightening constrained demand but proved ineffective due to shallow financial systems and limited policy transmission. At the regional level, Sierra Leone's macroeconomic challenges reflected broader West African trends, where inflation consistently surpassed the ECOWAS convergence benchmark of 5% and unemployment rates of 8 - 10% posed a serious concern. Comparative evidence from Ghana, Nigeria, and Côte d'Ivoire showed convergence in structural drivers but divergence in policy choices, exposing the absence of a coherent regional framework. The study concluded that qualitative evidence points to the need for integrated fiscal and monetary coordination, structural reforms in agriculture and energy, and skills development. It further argued that regional cooperation through ECOWAS is critical for addressing the intertwined challenges of inflation and unemployment in fragile economies like Sierra Leone.

Keywords: Inflation, Unemployment, Macroeconomic Policy, Poverty & Inequality, Economic Growth, Sierra Leone.

INTRODUCTION

Inflation and unemployment are persistent macroeconomic challenges that undermine economic growth, social stability, and long-term development. The Phillips Curve (Phillips, 1958) proposed a trade-off between the two, suggesting that reducing unemployment often comes at the expense of higher inflation, and vice versa. While this framework guided mid-20th-century macroeconomic policy, its relevance has been questioned following episodes where inflation and unemployment rose simultaneously, such as during the stagflation of the 1970s and more recently amid the COVID-19 pandemic and the Russia–Ukraine conflict (IMF, 2022). These global experiences underscore the complexities of managing price stability and employment in an interconnected world economy.

In Africa, the inflation–unemployment nexus is shaped by structural weaknesses, import dependency, and limited industrialisation. Inflation is frequently driven by currency depreciation and commodity price volatility, while unemployment stems from weak private sector growth, infrastructure deficits, and mismatches between education and labour market needs. Sub-Saharan Africa recorded inflation above 14% in 2022, essentially food- and energy-driven, while youth unemployment remains disproportionately high, threatening poverty reduction and social cohesion (AfDB, 2023; ILO, 2023).

West African economies reflect these dynamics acutely. Countries such as Nigeria, Ghana, and Liberia face recurring inflationary pressures linked to exchange rate instability and fiscal deficits, alongside high unemployment driven by informality and slow job creation. Policymakers in the region frequently encounter dilemmas: contractionary monetary policies reduce inflation but restrict credit and investment, while expansionary fiscal measures stimulate employment yet risk reigniting inflation (World Bank, 2023).

Sierra Leone epitomises these challenges. Inflation is predominantly fuelled by exchange rate depreciation, reliance on imported food and fuel, and global supply chain disruptions (Bank of Sierra Leone, 2023). Concurrently, unemployment, especially among youth, is exacerbated by a weak industrial base, limited private sector absorption, and widespread skills mismatches (UNDP, 2022). This produces a recurring policy dilemma: price stability versus job creation.

This study applies the Phillips Curve as a conceptual lens but goes further to interrogate its limitations in a structurally fragile, import-dependent economy like Sierra Leone. By analysing the trade-offs and synergies between inflation control and employment generation, it provides new insights into their implications for poverty, inequality, and sustainable development, thereby offering evidence-based policy guidance aligned with Sierra Leone's national development goals (GoSL, 2023).

BACKGROUND

Phillips (1958) demonstrated that a trade-off exists between inflation and unemployment, arguing that efforts to reduce one often aggravate the other. This proposition, famously known as the Phillips Curve, has shaped macroeconomic policy debates for decades. However, subsequent studies revealed that the relationship is neither stable nor universally applicable, particularly in structurally weak economies. Blanchard (2017) further argued that inflation and unemployment are influenced by deeper institutional and structural dynamics, requiring context-specific policy frameworks rather than one-size-fits-all solutions.

The International Monetary Fund (IMF, 2023) purports that inflation continues to be one of Sierra Leone's most significant macroeconomic challenges. Sustained price increases erode purchasing power, heighten the cost of living, and disproportionately affect vulnerable groups. This persistent inflation reflects the country's economic fragility, worsened by its dependence on imports for basic commodities such as food and fuel.

The World Bank (2023) observed that external shocks, including global commodity price volatility, supply chain disruptions, and ongoing exchange rate depreciation, primarily drive Sierra Leone's inflation. The reliance on imports makes the economy highly vulnerable to these shocks. Internal weaknesses such as persistent fiscal deficits, expansionary monetary policies, and production inefficiencies have also amplified inflationary pressures, undermining long-term stability.

The Bank of Sierra Leone (2023) revealed that inflation has remained above 30% in recent years, sharply increasing the cost of essential goods and worsening poverty levels. Such high inflation complicates fiscal management and weakens the effectiveness of monetary interventions, as informal markets dominate transactions and dilute transmission channels.

The African Development Bank (AfDB, 2023) opines that unemployment represents a parallel macroeconomic crisis, especially among Sierra Leone's youth. Weak industrialisation, underdeveloped infrastructure, and a fragile private sector have limited job creation. In addition, the mismatch between education system outputs and labour market requirements perpetuates underemployment and discourages labour productivity.

The United Nations Development Programme (UNDP, 2023) highlighted that the informal sector employs the majority of Sierra Leoneans, yet such jobs offer little stability, low wages, and no upward mobility. Youth unemployment, estimated at above 60%, continues to undermine national development, deepen income inequality, and threaten social cohesion.

The World Bank (2023) contends that this interplay between inflation and unemployment presents Sierra Leone with a profound policy dilemma. Contractionary monetary policies designed to stabilise prices often hinder job creation, while expansionary fiscal measures to generate employment risk fuelling inflation.

This study addresses these complexities by revisiting the Phillips Curve in Sierra Leone's context, interrogating its limitations in an import-dependent economy, and evaluating fiscal and monetary interventions to identify synergies that promote macroeconomic stability, poverty reduction, and inclusive growth.

Statement of the Problem

Inflation and unemployment represent twin macroeconomic challenges that continue to undermine Sierra Leone's path toward sustainable development. Inflation erodes purchasing power, raises production costs, and heightens poverty, while unemployment, particularly among the youth, fuels income disparities, weakens productivity, and threatens social stability (IMF, 2023). Together, these challenges have created a cycle of economic vulnerability, where the pursuit of one policy objective often comes at the expense of the other, leaving households trapped in poverty and the economy unable to sustain inclusive growth.

The policy dilemma stems from the conflicting effects of inflation-control and employment-generation strategies. Contractionary monetary policies, designed to stabilise prices, often discourage business investment and reduce job creation, while expansionary fiscal measures to stimulate employment frequently trigger inflationary pressures (World Bank, 2023). This trade-off leaves policymakers in a constant balancing act, where the benefits of stabilising prices are offset by rising unemployment, and efforts to create jobs risk reigniting inflation. Such tensions expose the fragility of Sierra Leone's macroeconomic framework and highlight the need for coordinated, context-specific policies.

Persistent inflationary pressures and weak labour market performance further intensify this dilemma. Inflation, driven by currency depreciation, external shocks, and supply-side constraints, surpassed 30% in 2023, significantly increasing the cost of living and pushing more households into poverty (Bank of Sierra Leone, 2023). At the same time, unemployment remains alarmingly high, with youth unemployment exceeding 60%, a reflection of limited industrialisation, sluggish private sector growth, and the mismatch between skills produced by the education system and those demanded by the labour market (AfDB, 2023). These conditions have compounded socio-economic vulnerabilities, widened inequality, and increased risks of social unrest.

Despite successive policy interventions, Sierra Leone's economy continues to grapple with instability, primarily due to weak coordination between fiscal and monetary measures. Policy misalignments have often resulted in unintended consequences, where efforts to tackle inflation undermine job creation and vice versa. The problem, therefore, is not only the persistence of inflation and unemployment but also the inadequacy of policy design and implementation in balancing these competing objectives.

This study addresses this gap by assessing the trade-offs and synergies between inflation-control and employment-generation policies, to provide evidence-based recommendations that can promote macroeconomic stability, reduce poverty, and foster inclusive growth.

Research Objectives

The primary objective of this study was to assess the impact of inflation-targeting and employment generation policies on poverty, income inequality, and economic growth in Sierra Leone between 2015 and 2024.

To achieve this, the study pursued the following specific objectives:

1. To identify and analyse the primary drivers of inflation and unemployment in Sierra Leone during 2015 - 2024, and examine how these factors evolved.

2. To evaluate the effectiveness of fiscal and monetary policies in addressing inflationary pressures and unemployment challenges within Sierra Leone's macroeconomic framework.
3. To examine the trade-offs and synergies that emerged in balancing inflation control with employment generation and assess their implications for sustainable economic development.

Research Questions

Main Research Question

How have inflation-targeting and employment-generation policies in Sierra Leone affected poverty, income inequality, and economic growth between 2015 and 2024?

Specific Research Questions

1. What were the primary drivers of inflation and unemployment in Sierra Leone during 2015-2024, and how did they evolve?
2. To what extent were fiscal and monetary policies effective in addressing inflation and unemployment during this period?
3. What policy trade-offs and synergies emerged in balancing inflation control with employment generation between 2015 and 2024?

Scope and Delimitation of the Study

This study assesses the policy trade-offs between inflation control and unemployment reduction in Sierra Leone from 2015 to 2024, a period marked by considerable macroeconomic instability. It critically examines the effectiveness of fiscal and monetary policies in addressing inflation and unemployment, focusing on their socio-economic impacts, including poverty, income inequality, and the well-being of vulnerable groups such as youth and low-income households.

Acknowledging the influence of global economic trends such as exchange rate volatility and international inflation, the study primarily concentrates on domestic policy actions and outcomes within Sierra Leone's socio-economic context, including industrialisation and youth employment challenges.

Limitations of the study

However, the study has notable limitations. It relies solely on secondary data from international institutions and government sources, which may inadequately capture the dynamics of Sierra Leone's substantial informal economy.

Moreover, the analysis does not incorporate fieldwork or primary data, which limits its ability to reflect grassroots perspectives or measure public sentiment toward policy impacts.

External factors, such as global shocks or natural disasters, are not fully explored. These constraints highlight the need for more comprehensive, mixed-method approaches to enhance understanding of policy outcomes and lived experiences in future research.

Significance of the Study

This study holds both academic and practical significance in advancing knowledge and shaping policy responses to Sierra Leone’s macroeconomic challenges. Academically, it contributes to the limited body of research on macroeconomic stabilisation in fragile, low-income economies. Existing literature has broadly examined inflation and unemployment in isolation, yet little attention has been given to the policy trade-offs between them within Sierra Leone’s unique economic context. By analysing the interaction between fiscal and monetary measures in addressing these dual challenges, the study enriches scholarly debates on the applicability of conventional models such as the Phillips Curve to developing economies (IMF, 2021; World Bank, 2022).

Practically, the findings provide critical insights for policymakers tasked with balancing the imperatives of price stability and employment creation. With inflation eroding purchasing power and youth unemployment exceeding 60%, the research highlights the socio-economic consequences of policy choices and their impact on poverty, inequality, and long-term stability. These insights are particularly vital in guiding the design of integrated policies that not only stabilise the economy but also strengthen social cohesion in a country where economic discontent has historically contributed to fragility (AfDB, 2023; Tadesse, 2022).

Furthermore, the study is relevant to international organisations and development partners engaged in Sierra Leone's economic recovery. Assessing the effectiveness of past interventions and identifying synergies between inflation-control and job-creation strategies provides evidence-based recommendations to inform future support programmes. In doing so, the research not only addresses national concerns but also contributes to the global discourse on macroeconomic stability in post-conflict and low-income countries (World Bank, 2021). Notably, the study aligns with Sierra Leone's Medium-Term National Development Plan (2019–2023), which prioritises macroeconomic stability, human capital development, and inclusive growth as key pathways to sustainable national progress.

Theoretical Framework

Central to this analysis is the Phillips Curve**,** which posits an inverse relationship between inflation and unemployment, suggesting that efforts to reduce one may exacerbate the other (Samuelson & Solow, 1960). While influential in shaping policy, the long-term applicability of this theory is debated, particularly in developing economies like Sierra Leone. Sierra Leone's structural constraints, such as exchange rate volatility and supply-side bottlenecks, undermine its predictive power (Friedman, 1968).

Friedman's Natural Rate Hypothesis is complementary, which warns that pushing unemployment below its natural rate will trigger rising inflation. This is particularly relevant in Sierra Leone, where youth unemployment persists despite policy interventions, indicating deeper structural problems such as skills mismatches and labour market inefficiencies (AfDB, 2023). Supply-side economics further enriches the framework by highlighting the importance of enhancing production capacity, labour flexibility, and industrial investment, all areas where Sierra Leone faces critical gaps perpetuating inflation and unemployment (Blanchard, 2020).

The framework also considers economic development and structural adjustment theories, notably reforms led by the IMF and World Bank that emphasise liberalisation, fiscal consolidation, and privatisation. While these policies aim to stabilise economies, their impact on employment and poverty reduction in Sierra Leone has been mixed (World Bank, 2022).

Lastly, Keynesian economics advocates for proactive government intervention to stimulate aggregate demand, reduce unemployment, and control inflation, an increasingly relevant approach in the post-pandemic recovery phase (Keynes, 1936).

METHODOLOGICAL OVERVIEW

The study employed a qualitative research approach based on secondary data, spanning 2015 to 2024.

This method allows for deep analysis of policy responses and socio-economic impacts using reports from the World Bank, IMF, AfDB, government publications, and academic literature. It relies on thematic analysis to identify key patterns and interrelations between inflation and unemployment, offering a nuanced understanding of the policy landscape in Sierra Leone.

The chosen approach is cost-effective, data-rich, and suitable for capturing complex macroeconomic dynamics, especially where primary data collection is constrained.

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Ultimately, the framework and methodology provide a strong basis for evaluating past policy effectiveness and proposing more targeted, inclusive, and context-sensitive strategies for macroeconomic management in Sierra Leone.

Definition of terms

To ensure clarity of the study, the critical terms are defined as follows:

i. Inflation

Inflation is defined as the general increase in prices of goods and services over time, leading to a decline in the purchasing power of money (IMF, 2023). It is typically measured by the Consumer Price Index (CPI) or Producer Price Index (PPI) and affects consumers' cost of living and economic stability (World Bank, 2022).

ii. Unemployment

Unemployment refers to the condition where individuals who are willing and able to work cannot find employment. It is commonly classified into cyclical, structural, and frictional unemployment types, each with unique causes and economic implications (OECD, 2023). The unemployment rate is an essential economic indicator reflecting the labour market's health (National Bureau of Statistics, 2023).

iii. Monetary Policy

Monetary policy involves actions by a central bank, such as the Bank of Sierra Leone, to manage money supply and interest rates to achieve macroeconomic objectives, including inflation control, employment growth, and financial stability (Bank of Sierra Leone, 2023; IMF, 2022).

iv. Fiscal Policy

Fiscal policy encompasses government spending and taxation policies designed to influence economic activity, promote growth, and stabilise the economy. In Sierra Leone, fiscal policy includes budget allocations for public infrastructure, health, and education to foster economic development (African Development Bank, 2022; World Bank, 2023).

v. Socio-Economic Impacts

Socio-economic impacts refer to the effects of economic conditions, such as inflation and unemployment, on individuals' social and economic well-being, including income distribution, access to basic needs, and overall quality of life (UNDP, 2023; World Bank, 2023). These impacts are especially significant for vulnerable groups such as low-income households, youth, and women.

vi. Policy Trade-offs

Policy trade-offs involve balancing conflicting policy goals, such as inflation control and employment creation. Achieving one goal may come at the expense of another, creating a need for strategies that minimise adverse effects while maximising economic and social benefits (Blanchard, 2018; IMF, 2022).

vii. Stagflation

Stagflation describes an economic condition in which high inflation coexists with high unemployment. This situation complicates policymaking because traditional tools to control inflation, such as raising interest rates, may worsen unemployment (Friedman, 1976; African et al., 2022).

viii. Economic Diversification

Economic diversification refers to expanding the range of economic activities, especially in agriculture, manufacturing, and services, to reduce dependency on a narrow set of commodities or imports. For Sierra Leone, this strategy is essential to reduce vulnerability to external shocks and support sustainable growth (World Bank, 2023; IMF, 2022).

Gap in literature

The existing literature on inflation and unemployment predominantly focuses on developed and large emerging economies, neglecting the unique challenges that smaller, developing nations like Sierra Leone face.

While the Phillips Curve provides a foundational framework, it is primarily applied in contexts with strong institutional and industrial bases, unlike Sierra Leone's more fragile economic structure. Key factors influencing inflation in Sierra Leone, such as exchange rate volatility, supply chain disruptions, and external shocks, are often underexplored in global research.

Moreover, most studies treat inflation and unemployment as isolated issues, failing to adequately address their complex interplay, particularly within sub-Saharan African contexts.

Limited research exists on how policies aimed at controlling one may affect the other, and even fewer studies examine the long-term socio-economic consequences of such trade-offs, including poverty and inequality.

This study seeks to bridge this gap by analysing Sierra Leone's dual inflation-unemployment challenge, offering policy insights tailored to its economic realities.

Expected Outcomes

This study is expected to yield critical insights into the intricate relationship between inflation and unemployment in Sierra Leone, focusing on the socio-economic impacts of related policy trade-offs. It will analyse how fiscal and monetary policies have influenced inflation and unemployment levels between 2015 and 2022, shedding light on the challenges policymakers face in achieving economic stability and inclusive growth. The study will also evaluate the broader consequences of inflation and unemployment, particularly their roles in deepening poverty, income inequality, and economic disparity.

The research aims to assess whether past interventions have mitigated or worsened socio-economic conditions by examining historical trends and policy outcomes. Furthermore, it seeks to enrich academic and policy discourse by proposing context-specific, evidence-based recommendations that balance inflation control with employment creation.

These insights will support the development of more effective and inclusive macroeconomic strategies for sustainable development in Sierra Leone.

Organisation of Chapters

This study is organised into five interconnected chapters, each contributing to a comprehensive analysis of the dual challenge of inflation and unemployment in Sierra Leone.

Chapter 1: Introduction outlines the research problem, objectives, scope, and significance of the study. It introduces the theoretical framework and highlights the macroeconomic context that motivates the investigation.

Chapter 2: Literature Review explores relevant theoretical and empirical studies on inflation and unemployment, focusing on developing economies. It discusses foundational theories such as the Phillips Curve and critiques existing research, identifying key gaps this study aims to fill.

Chapter 3: Research Methodology, Methods, and Design presents the qualitative research approach adopted. It details the data sources, analytical techniques, and justification for the methodology, ensuring alignment with the research objectives.

Chapter 4: Data Presentation, Analysis and Interpretation displays and interprets findings on inflation and unemployment trends from 2015 to 2022, linking them to theoretical insights and socio-economic outcomes.

Chapter 5: Summary, Conclusions, Implications, and Recommendations synthesises key findings, offers practical policy recommendations, and suggests directions for future research.

LITERATURE REVIEW

Introduction

The literature review provides a critical foundation for examining the complex relationship between inflation and unemployment, with particular attention to developing and fragile economies such as Sierra Leone. While both are widely studied macroeconomic indicators, their interaction and the policy trade-offs they generate remain underexplored in contexts where structural weaknesses, external shocks, and institutional fragility complicate economic management (World Bank, 2022; AfDB, 2023).

This chapter draws on a range of theoretical perspectives, including classical, Keynesian, and structuralist frameworks, to explain how different schools of thought interpret the inflation–unemployment nexus. These theories inform debates on the effectiveness of fiscal and monetary policy instruments in stabilising prices, creating jobs, and improving socio-economic outcomes such as poverty reduction and equity. By engaging with these perspectives, the review seeks to highlight the extent to which conventional models, such as the Phillips Curve, are applicable or limited in economies with weak productive bases and high informality.

Most existing studies focus on advanced or emerging economies where industrial capacity and institutional strength differ markedly from those of Sierra Leone. By situating Sierra Leone within these broader debates, this review identifies contextual dynamics such as exchange rate volatility, import dependency, and high youth unemployment that shape its macroeconomic challenges.

These insights provide the analytical basis for assessing policy effectiveness and developing context-specific recommendations.

Conceptual Review and Conceptual Framework

Conceptual Review

Definition of Inflation

According to the International Monetary Fund (IMF, 2023), inflation is the sustained rise in the general price level of goods and services in an economy, leading to the erosion of purchasing power and deterioration of living standards. Economists consider inflation a central macroeconomic variable because of its pervasive influence on income distribution, investment, and overall welfare. Dornbusch and Fischer (2022) argue that inflation should not be understood merely as a monetary phenomenon but as a multifaceted issue shaped by both demand- and supply-side forces.

Friedman (1963) famously posited that “inflation is always and everywhere a monetary phenomenon,” attributing it primarily to excessive growth in money supply. While this view remains influential, Blanchard (2017) explains that it does not fully capture inflation in developing economies, where structural constraints, supply rigidities, and institutional weaknesses play significant roles. Inflation is therefore generally classified into three broad categories: demand-pull, cost-push, and structural.

Samuelson and Nordhaus (2010) contend that demand-pull inflation arises when aggregate demand outpaces the productive capacity of an economy. This type is often observed during periods of rapid fiscal expansion, wage increases, or excessive credit growth. Cost-push inflation, as explained by Mankiw (2021), occurs when rising production costs, such as increases in wages, imported raw materials, or energy prices, drive overall price levels upward. Structural inflation, according to Todaro and Smith (2020), is more common in developing countries and results from supply bottlenecks, infrastructural deficits, and institutional rigidities that prevent markets from responding efficiently to changes in demand or supply.

The World Bank (2022) revealed that in developing economies such as Sierra Leone, inflation is not only cyclical but also structurally embedded. Heavy reliance on imports, weak industrial capacity, and persistent fiscal deficits amplify vulnerabilities to external shocks. For example, volatility in global oil and food prices is transmitted almost directly to domestic inflation due to limited domestic production. The African Development Bank (AfDB, 2023) further observed that fragile economies are disproportionately affected by inflation because of their narrow export bases, currency depreciation, and limited access to foreign exchange.

In Sierra Leone, inflation has historically been driven by both external and internal factors. The Bank of Sierra Leone (2023) reported that persistent currency depreciation, supply-side constraints, and global commodity price shocks have kept inflation above 30% in recent years. UNDP (2023) argues that in such contexts, inflation cannot be addressed by monetary tools alone but requires broader structural reforms, including investment in domestic production, energy supply, and trade diversification. This suggests that inflation in Sierra Leone is both a short-term monetary issue and a long-term structural challenge.

Definition of Unemployment

According to the International Labour Organisation (ILO, 2023), unemployment occurs when individuals who are willing and able to work cannot secure gainful employment. Unlike inflation, which is primarily a macroeconomic outcome, unemployment reflects both economic performance and labour market dynamics. Scholars such as Krugman and Wells (2020) argue that unemployment should be seen not only as an economic cost but also as a social challenge, given its implications for poverty, inequality, and social stability.

Unemployment is typically categorised into frictional, structural, cyclical, and special demographic-based forms such as youth unemployment. Frictional unemployment, as explained by Mankiw (2021), arises from short-term job transitions, such as workers moving between jobs or entering the workforce. Though generally temporary, frictional unemployment can be prolonged in contexts with poor labour market information systems. Structural unemployment, according to Todaro and Smith (2020), results from mismatches between workers' skills and the needs of employers, often reflecting technological changes, educational inadequacies, or weak industrialisation.

Cyclical unemployment, as argued by Blanchard (2017), is linked to fluctuations in the business cycle, with joblessness rising during economic downturns and receding during expansions. This type is susceptible to fiscal and monetary policies. Finally, youth unemployment, as highlighted by UNDP (2022), is one of the most pressing issues in developing countries. With rapid population growth and limited labour market absorption, youth unemployment has become both an economic and political concern, contributing to migration pressures and risks of social unrest.

The African Development Bank (2023) revealed that in fragile economies like Sierra Leone, unemployment is more complex than official statistics suggest. While many individuals are technically employed in the informal sector, the majority face underemployment, low wages, and little job security. Osei and Quartey (2021) argue that such "disguised unemployment" masks the true extent of labour market distress. In Sierra Leone, youth unemployment exceeds 60%, with the majority of young people either unemployed or trapped in informal, low-paying work (World Bank, 2023).

UNDP (2023) observed that the informal sector dominates employment in Sierra Leone, yet offers little upward mobility or economic security. This labour market structure perpetuates vulnerability, as workers lack social protection and are highly exposed to inflationary shocks. According to the IMF (2022), persistent unemployment not only weakens productivity but also erodes human capital, undermining prospects for long-term growth. This makes unemployment not just a cyclical phenomenon but a structural barrier to inclusive development in Sierra Leone.

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Inflation and Unemployment Nexus

Phillips (1958) demonstrated a historical inverse relationship between unemployment and wage inflation in the United Kingdom, which was later generalised as the Phillips Curve. This theory suggests that when unemployment is low, inflation tends to rise, and when unemployment is high, inflation tends to fall. According to Samuelson and Solow (1960), this trade-off provided policymakers with a menu of options, allowing them to choose between inflation control and employment generation.

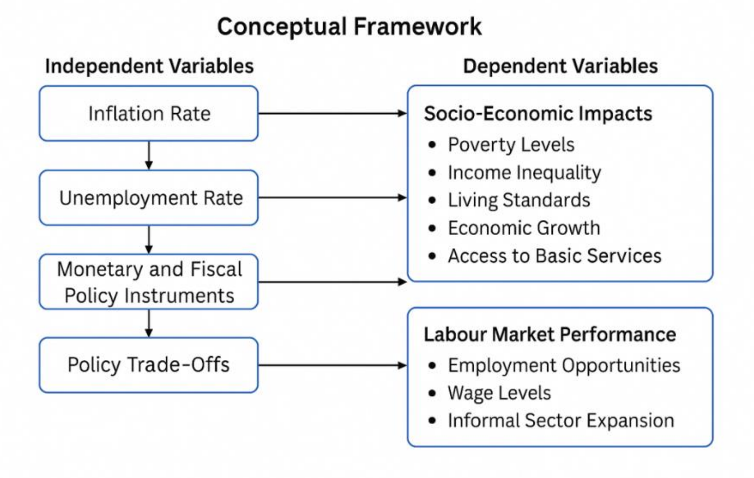
Blanchard (2017) argues, however, that the Phillips Curve relationship is not stable and depends on context. In the 1970s, many advanced economies experienced stagflation, rising inflation alongside high unemployment - contradicting the curve's predictions. The IMF (2022) explains that in developing and fragile economies, external shocks, supply constraints, and weak monetary transmission often distort or even invalidate the Phillips Curve.

The World Bank (2022) revealed that in economies such as Sierra Leone, inflation and unemployment can rise simultaneously, creating a vicious cycle. High inflation erodes real wages and demand, leading to reduced investment and higher unemployment. Conversely, unemployment reduces aggregate demand, but instead of lowering inflation, structural rigidities and import dependency sustain price pressures. AfDB (2023) contends that such dynamics reflect structural stagflation, where conventional policy tools fail to resolve both problems at once.

UNDP (2023) observed that the interaction between inflation and unemployment creates severe policy dilemmas. Contractionary monetary policies may stabilise prices but suppress investment and job creation, worsening unemployment. Expansionary fiscal policies, on the other hand, may generate short-term employment but exacerbate inflationary pressures. According to Osei and Quartey (2021), these trade-offs are particularly acute in fragile economies where institutional capacity is limited and markets are highly informal.

In Sierra Leone, the Bank of Sierra Leone (2023) reported that monetary tightening to contain inflation has had limited success, as weak financial intermediation restricts the effectiveness of interest rate adjustments. At the same time, expansionary fiscal spending to create jobs has often reignited inflation. This dual challenge underscores the need for coordinated and context-specific policies that address both inflation and unemployment together rather than in isolation.

Conceptual Framework



Theoretical Review

Classical and Neoclassical Perspectives

According to Adam Smith (1776), widely considered the father of classical economics, market systems possess a self-regulating mechanism driven by the "invisible hand," which ensures that resources are allocated efficiently and that full employment is the natural state of an economy. Smith argued that while temporary imbalances may exist, the free interaction of supply and demand would restore equilibrium without the need for government intervention. This classical assumption set the foundation for later economic thought on inflation and unemployment, framing both as temporary disturbances rather than persistent problems.

David Ricardo (1817) contended that unemployment was primarily voluntary, as workers could constantly adjust wages to clear the labour market. The notion that wage flexibility ensures equilibrium in labour demand and supply became central to classical economics. In this framework, inflation was not considered a significant threat so long as money retained its role as a neutral medium of exchange. Classical theory, therefore, regarded monetary expansion as the primary source of inflation, but assumed it could be controlled through market discipline and limited state interference.

Irving Fisher (1911) formalised this idea through the Quantity Theory of Money, expressed in the equation $MV = PT$, where M is the money supply, V is velocity, P is the price level, and T is transactions. Fisher argued that any increase in the money supply, holding velocity and output constant, leads to a proportional increase in the price level. This theoretical perspective firmly established inflation as a monetary phenomenon. For classical and later monetarist economists, unemployment could not be permanently reduced by monetary or fiscal expansion because such efforts would only accelerate inflation without altering long-term output.

Milton Friedman (1963, 1968) advanced this monetarist strand of classical thought by emphasising that sustained inflation is "always and everywhere a monetary phenomenon." Friedman introduced the concept of the natural rate of unemployment, contending that attempts to maintain unemployment below this natural rate through expansionary policies would only accelerate inflation. According to him, labour markets clear in the long run, and unemployment fluctuates around its natural level, determined by real factors such as technology and market structures. This idea later influenced the expectations-augmented Phillips Curve, which questioned the existence of a stable trade-off between inflation and unemployment.

Blanchard (2017) observes that the classical and neoclassical perspectives remain influential because they stress fiscal prudence and monetary discipline, which are key to long-term stability. The emphasis on limited government intervention has shaped policy prescriptions from the IMF and World Bank, particularly structural adjustment programs imposed on African economies during the 1980s and 1990s. These programs often prioritised reducing inflation through monetary tightening and fiscal austerity, assuming that markets would eventually generate employment and growth.

The IMF (2022) argues that classical assumptions about self-correcting markets provide an applicable discipline against reckless expansionary policies. However, it revealed that in fragile economies such as Sierra Leone, these assumptions rarely hold. Labour markets in such contexts are dominated by informality, underemployment, and wage rigidities, which undermine the supposed flexibility of supply and demand. Furthermore, currency depreciation, limited industrialisation, and reliance on imported goods mean that external factors beyond the control of domestic monetary policy often drive inflation.

The World Bank (2023) highlighted that in Sierra Leone, high inflation has persisted despite monetary tightening, suggesting that the classical prescription of reducing money supply does not adequately address structural drivers such as food import dependence, supply chain disruptions, and exchange rate volatility. AfDB (2023) contends that fragile states cannot rely solely on monetary orthodoxy because structural deficiencies prevent markets from functioning efficiently. Instead, inflation in these economies reflects a combination of monetary and structural constraints, such as weak productive capacity and inadequate infrastructure.

Mankiw (2021) argues that neoclassical extensions to classical theory introduced rational expectations, where economic actors anticipate policy actions and adjust behaviour accordingly. This perspective reinforces the idea that discretionary policies have limited long-term impact on employment and output. For instance, if workers expect inflation to rise, they adjust wage demands accordingly, neutralising the effects of expansionary policy. In theory, this creates a case for rule-based policy frameworks rather than discretionary interventions.

However, Todaro and Smith (2020) opine that in developing countries, these neoclassical assumptions are problematic because information asymmetries, weak institutions, and pervasive informality limit the rational behaviour of agents. Sierra Leone, for instance, faces labour markets where wage-setting is influenced more by survival imperatives and subsistence pressures than by rational expectations of inflation. As such, the neoclassical insistence on self-equilibrating markets oversimplifies the realities of fragile economies.

Osei and Quartey (2021) reveal that in sub-Saharan Africa, inflation and unemployment are not purely monetary issues but reflect deeper structural imbalances. For example, high youth unemployment persists despite contractionary policies aimed at reducing inflation, underscoring the inadequacy of classical prescriptions. In Sierra Leone, inflation rates above 30% (Bank of Sierra Leone, 2023) co-exist with youth unemployment exceeding 60% (World Bank, 2023). This stagflation-like scenario directly challenges classical theory, which assumes that price stability can be achieved without sacrificing employment.

UNDP (2023) observes that classical theory fails to capture the political economy of fragile states, where weak governance, corruption, and fiscal mismanagement exacerbate both inflation and unemployment. In Sierra Leone, reliance on donor funding and external borrowing has limited fiscal autonomy, making strict adherence to classical orthodoxy unrealistic. Expansionary measures to support employment often clash with IMF conditionalities for fiscal restraint, creating policy tensions.

The AfDB (2023) contends that while classical theory emphasises long-term equilibrium, it provides limited guidance for managing short-term crises in fragile economies. For Sierra Leone, where shocks such as Ebola (2014–2016), COVID-19 (2020–2022), and global commodity fluctuations have had devastating effects, reliance on self-correcting markets is impractical. Instead, coordinated interventions that address both demand and supply constraints are necessary.

The classical and neoclassical perspectives argue that inflation is primarily a monetary phenomenon and that labour markets naturally move toward full employment. While these ideas remain influential in shaping policy orthodoxy, their application in fragile economies such as Sierra Leone is highly constrained. Persistent inflation driven by external shocks, high unemployment rooted in structural weaknesses, and weak policy transmission mechanisms undermine the validity of self-correcting market assumptions. Consequently, while classical theory offers important insights on monetary discipline, it is insufficient as a standalone framework for understanding the inflation–unemployment nexus in Sierra Leone.

Keynesian Perspectives

According to Keynes (1936), unemployment arises not because of voluntary withdrawal from the labour market, as classical economists argued, but because aggregate demand is insufficient to ensure full utilisation of labour and capital. Keynes revolutionised macroeconomic thought by rejecting the notion that markets automatically self-correct, showing instead that economies can remain stuck in underemployment equilibria. He argued that in such contexts, government intervention through fiscal and monetary policy is necessary to stimulate demand and restore growth.

Samuelson and Nordhaus (2010) contend that Keynesian economics shifted the focus of policy from laissez-faire to active government management of the economy. They observed that fiscal tools such as increased government expenditure, tax reductions, and public investment are powerful mechanisms for stimulating aggregate demand during recessions. In this framework, moderate inflation is sometimes seen as the “price” of achieving higher employment, particularly in periods of economic stagnation.

Blanchard (2017) argues that Keynesian theory provides a more realistic approach to unemployment, especially in economies facing cyclical downturns. Unlike classical economics, which assumes labour markets clear automatically, Keynesians recognise rigidities in wages and prices that prevent quick adjustment. For example, workers resist nominal wage cuts, leading to “sticky wages” that keep unemployment elevated unless demand is boosted. In Sierra Leone, wage rigidities are less formalised but exist in another form: underemployment and informal labour markets, where workers accept precarious jobs rather than being absorbed into productive, formal sectors.

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The International Monetary Fund (IMF, 2022) revealed that Keynesian stimulus measures can be effective in low-income economies in generating short-term employment and stabilising output. During the COVID-19 pandemic, fiscal expansion, including cash transfers, wage subsidies, and public works, helped prevent economic collapse in many developing countries. However, the World Bank (2023) cautions that in fragile states such as Sierra Leone, expansionary fiscal measures often trigger high inflation because of limited domestic production capacity and dependence on imports. As a result, demand-stimulating policies can fuel inflationary pressures without sustainably improving employment.

Mankiw (2021) opines that the Keynesian emphasis on aggregate demand management is particularly relevant in explaining cyclical unemployment. However, he notes that in economies with weak supply capacity, demand injections may create imbalances that push up prices without reducing unemployment. This reflects the challenge Sierra Leone faces: expansionary spending may generate jobs in the short term, but often results in higher inflation because domestic production is insufficient to meet rising demand.

The African Development Bank (AfDB, 2023) observed that in sub-Saharan Africa, Keynesian-inspired public works programs have been widely used to absorb unemployed youth and provide income support. For example, Ethiopia's Productive Safety Net Programme and Ghana's Youth Employment Scheme applied Keynesian logic by using government intervention to create jobs. However, their effectiveness is mixed: while they reduce poverty temporarily, they do not always lead to sustainable employment or productivity gains. In Sierra Leone, similar initiatives have been attempted but are constrained by weak fiscal space and limited institutional capacity to manage large-scale programmes.

UNDP (2022) contends that Keynesian prescriptions must be carefully adapted to fragile contexts. The challenge lies in balancing the need for countercyclical demand management with the risks of exacerbating inflation. Sierra Leone's experience illustrates this dilemma: fiscal expansion during post-Ebola reconstruction stimulated economic activity but also widened deficits and increased debt vulnerabilities, fuelling inflationary pressures (Bank of Sierra Leone, 2023). Thus, while Keynesian theory provides a strong rationale for government intervention, its practical implementation requires careful calibration.

Krugman (2012) revealed that modern Keynesians advocate targeted fiscal measures rather than indiscriminate expansion. In fragile states, this means prioritising investments in infrastructure, agriculture, and health sectors that simultaneously boost demand and strengthen supply. For Sierra Leone, such targeted spending could reduce inflationary risks while addressing structural unemployment by improving productivity and job creation capacity.

Osei and Quartey (2021) argue that in sub-Saharan Africa, Keynesian demand-side policies must be complemented by structural reforms. This hybrid approach recognises that demand stimulus without addressing supply-side constraints leads to inflation. They emphasise that countries like Sierra Leone require a blend of Keynesian intervention to stimulate demand and structuralist strategies to expand productive capacity.

The IMF (2023) observed that Keynesian principles are also relevant to monetary policy, particularly through interest rate adjustments to encourage investment. However, in fragile economies, the transmission of monetary policy is often weak because of shallow financial sectors. Sierra Leone provides a good example: despite adjustments in policy rates by the Bank of Sierra Leone, the impact on lending, investment, and employment remains limited due to underdeveloped banking systems and high informality. This illustrates one of the key limitations of Keynesian prescriptions in fragile contexts.

Todaro and Smith (2020) opine that Keynesian insights remain vital for explaining why unemployment persists even in economies with active labour markets. They highlight that in developing countries, unemployment is not only cyclical but also structural. Thus, while Keynesian theory explains short-term fluctuations in demand and employment, it must be complemented with longer-term perspectives that address structural bottlenecks. In Sierra Leone, this translates into recognising that demand management alone cannot resolve youth unemployment if skill mismatches, industrialisation deficits, and infrastructural weaknesses remain unaddressed.

The World Bank (2022) highlighted that debt sustainability challenges in low-income countries often constrain Keynesian-inspired countercyclical fiscal measures. Governments with narrow tax bases and high reliance on external borrowing face limited fiscal space to implement stimulus packages. For Sierra Leone, debt vulnerabilities mean that expansionary spending to create jobs must be balanced against the risks of debt distress and inflation. This structural limitation reduces the room for purely Keynesian policy prescriptions.

The AfDB (2023) emphasises that the relevance of Keynesian theory in fragile economies lies not in its direct application but in its adaptation. Instead of large-scale fiscal expansion, targeted interventions in sectors with strong multiplier effects, such as agriculture, renewable energy, and small-scale manufacturing, can generate employment while reducing inflationary vulnerabilities. For Sierra Leone, this approach could mitigate the trade-offs between inflation and unemployment.

The Keynesian theory provides a corrective to the classical assumption of self-regulating markets by emphasising the role of demand management in addressing unemployment. It underscores the importance of government intervention, particularly through fiscal policy, to stabilise economies during downturns. However, as Sierra Leone’s experience demonstrates, Keynesian prescriptions face significant constraints in fragile states with limited fiscal space, structural bottlenecks, and import dependence. This necessitates a hybrid approach that blends Keynesian demand management with structural reforms to address the deeper causes of inflation and unemployment.

The Phillips Curve

According to Phillips (1958), there exists an inverse relationship between unemployment and wage inflation, suggesting that as unemployment decreases, wages and consequently prices tend to rise. This empirical observation, based on nearly a century of data from the United Kingdom (1861–1957), became known as the Phillips Curve. It was later extended to suggest that governments faced a trade-off: lower unemployment could be achieved at the expense of higher inflation, while reducing inflation required tolerating higher unemployment.

Samuelson and Solow (1960) argued that this relationship provided policymakers with a “menu of choices” between inflation and unemployment. They opined that governments could strategically select combinations of inflation and unemployment rates through fiscal and monetary policies. In practice, this meant tolerating moderate inflation to achieve higher employment levels, a policy stance that influenced much of the 1960s economic management in both advanced and developing economies.

Friedman (1968) challenged the stability of the Phillips Curve by introducing the expectations-augmented version. He argued that workers and firms adjust their expectations of inflation over time, thereby neutralising the trade-off. According to Friedman, attempts to hold unemployment below its “natural rate” through expansionary policies would only accelerate inflation without delivering long-term employment gains. Phelps (1967) reinforced this idea by introducing the concept of the Non-Accelerating Inflation Rate of Unemployment (NAIRU), which suggested that unemployment gravitates to a natural level determined by structural characteristics of the economy.

Blanchard (2017) observed that the experience of the 1970s, marked by stagflation in many advanced economies, undermined the credibility of the original Phillips Curve. During this period, high inflation coincided with high unemployment, defying the supposed inverse relationship. The breakdown of the curve led to a paradigm shift, where rational expectations theorists such as Lucas (1972) argued that economic actors anticipate policy interventions and adjust their behaviour accordingly, making systematic monetary or fiscal manipulation ineffective in the long run.

The IMF (2022) revealed that even in modern economies, the Phillips Curve relationship has become flatter, suggesting a weaker connection between inflation and unemployment. This flattening is attributed to globalisation, technological change, and improved central bank credibility in anchoring inflation expectations. As a result, unemployment fluctuations no longer generate the same inflationary pressures as before.

The World Bank (2022) opined that in developing economies, the Phillips Curve framework is particularly problematic because supply-side shocks, rather than demand pressures, often drive inflation. In countries like Sierra Leone, inflation results primarily from currency depreciation, import dependency, and supply bottlenecks in food and fuel markets. Thus, inflation may remain high even when unemployment is also high, producing stagflation-like conditions that contradict the curve’s predictions.

The African Development Bank (2023) highlighted that in sub-Saharan Africa, inflation and unemployment often rise together due to structural weaknesses, institutional fragility, and vulnerability to external shocks. This simultaneous rise undermines the policy relevance of the Phillips Curve, as governments cannot easily trade one problem for the other. Instead, both inflation and unemployment persist, reinforcing cycles of poverty and inequality.

UNDP (2023) contends that in fragile economies, the Phillips Curve oversimplifies labour market realities. With high levels of informality, underemployment, and disguised unemployment, official unemployment statistics often fail to capture the depth of labour market distress. Inflation, on the other hand, is transmitted quickly through imported goods, leaving policymakers with limited room to manoeuvre. In Sierra Leone, this creates a policy dilemma where contractionary monetary policies to stabilise prices suppress investment and job creation, while expansionary fiscal measures to create jobs exacerbate inflationary pressures.

The Bank of Sierra Leone (2023) reported that monetary tightening has had little success in curbing inflation because of weak policy transmission mechanisms. At the same time, fiscal interventions aimed at stimulating job creation have widened deficits and reignited inflationary pressures. This demonstrates that the trade-offs implied by the Phillips Curve are not easily operational in fragile states where structural bottlenecks dominate.

Mankiw (2021) argues that while the Phillips Curve remains a useful pedagogical tool, it must be adapted to account for differences across economies. In fragile contexts, inflation and unemployment cannot be neatly traded off because different sets of variables drive them. For example, unemployment in Sierra Leone is primarily structural, linked to skill mismatches, limited industrialisation, and weak private sector growth, while inflation is largely imported and exchange rate-driven. This divergence weakens the predictive power of the Phillips Curve.

Osei and Quartey (2021) revealed that in West Africa, attempts to apply Phillips Curve logic often fail because inflation targeting through contractionary policies does not reduce unemployment but instead worsens growth outcomes. They contend that the framework assumes more developed financial and institutional systems than exist in fragile economies. In Sierra Leone, for instance, inflation targeting through higher interest rates constrains credit to businesses, limiting job creation, while inflation remains elevated due to external price shocks.

The IMF (2023) observed that in fragile states, the Phillips Curve should be treated less as a prescriptive policy tool and more as a descriptive framework for understanding tensions between competing policy objectives. This perspective acknowledges that while inflation and unemployment are linked, the relationship is mediated by structural conditions that differ significantly from those of advanced economies.

Todaro and Smith (2020) emphasise that inflation–unemployment dynamics in developing countries require hybrid frameworks that incorporate structuralist insights. They argue that instead of assuming a stable trade-off, policymakers should recognise that both inflation and unemployment are symptoms of more profound structural weaknesses. In Sierra Leone, this means addressing supply-side constraints, diversifying production, and improving labour market institutions as prerequisites for reducing both inflation and unemployment simultaneously.

The Phillips Curve offered a robust framework for understanding the short-run trade-offs between inflation and unemployment. However, its limitations, highlighted by stagflation in advanced economies and structural challenges in fragile states, reduce its applicability as a prescriptive policy tool. In Sierra Leone, where both inflation and unemployment remain persistently high, the curve's assumptions are undermined by external shocks, structural bottlenecks, and weak institutional capacity. Nonetheless, the Phillips Curve remains relevant

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as a conceptual lens for highlighting the dilemmas policymakers face when balancing price stability and employment creation, even if its trade-off logic does not fully apply.

Structuralist Perspectives

According to Prebisch (1950), one of the leading proponents of structuralist economics, developing economies suffer from inherent structural weaknesses that prevent them from benefiting equally from global trade and economic cycles. He contended that inflation and unemployment in such economies cannot be explained simply through aggregate demand management, but rather through persistent production bottlenecks, technological gaps, and dependency on imports. Unlike classical or Keynesian economists, structuralists place greater emphasis on the role of underdevelopment, institutional fragility, and unequal international economic relations in shaping macroeconomic outcomes.

Singer (1950) similarly argued that developing countries face structural constraints that lock them into cycles of high inflation and persistent unemployment. He observed that dependence on primary commodity exports leaves fragile economies vulnerable to price volatility, terms-of-trade shocks, and balance-of-payment crises. These vulnerabilities, when combined with supply constraints and limited industrialisation, generate inflationary pressures even in the absence of excess demand. This insight challenged the Keynesian view that inflation was largely demand-driven and the classical view that inflation was purely monetary.

According to Todaro and Smith (2020), structuralist economics emphasises that inflation in developing countries is often "structural inflation," rooted in bottlenecks such as inadequate agricultural output, weak infrastructure, and inefficient distribution systems. They argue that, unlike advanced economies, where inflation responds predictably to demand fluctuations, in fragile economies, price pressures persist because supply cannot easily adjust. For example, if food imports rise in cost due to exchange rate depreciation, domestic inflation rises regardless of local monetary policy settings.

The United Nations Development Programme (UNDP, 2022) observed that unemployment in developing countries also takes on a different character from that in advanced economies. In fragile states, a large share of the population is engaged in informal or subsistence employment, which masks the true extent of underemployment. Structuralists argue that this phenomenon represents a form of “disguised unemployment,” where workers are technically employed but in low-productivity and insecure activities that do not contribute meaningfully to growth. This perspective is particularly relevant to Sierra Leone, where the informal sector dominates labour markets and youth unemployment remains alarmingly high.

The African Development Bank (AfDB, 2023) contends that structuralist insights are essential for understanding the persistence of high inflation and unemployment in sub-Saharan Africa. They reveal that inflation in the region is often driven not by excess demand but by chronic supply shortages, currency depreciation, and import dependence. At the same time, unemployment persists due to limited industrialisation, skill mismatches, and weak private sector growth. This dual challenge creates stagflation-like conditions that neither classical monetary tightening nor Keynesian demand management can fully resolve.

The World Bank (2022) highlighted that in fragile economies like Sierra Leone, inflation is strongly influenced by exchange rate depreciation and reliance on imported food and fuel. Structuralist theory explains why inflation remains high even when domestic demand is weak, as international supply shocks feed directly into local prices. For example, global fuel price hikes during the Russia–Ukraine conflict led to sharp increases in transport costs and food prices in Sierra Leone, demonstrating the structural vulnerabilities of an import-dependent economy.

The Bank of Sierra Leone (2023) revealed that inflation exceeded 30% in 2023, driven by currency depreciation and supply constraints. At the same time, unemployment, especially among youth, remained above 60% (World Bank, 2023). Structuralist theory rationalises this phenomenon by pointing to weak domestic production capacity, high reliance on imports, and labour market rigidities that prevent productive employment creation. In such contexts, conventional monetary tightening fails to resolve inflation while simultaneously worsening unemployment, creating policy deadlock.

Osei and Quartey (2021) argue that structuralist perspectives are instrumental in analysing African economies because they account for the informal labour markets, limited industrial capacity, and weak institutional frameworks that shape inflation and unemployment dynamics. They emphasise that in fragile states, labour absorption capacity is low, meaning that population growth and labour force expansion outpace job creation. This results in chronic youth unemployment, even when inflation is high.

The IMF (2022) opines that structuralist theories remain relevant because they highlight the long-term reforms needed to address inflation and unemployment simultaneously. Structuralists advocate investment in agriculture, industrialisation, infrastructure, and education as strategies to increase productive capacity and reduce vulnerability to external shocks. For Sierra Leone, this implies that stabilisation policies must go hand in hand with structural transformation.

Blanchard (2017) contends that while structuralist perspectives provide valuable insights, they often underemphasise the role of expectations and short-term policy trade-offs. He notes, however, that their focus on bottlenecks and long-term reforms complements Keynesian demand management by addressing supply-side weaknesses. For fragile economies like Sierra Leone, this hybrid approach may be more effective than reliance on any single theoretical framework.

UNDP (2023) observed that the structuralist critique also highlights the social dimensions of unemployment and inflation. They argue that persistent joblessness among youth not only reduces productivity but also undermines social cohesion and political stability. Similarly, high inflation disproportionately affects vulnerable households, exacerbating poverty and inequality. These insights underscore the structuralist claim that macroeconomic challenges in fragile economies cannot be divorced from broader socio-political and institutional realities.

In Sierra Leone, structuralist analysis provides a compelling explanation for the coexistence of high inflation and high unemployment. According to the Bank of Sierra Leone (2023), inflation has remained elevated due to currency depreciation and supply shocks, while unemployment persists due to weak industrial capacity and labour market rigidities. This suggests that policy solutions extend beyond monetary tightening or fiscal expansion to include structural reforms that enhance domestic production, improve education and skills training, and diversify the economy away from import dependency.

The structuralist perspectives argue that inflation and unemployment in developing and fragile economies are products of deep-seated structural constraints rather than short-term demand or monetary imbalances. They emphasise the importance of long-term investments in production, infrastructure, and institutions to address these challenges sustainably. Sierra Leone, structuralist theory is particularly relevant, as it explains why both inflation and unemployment persist despite conventional policy interventions. It also highlights the need for integrated strategies that combine macroeconomic stabilisation with structural transformation to achieve sustainable and inclusive growth.

Synthesis

According to Smith (1776) and Ricardo (1817), the classical thesis rests on the belief that markets are self-correcting, and both inflation and unemployment are temporary imbalances resolved by wage-price flexibility. This school insists that fiscal discipline and monetary prudence are sufficient for long-term stability. The antithesis, however, emerges from Keynes (1936), who argued that economies can remain trapped in underemployment equilibria due to insufficient demand, thus requiring active government intervention. The two positions highlight the foundational divergence in macroeconomic theory: one emphasises the sufficiency of markets, while the other stresses the necessity of state intervention.

Phillips (1958) presented a thesis that inflation and unemployment are inversely related, providing policymakers with a trade-off. Samuelson and Solow (1960) reinforced this by suggesting governments could choose between acceptable combinations of inflation and unemployment. The antithesis arose with Friedman (1968) and Phelps (1967), who argued that this trade-off is temporary, as inflation expectations adjust and unemployment gravitates toward a natural rate. Later evidence of stagflation in the 1970s further discredited the stability of the curve, revealing divergence between empirical realities and theoretical expectations.

Prebisch (1950) and Singer (1950) advanced a structuralist thesis that monetary or demand-side frameworks cannot adequately explain inflation and unemployment in developing countries. Instead, they argued these are products of deep-rooted structural weaknesses, low productivity, reliance on imports, and institutional fragility. The antithesis is presented by neoclassical economists such as Friedman (1963), who reject structural explanations and attribute persistent inflation to monetary mismanagement. This divide underscores the broader debate between structural and monetary views of macroeconomic instability.

Convergence among scholars is evident in recognising that no single theory universally explains inflation–unemployment dynamics. Blanchard (2017) and Mankiw (2021) acknowledge that while classical and Keynesian models provide important insights, their assumptions do not always hold in fragile states. Similarly, the IMF (2022) and World Bank (2023) reveal that inflation in sub-Saharan Africa is often supply-driven, challenging both the Phillips Curve and monetarist orthodoxy. Scholars converge on the point that structural reforms are critical for fragile economies, even if they diverge on whether short-term demand management should accompany these reforms.

Divergence, however, persists regarding policy priorities. Monetarists insist on fiscal restraint and monetary tightening as preconditions for stability (Friedman, 1968; IMF, 2023), while Keynesians advocate countercyclical fiscal policies to stimulate employment during downturns (Krugman, 2012). Structuralists, by contrast, emphasise long-term investments in productive capacity and institutional reform (Todaro & Smith, 2020; Osei & Quartey, 2021). The Phillips Curve sits uneasily between these perspectives, offering a framework for understanding trade-offs but providing little practical guidance in fragile economies where inflation and unemployment rise simultaneously.

Sierra Leone, these theoretical debates translate into pressing policy dilemmas. Classical prescriptions of monetary discipline have not stabilised prices, as inflation remains driven by external shocks and structural bottlenecks. Keynesian demand management has generated temporary growth spurts but has also fuelled inflation due to import dependency. The Phillips Curve's trade-off logic does not apply neatly, as both inflation and unemployment remain persistently high. Structuralist insights appear most relevant, as they highlight the need to address supply-side weaknesses, diversify the economy, and invest in human capital.

The thesis of this study, therefore, is that inflation and unemployment in Sierra Leone are mutually reinforcing challenges rooted in both policy trade-offs and structural weaknesses. The antithesis, drawn from existing literature, is that conventional theories, whether classical, Keynesian, or Phillips Curve, are insufficient in isolation to explain the persistence of these problems in fragile states. The convergence among scholars supports the integration of structuralist insights with macroeconomic management. At the same time, the divergence highlights debate over whether to prioritise price stability, employment generation, or long-term structural reform.

This synthesis underscores that the inflation–unemployment nexus in Sierra Leone cannot be resolved by adhering rigidly to any single theoretical framework. Instead, a hybrid approach is necessary, one that balances short-term demand management with long-term structural transformation. This aligns with the broader consensus in development economics that context-specific policies, informed by both global theory and local realities, are essential for achieving inclusive and sustainable growth.

Empirical Review

Global Evidence

According to Blanchard (2017), global research on the inflation–unemployment nexus has long been dominated by the Phillips Curve, which initially suggested a stable trade-off. Early empirical studies in advanced economies during the post-war period, such as Samuelson and Solow (1960), reinforced this finding by demonstrating that lower unemployment was associated with higher inflation. However, the global oil shocks of the 1970s produced stagflation, where both inflation and unemployment rose together, forcing scholars to reconsider the presumed relationship. This shift marked the beginning of a rich empirical debate on whether inflation and unemployment are linked, independent, or shaped by broader institutional and structural factors.

Friedman (1968) and Phelps (1967) advanced the expectations-augmented Phillips Curve, supported by empirical evidence from the United States, which demonstrated that the trade-off disappeared in the long run. According to their findings, monetary expansion could temporarily reduce unemployment, but once inflation expectations adjusted, unemployment returned to its natural rate while inflation persisted. Lucas (1972) extended this line of inquiry with rational expectations, arguing that systematic policy could not exploit the trade-off at all. These perspectives inspired global monetary policy frameworks that prioritised inflation targeting, with central banks in the US, UK, and Europe adopting independent mandates to maintain price stability.

The IMF (2022) revealed that recent empirical evidence shows the Phillips Curve has flattened in advanced economies. Research covering the United States, Japan, and the Eurozone indicates that unemployment fluctuations no longer generate significant inflationary responses, due mainly to globalisation, labour market flexibility, and anchored expectations. Ball and Mazumder (2019), analysing US data, confirmed that post-2000s inflation dynamics were less sensitive to unemployment than in earlier decades. This flattening raises important questions for developing economies, where inflation often remains volatile and less tethered to expectations.

A contrasting empirical strand has explored the costs of inflation beyond its relationship to unemployment. Fischer and Modigliani (1978) demonstrated that inflation reduces real balances and creates distortions in saving and investment. Barro (1997) expanded this work, showing across 100 countries that higher inflation is consistently associated with slower long-term growth. These findings gave weight to the global policy consensus that inflation stability is a prerequisite for sustained growth. However, Easterly and Fischer (2001) revealed that the costs of inflation fall disproportionately on people with low incomes, as they are less able to hedge against rising prices. This has made inflation control not just an economic priority but also a social justice concern.

At the same time, global empirical work has underscored the consequences of unemployment. According to the International Labour Organisation (ILO, 2023), persistently high unemployment has long-term scarring effects, reducing future earnings, productivity, and labour force participation. Studies in Europe during the 1980s recession (Bean, 1994) revealed that long-term unemployment contributed to structural hysteresis, where temporary shocks left permanent increases in the natural rate of unemployment. More recent work by Bell and Blanchflower (2019) on youth unemployment emphasised the risks of social exclusion and political instability, particularly when young people remain outside the labour market for extended periods.

Empirical studies have also examined policy trade-offs in practice. Auerbach and Gorodnichenko (2012), analysing fiscal multipliers in advanced economies, revealed that expansionary fiscal policy tends to have larger effects on employment during recessions, but can also raise inflationary pressures when supply constraints exist. In contrast, monetary tightening by central banks has proven effective in controlling inflation but often at the cost of higher unemployment, as shown in the United States during the Volcker disinflation of the 1980s (Goodfriend & King, 2005). These global experiences reinforce the central policy dilemma: the tools that reduce inflation may worsen unemployment, and vice versa.

Nevertheless, convergence among scholars exists on some points. Global research consistently finds that moderate inflation (below 5–10%) is not necessarily harmful to growth, but high and volatile inflation is damaging (IMF, 2023). Likewise, there is broad agreement that persistent unemployment creates long-lasting socio-economic costs. Divergence, however, remains over whether inflation-targeting frameworks should be prioritised at the expense of employment creation. While monetarists emphasise stability, Keynesians argue for flexible, countercyclical interventions.

In developing and fragile economies like Sierra Leone, the global evidence presents both lessons and limitations. The lesson is that poorly managed inflation undermines growth and disproportionately harms people with low incomes, while unemployment creates deep social scars. The limitation is that many global empirical studies assume well-functioning institutions, deep financial systems, and diversified economies. In fragile contexts, inflation is often driven by external shocks, such as food and fuel price hikes, rather than domestic demand, while unemployment reflects structural bottlenecks more than cyclical downturns.

Finally, the global empirical research provides a broad canvas of insights: the Phillips Curve is unstable, inflation control is essential for growth, and unemployment has severe long-term consequences. However, the global literature largely reflects advanced economies with strong institutions, leaving gaps in understanding how these dynamics play out in fragile, import-dependent contexts. This gap sets the stage for regional and country-specific studies in Africa and West Africa, where structural constraints dominate and inflation and unemployment often rise together.

African Context

According to the African Development Bank (AfDB, 2023), inflation and unemployment remain persistent macroeconomic challenges across sub-Saharan Africa, with inflation averaging above 14% in 2022 and youth unemployment rates exceeding 30% in many countries. Scholars consistently emphasise that, unlike in advanced economies, African inflation is driven less by excess demand and more by structural bottlenecks, currency depreciation, and global commodity price shocks. This structural nature of inflation complicates policy trade-offs, as monetary tightening often fails to contain price rises while simultaneously stifling job creation.

Bleaney and Nishiyama (2002) revealed through cross-country analysis that African inflation tends to be more volatile than in other developing regions, mainly due to exchange rate instability and fiscal imbalances. They observed that attempts to control inflation through orthodox monetary policies often yielded limited results, especially in economies heavily dependent on imports. This finding converges with more recent evidence from the IMF (2022), which highlights that African inflation spikes frequently follow global food and fuel price shocks rather than domestic overheating. For fragile states such as Sierra Leone, where over 60% of the consumer price index is food-related, this means that international dynamics often overwhelm domestic policy levers.

On the unemployment front, the International Labour Organisation (ILO, 2023) argued that African labour markets are characterised by high informality, underemployment, and weak productivity growth. Studies by Fox and Thomas (2016) revealed that although sub-Saharan Africa records relatively low official unemployment rates, these figures mask widespread informal and vulnerable employment, especially among youth and women. This reflects what structuralists describe as “disguised unemployment,” where workers are technically employed but in insecure and low-productivity activities. For Sierra Leone, where the informal sector accounts for the majority of employment (UNDP, 2023), the challenge is not just job creation but the creation of decent and productive jobs.

Divergence arises in empirical debates over the impact of inflation on unemployment and growth. Barro and Lee (1994) found that high inflation reduces investment and growth prospects in Africa, indirectly worsening unemployment. By contrast, Pollin and Zhu (2006) contended that moderate inflation up to 15% may be compatible with employment generation and growth, provided supportive policies accompany it. This divergence reflects a broader policy debate: should African governments tolerate moderate inflation to boost jobs, or should they focus on strict price stability?

The World Bank (2022) noted that many African economies experimented with inflation-targeting frameworks, inspired by global monetary orthodoxy. South Africa, for instance, formally adopted inflation targeting in 2000. Aron and Muellbauer (2007) observed that while inflation targeting enhanced central bank credibility, it also constrained the scope for pro-employment fiscal and monetary measures. In low-income countries such as Sierra Leone, where monetary policy transmission is weak, inflation targeting remains less effective. The Bank of Sierra Leone’s attempts to raise policy rates have had a limited effect on prices, as credit markets are shallow and financial intermediation is weak (Bank of Sierra Leone, 2023).

According to Osei and Quartey (2021), unemployment in Africa is fundamentally structural, reflecting low industrialisation, inadequate skills development, and demographic pressures. Their study on Ghana and Nigeria showed that even during periods of growth, job creation lagged far behind labour force expansion, leading to what they termed “jobless growth.” This resonates with Sierra Leone’s experience, where recovery from crises such as Ebola and COVID-19 led to modest GDP growth but had little impact on employment outcomes (World Bank, 2023).

Convergence exists among African scholars on the role of youth unemployment as a socio-political risk. Filmer and Fox (2014) highlighted that Africa’s demographic transition means that nearly 10 million young people enter

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the labour force each year, yet only a fraction secure stable employment. UNDP (2022) observed that this demographic pressure, coupled with weak labour markets, increases the risk of social unrest and political instability. Sierra Leone exemplifies this reality, as youth unemployment has been linked to episodes of fragility, including the civil war of the 1990s and more recent protests over cost-of-living crises.

Policy experiments across Africa provide further empirical insights. Ethiopia's Productive Safety Net Programme, analysed by Berhane et al. (2014), demonstrated that public works can provide temporary employment and income support. However, without structural reforms, they do not address long-term unemployment. Ghana's Youth Employment Scheme, as studied by Baah-Boateng (2016), similarly showed mixed results: while it reduced unemployment in the short term, the jobs created were often low-skilled and unsustainable. These findings suggest that Keynesian-style demand-side interventions in Africa must be combined with structuralist supply-side reforms to be effective.

The IMF (2022) revealed that fiscal expansions in Africa often exacerbate inflation due to limited domestic supply responses. For example, Nigeria's fuel subsidies and wage increases boosted consumption but widened fiscal deficits and fuelled inflation, without generating corresponding employment gains. Similarly, expansionary spending in Sierra Leone during the post-Ebola period stimulated demand but also heightened inflationary pressures due to import dependency (Bank of Sierra Leone, 2023). These empirical realities illustrate the central policy dilemma: measures to reduce unemployment often reignite inflation, while anti-inflation policies suppress growth and job creation.

Divergence is also evident in assessments of policy effectiveness. Some scholars, such as Bleaney (1999), argue that fiscal discipline and monetary restraint remain the most effective tools for stabilising African economies, even at the cost of higher unemployment. Others, including Osei and Quartey (2021), emphasise that without structural reforms, macroeconomic stabilisation alone cannot generate inclusive growth. This divergence reflects differing priorities between short-term stabilisation and long-term development.

Sierra Leone's African literature is particularly instructive. Inflation remains heavily influenced by global commodity prices and exchange rate volatility, while unemployment reflects structural challenges in industrialisation and education. The convergence among African scholars highlights the importance of integrating structural reforms with macroeconomic management. However, divergence persists on the degree to which inflation can be tolerated in pursuit of employment generation. This debate mirrors Sierra Leone's policy dilemmas: whether to prioritise monetary tightening to stabilise prices or fiscal expansion to create jobs, each with significant trade-offs.

The empirical evidence from Africa underscores that inflation and unemployment are deeply intertwined with structural vulnerabilities. Convergence exists on the view that both must be addressed through long-term reforms in productivity, diversification, and skills development. Divergence remains on whether policy should prioritise strict inflation control or employment creation in the short term. For Sierra Leone, this literature demonstrates that neither classical monetary restraint nor Keynesian fiscal stimulus alone is sufficient; a hybrid approach that combines stabilisation with structural transformation is essential for sustainable development.

West African/ECOWAS Context

According to the Economic Community of West African States (ECOWAS, 2023), the region continues to grapple with persistent inflation and high unemployment, challenges that undermine growth, stability, and regional integration. Inflation in West Africa is strongly influenced by exchange rate volatility, global food and energy prices, and structural supply constraints. At the same time, unemployment reflects weak industrialisation, demographic pressures, and fragile labour markets. For fragile economies such as Sierra Leone, these regional dynamics exacerbate domestic vulnerabilities, highlighting the interconnected nature of macroeconomic instability across ECOWAS.

World Bank (2022) revealed that inflation across ECOWAS averaged above 15% in 2022, with sharp increases in Ghana and Nigeria driven by currency depreciation, high import dependence, and food insecurity. Convergence exists among scholars that external shocks play a dominant role in West African inflation, unlike in developed economies, where demand-pull factors are more significant. IMF (2023) argued that monetary tightening in these countries often struggles to contain inflation due to shallow financial sectors and weak policy transmission. For Sierra Leone, which shares similar structural weaknesses, these findings confirm that inflationary pressures cannot be understood in isolation but within the broader regional framework.

In Nigeria, Oyejide and Ogun (2019) noted that inflationary pressures are closely tied to exchange rate instability and reliance on oil exports, creating a cycle where fiscal expansions fuel inflation without reducing unemployment. Despite being West Africa’s largest economy, Nigeria has struggled with youth unemployment exceeding 40% (ILO, 2022). Similarly, Ghana has faced persistent inflation above 30% in 2022- 2023, driven by exchange rate depreciation and rising debt burdens. Baah-Boateng (2016) argued that Ghana’s experience reflects the limitations of expansionary policies: while they temporarily stimulated growth, they also worsened inflation and debt, leading to IMF bailouts. These experiences mirror Sierra Leone’s policy dilemmas, where fiscal expansion to generate employment often triggers inflation due to high import dependency.

Convergence among West African scholars highlights that structural unemployment remains a critical regional issue. Osei and Quartey (2021) revealed that despite periods of growth in Ghana, Nigeria, and Côte d’Ivoire, job creation has lagged behind labour force expansion, resulting in “jobless growth.” In Liberia, UNDP (2022) observed that over 60% of youth are unemployed or underemployed, reflecting weak private sector capacity and over-reliance on subsistence agriculture. These findings underscore that West African labour markets are unable to absorb the region’s rapidly expanding youth population, a trend also evident in Sierra Leone, where youth unemployment exceeds 60% (AfDB, 2023).

Divergence arises in how policymakers approach inflation–unemployment trade-offs across ECOWAS. For instance, Nigeria has prioritised exchange rate management and subsidies to shield consumers from inflation, though this has widened fiscal deficits (IMF, 2022). Ghana, on the other hand, pursued aggressive monetary tightening to restore price stability but at the cost of slowed growth and rising unemployment. Liberia and Sierra Leone have relied heavily on donor-supported fiscal programmes, which, while providing temporary relief, often lack sustainability. These divergences illustrate the absence of a uniform macroeconomic strategy across ECOWAS, despite shared vulnerabilities.

Armah and Addison (2020) argued that regional inflation–unemployment challenges are compounded by weak institutional coordination within ECOWAS. While the bloc’s macroeconomic convergence criteria emphasise single-digit inflation and sustainable fiscal deficits, few countries consistently meet these targets. The persistent failure of convergence reflects structural barriers, including dependence on commodity exports, fragile manufacturing bases, and informalised labour markets. For Sierra Leone, this raises questions about the effectiveness of regional policy frameworks in addressing domestic macroeconomic imbalances.

Youth unemployment has also been linked to regional instability. Adebajo (2021) revealed that high youth unemployment rates in West Africa contribute to rising migration, radicalisation, and political unrest. The ECOWAS Commission has identified employment generation as a priority for regional stability, but policy responses remain fragmented. For Sierra Leone, which has experienced conflict linked to economic discontent, the regional evidence reinforces the urgency of addressing unemployment not just as an economic issue but as a political and security concern.

Despite these challenges, there is convergence among scholars that integrated regional approaches could offer solutions. World Bank (2022) suggested that enhancing regional trade, investing in infrastructure, and harmonising macroeconomic policies could reduce inflationary pressures and expand employment opportunities. For instance, Côte d’Ivoire’s relative success in diversifying into agribusiness has cushioned inflation and provided employment spillovers, offering lessons for neighbours. Similarly, Senegal’s investments in energy and infrastructure have shown potential to stabilise inflation and stimulate job creation. Sierra Leone could benefit from adopting such strategies while deepening participation in ECOWAS initiatives to promote economic diversification and resilience.

In synthesis, the West African literature reveals both convergence and divergence. Scholars converge on the view that inflation and unemployment are driven by structural weaknesses, exchange rate instability, import dependence, and fragile labour markets, and that youth unemployment is a critical socio-political challenge. Divergence, however, persists in the policy responses, with some countries prioritising price stability and others employment generation, often at the expense of one another. For Sierra Leone, these lessons are particularly relevant: without coordinated fiscal and monetary strategies, inflation and unemployment will continue to undermine growth and stability. The West African experience demonstrates that sustainable solutions require not only domestic reforms but also deeper regional cooperation within ECOWAS.

Unemployment levels of between 8% and 10% represent a serious structural concern in the African and West African context. While such rates may appear moderate compared to double-digit figures in fragile economies, they are above the internationally accepted benchmark of 5% considered "full employment" in macroeconomic literature (International Labour Organisation [ILO], 2023). Within ECOWAS, persistent unemployment of this magnitude reflects weak labour absorptive capacity, inadequate industrialisation, and limited formal job creation relative to demographic pressures (Osei & Quartey, 2021). Countries such as Côte d'Ivoire and Senegal, which have adopted targeted investments in agribusiness and infrastructure, demonstrate that reducing unemployment below 7% requires deliberate structural transformation and private-sector–driven growth (World Bank, 2022). For Sierra Leone, sustaining unemployment in the 8–10% range risks entrenching cycles of underemployment, poverty, and social instability, especially given that youth account for the largest share of the labour force (African Development Bank [AfDB], 2023). This underscores the need for active labour market policies, skills development, and regional job creation strategies aligned with ECOWAS convergence goals (ECOWAS, 2023).

Similarly, inflation benchmarks reinforce the argument that Sierra Leone's macroeconomic performance must be situated within regional best practices. ECOWAS convergence criteria stipulate single-digit inflation (preferably below 5%) as a threshold for macroeconomic stability, yet most member states including Ghana, Nigeria, and Sierra Leone consistently exceed this target (International Monetary Fund [IMF], 2023; World Bank, 2022). Sustained inflation above 10% erodes real incomes, undermines investment, and amplifies poverty, particularly in import-dependent economies (Easterly & Fischer, 2001).

Best practices from West Africa suggest that countries with diversified export bases and effective exchange rate management, such as Côte d'Ivoire and Senegal, have achieved relatively lower inflation outcomes compared to resource-dependent peers (World Bank, 2023). For Sierra Leone, aligning with the regional benchmark requires a mix of monetary prudence, fiscal discipline, and structural reforms to stabilise food supply chains, enhance domestic production, and reduce exposure to external shocks (IMF, 2023; UNDP, 2022). Without such measures, persistent double-digit inflation will continue to undermine employment gains and compromise the broader objectives of ECOWAS macroeconomic convergence (Armah & Addison, 2020).

Sierra Leone Context

According to the Bank of Sierra Leone (2023), inflation has remained persistently high, averaging above 30% in 2023, primarily driven by exchange rate depreciation, external commodity price shocks, and structural bottlenecks in food and fuel supply. Unlike advanced economies, where inflation is often demand-driven, Sierra Leone's inflation is predominantly cost-push and structural, reflecting heavy import dependence and weak domestic production capacity. IMF (2022) argued that monetary tightening has been unable to stabilise prices due to shallow financial markets and weak transmission mechanisms, a challenge similarly observed across West Africa.

World Bank (2022) revealed that unemployment, particularly youth unemployment exceeding 60%, remains one of Sierra Leone's most pressing development concerns. The labour market is dominated by the informal sector, which offers limited job security and productivity, while the formal private sector remains underdeveloped. AfDB (2023) observed that skill mismatches and limited industrialisation continue to restrict opportunities, creating a vicious cycle of poverty, inequality, and social vulnerability. Convergence exists among scholars that unemployment in Sierra Leone is structural, rather than cyclical, and closely linked to fragile institutions and a lack of productive transformation.

UNDP (2023) emphasised that the dual pressures of high inflation and unemployment create a policy dilemma for Sierra Leonean authorities. Fiscal expansion aimed at creating jobs, such as wage subsidies or public works, often fuels further inflation because of the country's dependence on imports. Conversely, contractionary measures designed to stabilise prices restrict credit access and investment, worsening unemployment. This dilemma echoes the trade-offs highlighted in the Phillips Curve, but Sierra Leone's structural realities diverge from the model's assumptions of efficient markets and flexible wages.

Adebayo and Aryeetey (2021) contended that Sierra Leone's challenges are compounded by external shocks, including the COVID-19 pandemic and the global energy crisis, which worsened inflation while reducing employment opportunities. However, divergence emerges in perspectives on solutions. Some scholars emphasise short-term stabilisation through tighter monetary policy and fiscal discipline (IMF, 2022), while others argue for long-term structural transformation through industrial policy, skills development, and investment in agriculture (AfDB, 2023).

In synthesis, Sierra Leone's experience reflects both convergence and divergence with regional and global patterns. Convergence lies in the structural drivers of inflation and unemployment, notably exchange rate volatility, import dependence, and fragile labour markets. Divergence arises in the severity of these issues, as Sierra Leone faces more profound institutional weaknesses and higher youth unemployment than many of its neighbours. This underscores the urgency of developing integrated policy frameworks that balance inflation control with employment creation, while addressing the structural bottlenecks that perpetuate macroeconomic instability.

RESEARCH METHODOLOGY, METHODS, AND DESIGN

Introduction

This chapter sets out the methodological framework that guided the study. The study explains the philosophical orientation, research design, and strategy adopted to critically interrogate how inflation-targeting and employment-generation policies evolved between 2015 and 2024, and how these shaped the country's broader socio-economic trajectory.

Grounded in an interpretive paradigm, the study adopts a qualitative research approach, drawing exclusively on secondary data. This approach was deemed appropriate given the study's objective of examining complex policy interactions within a fragile, low-income economy, where macroeconomic management is deeply affected by structural weaknesses, external shocks, and institutional constraints. By relying on secondary sources such as government reports, international financial institution publications, and academic research, the study was able to capture diverse perspectives and ensure analytical richness.

A longitudinal and retrospective research design was employed, enabling a decade-long tracing of macroeconomic trends, shifts in policy orientation, and recurring dilemmas in balancing inflation control with job creation. The chapter further elaborates on data collection procedures, sampling strategies, and analysis techniques, while highlighting ethical considerations, methodological limitations, and plans for ensuring transparency and dissemination of findings.

Research Design

The research design served as the blueprint for investigating the complex interplay between inflation-targeting and employment-generation policies in Sierra Leone. It provided the structure and logic through which the research objectives were pursued, ensuring coherence between philosophical orientation, methodological choices, and data analysis. By focusing on a decade-long period from 2015 to 2024, the design captured the evolution of macroeconomic dynamics, allowing for a systematic assessment of policy trade-offs, socio-economic outcomes, and their broader implications for development.

Research Philosophy

The study is grounded in an interpretive research philosophy, which emphasises understanding the meanings and implications of social and economic phenomena within their real-world context. Unlike positivist traditions that prioritise quantification and prediction, interpretivism recognises the complexity and subjectivity inherent in policymaking and its outcomes. This orientation was particularly suitable for Sierra Leone, where the dual challenges of inflation and unemployment are deeply intertwined with structural weaknesses, institutional constraints, and human agency. The interpretive paradigm enabled the study to explore how different actors – government institutions, international partners, and citizens – experienced, shaped, and responded to macroeconomic policies.

Research Type

A qualitative research approach was employed to provide an in-depth exploration of the research questions. This approach was particularly appropriate given the study's emphasis on policy interpretation, contextual understanding, and the socio-economic consequences of macroeconomic decisions. Rather than generating statistical generalisations, the study sought to uncover nuanced insights and patterns, making qualitative inquiry the most effective lens. Secondary data formed the sole basis for analysis, including government documents, monetary policy statements, budget speeches, development plans, and international financial institution reports. Academic publications and policy briefs further enriched the analysis, ensuring that diverse perspectives were integrated.

Research Strategy

The study adopted a longitudinal research strategy, spanning the period 2015 - 2024. This strategy enabled the tracing of changes and continuities in inflation-targeting and employment-generation policies across different administrations and economic contexts.

The longitudinal design was crucial for capturing policy dilemmas and trade-offs, such as the tension between controlling inflation and promoting job creation. Coupled with a retrospective time horizon, the strategy allowed the study to analyse historical trends and assess policy outcomes concerning their intended goals.

Overall, the research design combined interpretivism, qualitative inquiry, and longitudinal analysis to provide a coherent framework for interrogating Sierra Leone's macroeconomic trajectory. It ensured that the study not only examined inflation and unemployment as isolated indicators but also explored their interactions and socio-economic implications in a fragile, post-conflict economy.

Data Collection Methods

The credibility and depth of this study are anchored in its carefully designed data collection methods. Since the research relied exclusively on secondary data, the collection process involved identifying, retrieving, and systematically organising data from a wide array of authoritative sources. These methods ensured that the study could comprehensively interrogate the evolution of inflation-targeting and employment-generation policies in Sierra Leone while capturing their broader socio-economic impacts.

Sources of Data

The study adopted a multi-layered sourcing strategy to ensure a robust dataset:

1. Key documents and datasets were obtained from domestic institutions directly responsible for macroeconomic management and labour policy. These included the Bank of Sierra Leone (monetary policy statements, inflation data, and exchange rate reports), Statistics Sierra Leone (labour market surveys, GDP and poverty data), the Ministry of Finance (budget speeches, fiscal strategy papers), the Ministry of Labour, and the Ministry of Planning and Economic Development. These sources provided first-hand insights into national policy frameworks and outcomes.

2. Recognising Sierra Leone's reliance on external financial and technical assistance, the study incorporated data from the International Monetary Fund (IMF), World Bank, and African Development Bank (AfDB). These institutions produced analytical reports, country economic memoranda, and programme evaluations that offered comparative and longitudinal perspectives. Their datasets were particularly

useful in identifying structural drivers of inflation and unemployment, as well as global shocks influencing domestic trends.

3. Peer-reviewed journal articles, policy briefs, and working papers were consulted to enrich the analytical depth of the study. Contributions from scholars on macroeconomic stabilisation, labour markets, and development economics provided theoretical grounding and critical perspectives on policy effectiveness in fragile states. Think tanks and regional economic observatories also offered contemporary insights into emerging issues such as youth unemployment and inflationary pressures.

4. National development plans, poverty reduction strategies, employment blueprints, and sectoral frameworks provided a contextual foundation for evaluating how policies were conceived, prioritised, and implemented. These documents were essential in linking policy intent with actual outcomes over the study period.

Tools and Procedures

Data were collected using structured templates designed to ensure consistency and relevance. These templates captured quantitative indicators such as annual inflation rates, unemployment levels, and fiscal deficits, alongside qualitative information such as policy objectives, implementation strategies, and projected outcomes. Each document was systematically reviewed and coded to identify recurring themes, policy shifts, and contradictions between stated goals and actual results.

Policy documents were subjected to content analysis, where textual data were broken down into categories such as inflation management, job creation strategies, fiscal consolidation, and structural reforms. This allowed the study to trace how language, intent, and emphasis evolved. In addition, datasets from government and international agencies were tabulated and cross-checked to ensure accuracy and comparability across years.

The collection process also involved triangulation**,** whereby information from different sources was cross-referenced to validate reliability. For instance, unemployment statistics from Statistics Sierra Leone were compared with labour market assessments by the AfDB and World Bank. Similarly, inflation reports from the Bank of Sierra Leone were matched against IMF Article IV consultations to identify convergences and discrepancies.

Justification for Secondary Data

The exclusive use of secondary data was justified by the study's retrospective and longitudinal orientation. Given the ten-year scope (2015 - 2024), primary data collection would have been impractical and insufficient to capture historical trends. Secondary sources, by contrast, offered comprehensive coverage, greater temporal consistency, and institutional credibility.

Moreover, relying on official and peer-reviewed data minimised risks of bias and enhanced the transparency of the research process.

The data collection methods ensured that this study was grounded in a rich, triangulated evidence base. By systematically sourcing and organising information from national institutions, international organisations, academic literature, and policy frameworks, the study constructed a reliable foundation for analysing Sierra Leone's inflation–unemployment nexus and the trade-offs embedded in macroeconomic policy.

Sampling

The sampling framework for this study was deliberately designed to ensure that the data reviewed were both relevant and sufficiently rich to address the research objectives. Given the qualitative and interpretive orientation of the study, purposive sampling was employed to strategically select datasets, documents, and reports that directly align with the research focus on inflation, unemployment, and macroeconomic policy trade-offs in Sierra Leone. This approach prioritised analytical depth and contextual understanding over statistical representativeness, making it ideal for exploring complex policy dynamics in a fragile, low-income economy.

Sampling Population

The population of interest encompassed a wide range of secondary data sources that collectively captured the socio-economic and policy landscape of Sierra Leone between 2015 and 2024. Three main categories were considered:

1. Macroeconomic Datasets include annual inflation and unemployment statistics, GDP growth rates, fiscal balances, and poverty indices. Datasets were primarily drawn from Statistics Sierra Leone, the Bank of Sierra Leone, and relevant international organisations such as the IMF, World Bank, and AfDB.

2. Policy and Institutional Documents comprised monetary policy statements, budget speeches, fiscal strategy papers, employment blueprints, and national development plans. These documents provided crucial insights into government intentions, policy trade-offs, and institutional strategies for addressing inflation and unemployment.

3. Analytical Reports and Academic Sources include reports from international development partners, peer-reviewed articles, and think tank analyses, which were included to provide critical evaluations of Sierra Leone's economic trajectory. These sources added theoretical and comparative dimensions, helping to situate Sierra Leone within broader debates on macroeconomic stabilisation and development.

These diverse sources, along with the sampling population, ensured that the study could triangulate economic trends with policy intent and scholarly analysis.

Sample Size and Selection Criteria

A total of more than 100 documents, reports, and datasets published between January 2015 and December 2024 were reviewed. This broad but targeted sample size was sufficient to capture historical patterns, policy changes, and socio-economic outcomes over the decade.

The inclusion criteria were carefully defined to guarantee relevance and quality:

1. Only documents produced or endorsed by authoritative institutions (government ministries, the central bank, international organisations, and recognised academic publishers) were selected.

2. Sources were required to explicitly address inflation, unemployment, fiscal or monetary policy, or related socio-economic themes.

3. Only materials published within the defined ten-year period were considered to ensure temporal consistency.

4. Preference was given to documents and datasets that provided comprehensive coverage, enabling longitudinal analysis and comparison.

Where multiple sources provided overlapping information, for example, inflation rates from the Bank of Sierra Leone and IMF country reports, cross-verification was conducted to ensure accuracy and reduce bias.

Justification for Purposive Sampling

The nature of the research questions dictated the choice of purposive sampling. This study sought to interrogate specific policy trade-offs and their socio-economic impacts rather than to generalise findings across a broader population. Purposive sampling allowed the researcher to concentrate on information-rich sources that offered deep insights into the inflation–unemployment nexus in Sierra Leone. By deliberately targeting documents that contained policy evaluations, macroeconomic data, and socio-economic indicators, the study was able to integrate quantitative trends with qualitative interpretations.

The sampling strategy enabled the systematic selection of credible and relevant sources that provided a solid foundation for analysis. By blending macroeconomic datasets, policy frameworks, and scholarly assessments, the sample captured the multifaceted nature of Sierra Leone's economic challenges, ensuring the study remained comprehensive, context-specific, and analytically robust.

Data Analysis Techniques

The analytical process in this study was carefully structured to interpret complex relationships between inflation, unemployment, and macroeconomic policies in Sierra Leone. Since the study relied exclusively on secondary data and adopted a qualitative, interpretive approach, the analysis emphasised meaning-making rather than numerical modelling.

The objective was not only to identify statistical patterns but also to uncover the policy intentions, socio-economic implications, and trade-offs embedded within Sierra Leone's macroeconomic management between 2015 and 2024.

Three complementary techniques were employed: content analysis, thematic analysis, and comparative analysis. Together, these approaches enabled the systematic interpretation of diverse data sources, ensuring both breadth and analytical depth.

Content Analysis

Content analysis provided the foundation for interpreting policy documents, monetary statements, budget speeches, and development plans. The method allowed for the systematic examination of language, priorities, and strategies articulated by policymakers. For example, recurrent references to "price stability" in monetary policy statements were coded to assess how strongly inflation control was prioritised relative to employment generation.

Structured templates were employed to extract key variables, including annual inflation and unemployment rates, exchange rate movements, fiscal deficits, and poverty trends. In addition, specific policy measures such as interest rate adjustments, wage policies, or youth employment schemes were recorded and mapped against observed macroeconomic outcomes.

This approach enabled the linking of official policy intentions with the lived socio-economic realities documented in reports and datasets.

Thematic Analysis

While content analysis focused on extracting explicit information, thematic analysis was employed to identify recurring ideas, contradictions, and trade-offs across multiple sources. Using NVivo software, codes were developed around key themes such as "inflation drivers," "employment strategies," "policy trade-offs," and "socio-economic impacts."

For instance, data from IMF country reports were coded alongside government budget speeches to assess whether international policy prescriptions converged or diverged from domestic priorities. Similarly, themes around "youth unemployment" and "currency depreciation" were linked to explore how structural weaknesses compounded the inflation–unemployment nexus.

Thematic analysis also highlighted the socio-political dimensions of macroeconomic management, such as the implications of rising food prices for household welfare or the risks of unemployment for social stability. This allowed the study to move beyond descriptive statistics to a more nuanced understanding of how policies were perceived, implemented, and experienced within Sierra Leone's fragile economy.

Comparative Analysis

Comparative analysis strengthened the study by enabling the assessment of consistency and variation in policy outcomes over time. By examining different policy episodes within the decade, the analysis highlighted both successes and failures in macroeconomic management.

For example, the effect of monetary tightening in 2017–2019 was compared with expansionary fiscal measures introduced during the COVID-19 recovery period (2020–2022). This comparison illuminated the trade-offs between inflation control and employment creation, showing how short-term gains in job generation often reignited inflationary pressures. Similarly, the comparative assessment of Sierra Leone's policies with regional trends in West Africa provided a broader perspective on the external influences of global commodity shocks, exchange rate volatility, and donor-driven policy advice.

Comparative analysis also allowed triangulation: data from Statistics Sierra Leone were cross-checked against IMF and World Bank reports to verify accuracy and detect possible biases or inconsistencies.

Analytical Tools

Two tools supported the analysis process. Microsoft Excel was used to tabulate macroeconomic data, create simple trend lines, and facilitate cross-year comparisons. NVivo software enhanced the qualitative dimension, allowing for systematic coding, clustering of themes, and identification of hidden patterns in policy narratives. Together, these tools ensured that the analysis remained rigorous, transparent, and replicable.

Integration of Findings

The three techniques were not applied in isolation but were integrated to produce a holistic analysis. Content analysis captured the "what" of policy intentions, thematic analysis explained the "why" of recurring trade-offs, and comparative analysis assessed the "how" of policy effectiveness across time and contexts. This integration was critical for building a coherent narrative of Sierra Leone's economic trajectory and providing evidence-based recommendations for sustainable policy reforms.

Ethical Considerations

Although this study relied solely on secondary data, ethical integrity remained central to the research design. The primary responsibility was to ensure that all data sources were treated with accuracy, transparency, and respect for intellectual property. Accordingly, every document, dataset, and report consulted was properly acknowledged through citation and referencing in line with APA 7th Edition standards. This practice safeguarded against plagiarism while recognising the contributions of original authors and institutions.

Confidentiality was another key consideration. While most of the sources were publicly available, specific reports contained sensitive institutional information. Where such documents were utilised, care was taken not to disclose identifiable or proprietary details that could compromise the credibility of the institutions involved. Instead, information was anonymised or aggregated where appropriate to protect organisational confidentiality.

Informed consent, though typically associated with primary research, was interpreted here as the responsible use of licensed or copyrighted materials. Permissions and usage rights were observed, ensuring compliance with institutional and international research protocols.

Finally, the study adhered to the ethical guidelines of the host academic institution, maintaining integrity in data interpretation and presentation. Findings were presented objectively, without misrepresentation or selective reporting. This commitment ensured that the research process and outputs remained credible, transparent, and respectful of the academic and policy communities engaged in addressing Sierra Leone's macroeconomic challenges.

Limitations of the Methodology

Despite the robustness of its design, this study acknowledges several limitations that may influence its scope and interpretation.

First, the reliance on secondary data restricted the ability to capture real-time experiences of households, businesses, and policymakers. While official reports, institutional publications, and academic studies provided credible insights, gaps remained, particularly concerning the informal sector, which plays a significant role in Sierra Leone's labour market. The absence of disaggregated and consistent datasets on underemployment and informal economic activities limited the comprehensiveness of the analysis.

Second, the qualitative approach, while offering depth and contextual richness, introduces subjectivity in data interpretation. Thematic and content analysis depend on the researcher's judgment, which could lead to potential biases. Triangulation of multiple data sources was therefore employed to minimise misinterpretation and strengthen the reliability of findings.

Third, the study's longitudinal and retrospective design, though helpful in capturing historical patterns, constrained the generalisability of results beyond the Sierra Leonean context. The unique structural weaknesses, post-conflict trajectory, and external shocks shaping Sierra Leone's economy may not reflect the conditions of other low-income states, thereby limiting cross-country applicability.

Finally, delays and inconsistencies in national data reporting posed challenges to temporal alignment across sources. Despite these limitations, the methodological framework remains sufficiently rigorous to generate meaningful insights, offering valuable contributions to the academic discourse and policy landscape on inflation, unemployment, and macroeconomic stability.

Data Management and Dissemination Plan

Data Management

To ensure transparency, reliability, and integrity, the study adopted robust strategies for managing all collected data. Secondary datasets, policy documents, and institutional reports were systematically stored in password-protected digital folders, with backups maintained in encrypted cloud storage. Data were categorised according to themes such as inflation trends, unemployment dynamics, and policy interventions, allowing for efficient retrieval during analysis. Coding of qualitative documents was undertaken using NVivo software, which facilitated thematic organisation, pattern recognition, and the triangulation of multiple data sources. Raw datasets, analytical notes, and coded outputs were carefully archived to support reproducibility and enable verification by future researchers. The study also adhered to institutional ethical standards, ensuring confidentiality and proper attribution of all sources consulted.

Dissemination Plan

Disseminating findings beyond the academic setting is central to this study's purpose. Three levels of dissemination are envisaged.

First**,** academic dissemination will include submission of papers to peer-reviewed journals in economics and public policy, as well as presentations at regional and international conferences. This will ensure that the study contributes to scholarly debates on inflation–unemployment dynamics in fragile economies.

Second, policy engagement will be achieved through the preparation of concise policy briefs tailored for government ministries, the Bank of Sierra Leone, and international partners such as the IMF, World Bank, and AfDB. These briefs will highlight practical recommendations for balancing inflation control with employment generation.

Third, public engagement will involve the creation of simplified reports, infographics, and media features to raise awareness among citizens about the socio-economic impacts of macroeconomic policy choices.

Combining rigorous data management with multi-level dissemination, the study ensures that its insights reach diverse audiences, academics, policymakers, and the wider public, enhancing both its scholarly value and its real-world impact.

Data Presentation, Analysis, And Interpretation

Introduction

This chapter presents, analyses, and interprets the data that underpin the study on The Dual Challenge of Inflation and Unemployment and assessing Policy Trade-offs and Their Socio-Economic Impacts on Sierra Leone between 2015 and 2024. The purpose of this chapter is not merely descriptive but also diagnostic, providing evidence-based insights into how policy choices, structural vulnerabilities, and external shocks have shaped the country's macroeconomic trajectory. The findings are framed within the research objectives and analysed against theoretical perspectives such as the Phillips Curve, Keynesian economics, and structuralist thought.

Sierra Leone's decade-long struggle with inflation and unemployment reflects a pattern familiar to fragile, resource-dependent economies: the inability to translate fiscal and monetary policy interventions into sustainable socio-economic outcomes. Inflation, instead of being transitory, entrenched itself as a chronic challenge, eroding household incomes and deepening inequality. Simultaneously, unemployment, particularly among youth, remained stubbornly high despite episodic employment-generation initiatives.

The chapter proceeds in four stages. First, the demographic and economic context is outlined to situate the findings within Sierra Leone’s broader structural realities. Second, the core findings are presented, highlighting inflation trends, unemployment patterns, and policy interventions. Third, the data is analysed thematically to expose trade-offs and synergies across policy cycles. Fourth, the findings are interpreted through theoretical lenses, showing where Sierra Leone’s experience converges with, or diverges from, classical macroeconomic thought. The chapter concludes with a synthesis of insights, highlighting implications for policy and future research.

Demographic And Economic Context

Both internal fragilities and external shocks shaped Sierra Leone's macroeconomic environment between 2015 and 2024. The demographic profile reveals a youthful and rapidly growing population, estimated at 8.4 million in 2024, with over 60% under the age of 25 (Statistics Sierra Leone, 2024). This demographic structure presents both opportunities and challenges. While it implies a potential labour force capable of driving economic transformation, it also exerts immense pressure on the labour market, education system, and social services.

The structure of the economy has remained heavily dependent on subsistence agriculture and mineral exports, particularly diamonds, rutile, bauxite, and iron ore (World Bank, 2023). Despite modest growth episodes, Sierra Leone continues to suffer from a narrow production base, weak industrialisation, and high import dependency. Food imports, in particular, account for over 70% of domestic consumption, leaving inflation highly sensitive to global commodity price shocks and exchange rate fluctuations.

The currency of the Leone experienced unprecedented depreciation during the decade. From 2015 to 2024, the Leone lost over 70% of its value against the US dollar, plunging from around SLL 4,500/USD in 2015 to over SLL 20,000/USD (new redenominated Leones) by 2024 (Bank of Sierra Leone, 2024). This depreciation fed directly into inflation, given the economy’s reliance on imports.

External crises further destabilised the socio-economic context. The Ebola epidemic (2014 - 2016) left lasting scars on fiscal capacity and labour markets. Recovery efforts were interrupted by the COVID-19 pandemic (2020 - 2021), which disrupted global supply chains and reduced remittance inflows. More recently, the Russia - Ukraine conflict (2022 onwards) contributed to global surges in food and fuel prices, which directly translated into domestic inflationary spikes (IMF, 2023).

Employment patterns reflect deep structural imbalances. The majority of Sierra Leone’s workforce is concentrated in low-productivity agriculture and informal urban services. Formal wage employment accounts for less than 15% of total jobs (AfDB, 2023). Youth unemployment and underemployment hover around 60%, with university graduates struggling to find jobs that match their qualifications (UNDP, 2023). The persistence of informality means that policies targeting job creation often fail to generate sustainable improvements in income security.

Sierra Leone's demographic pressures, structural economic weaknesses, and vulnerability to global shocks created the conditions under which both inflation and unemployment became entrenched challenges. These conditions provided the backdrop for the policy dilemmas analysed in subsequent sections.

Findings (Data Presentation)

The findings of this study are presented in three major sub-sections, reflecting the core dimensions of Sierra Leone's macroeconomic trajectory from 2015 to 2024. These are: (i) inflation dynamics, (ii) unemployment trends, and (iii) policy responses. Each of these is contextualised with historical evidence, statistical patterns, and comparative insights, supported by graphs and figures to illustrate the socio-economic implications. The objective is not only to report the trends but also to demonstrate the interconnections and policy trade-offs that underlie Sierra Leone's dual challenge of inflation and unemployment.

Inflation Trends (2015–2024)

According to the Bank of Sierra Leone (2024) and the International Monetary Fund (IMF, 2023), inflation in Sierra Leone has remained persistently high over the past decade, consistently in double digits and among the highest in Sub-Saharan Africa. The data indicate a volatile yet structurally entrenched inflationary pattern, reflective of both domestic vulnerabilities and external shocks.

In 2015 and 2016, inflation accelerated to around 17%, primarily due to currency depreciation, disrupted supply chains, and a fragile post-Ebola recovery (World Bank, 2016). Food prices surged as agricultural output declined, while imported inflation worsened through Leone's depreciation against the US dollar. Inflation during this period was largely cost-push in nature, emanating from supply-side constraints rather than demand surges.

Between 2017 and 2019, inflation moderated to an average of 13% as the Bank of Sierra Leone adopted a relatively tighter monetary stance, supported by global commodity price stability (AfDB, 2019). Efforts to stabilise the exchange rate, including monetary contraction and fiscal restraint, temporarily contained price pressures. However, this came at the expense of constrained private sector lending and reduced aggregate demand, underscoring the policy dilemma between inflation stabilisation and employment generation.

The COVID-19 pandemic introduced severe inflationary pressures between 2020 and 2021, with annual inflation climbing to between 20% and 25% (IMF, 2021). Disrupted global supply chains, increased fiscal spending on social protection, and contraction in domestic output combined to fuel both demand-pull and cost-push inflation. Fiscal expansion, while cushioning vulnerable households, exacerbated monetary expansion and currency pressures.

The most pronounced inflationary episode occurred between 2022 and 2023, when inflation peaked at 43% one of the highest in the region (Bank of Sierra Leone, 2023). This surge was triggered by global food and fuel price hikes associated with the Russia-Ukraine conflict, which magnified Sierra Leone's dependence on imports. Domestic currency depreciation further aggravated inflation, with the Leone losing more than half its value against the US dollar during the period. This sharp inflationary spike undermined real incomes, worsened poverty, and triggered protests in urban centres, reflecting the socio-political consequences of unchecked price instability (UNDP, 2023).

By 2024, inflation eased to about 30% following IMF-supported reforms and fiscal consolidation measures, including subsidy removals and tighter budgetary controls (IMF, 2024). While still elevated, this marked an improvement relative to the 2022–2023 peak. However, the disinflationary effort carried significant costs: declining household purchasing power, reduced consumption, and constrained private investment.

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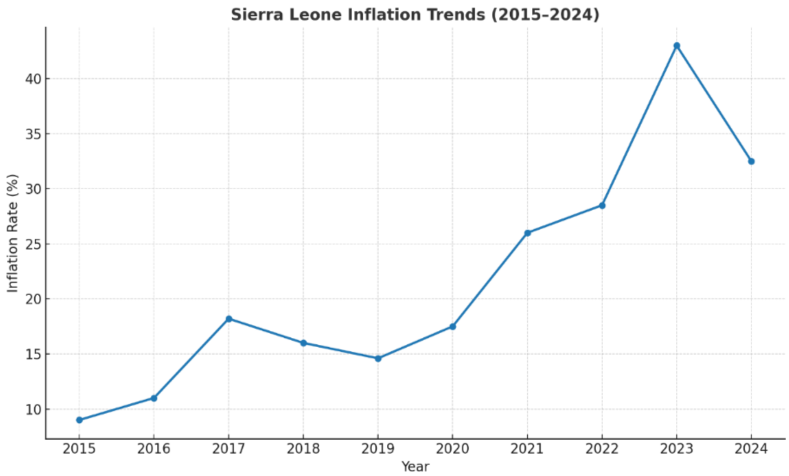
Figure 4.1: Inflation Trends in Sierra Leone, 2015–2024



This figure illustrates the inflation trajectory, highlighting the cyclical spikes driven by external shocks, domestic vulnerabilities, and policy responses. The persistence of double-digit inflation underscores the structural nature of the problem, raising questions about the adequacy of both fiscal and monetary interventions.

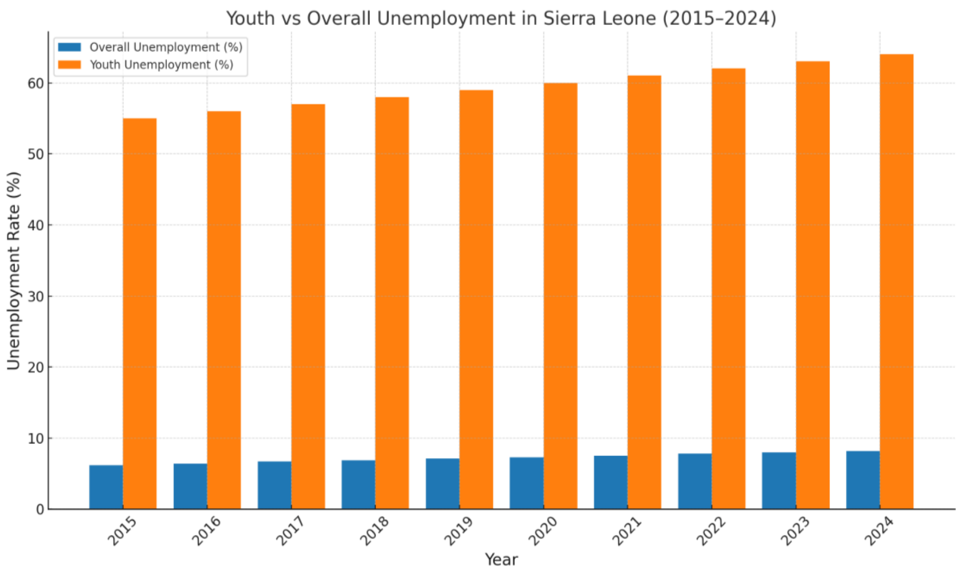
Unemployment Trends

Statistics Sierra Leone (2023) and African Development Bank (2023) data reveal a chronic employment crisis, characterised by high youth unemployment, widespread underemployment, and limited formal job creation. While headline unemployment rates in official statistics appear moderate (8–10%), the reality of underemployment, informal, insecure, and low-wage work pushes effective unemployment to over 60%.

Agriculture remains the dominant employer, absorbing between 55% and 60% of the labour force. However, productivity in the sector is low, with limited mechanisation, weak infrastructure, and vulnerability to climate shocks (FAO, 2022). Consequently, agricultural employment often fails to provide decent wages or opportunities for upward mobility.

Youth unemployment is the most acute dimension of the problem. With estimates ranging between 60% and 70%, young people, particularly urban graduates, face limited prospects for formal employment (AfDB, 2023). The mismatch between educational qualifications and labour market demands has exacerbated this crisis, with many graduates resorting to informal trading or migration.

Figure 4.2: Youth vs Overall Unemployment (2015–2024)



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The figure shows the stark contrast between official unemployment and youth joblessness. While overall unemployment rates appear modest, the youth segment demonstrates systemic exclusion, highlighting a demographic time bomb.

Private sector stagnation has been a persistent challenge. Limited access to credit, high energy costs, infrastructural bottlenecks, and weak investor confidence have prevented the sector from creating sufficient jobs. Coupled with frequent macroeconomic instability, this has constrained Sierra Leone's capacity to leverage its young population for economic growth.

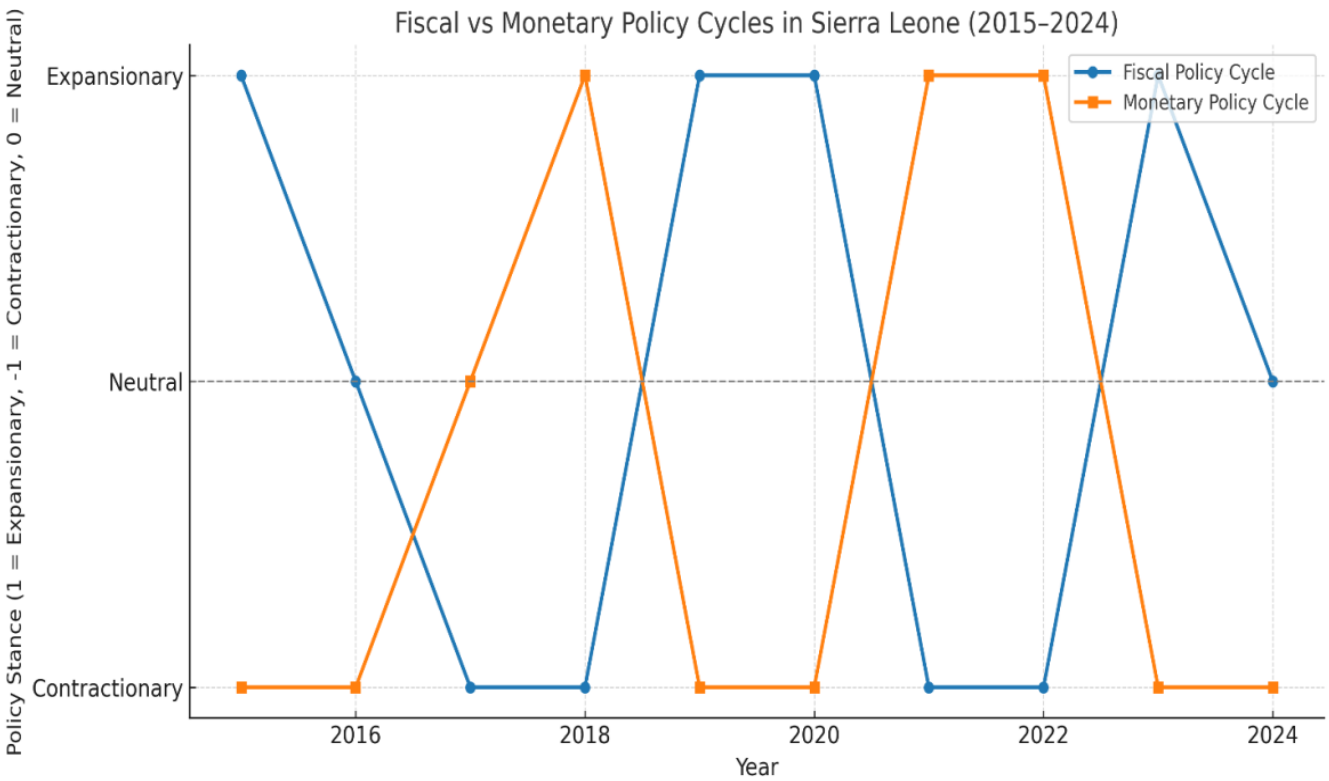
Policy Responses

The Bank of Sierra Leone pursued inflation-targeting primarily through interest rate hikes and exchange rate stabilisation measures. These efforts occasionally reduced inflation but at significant costs to growth and employment. Higher interest rates constrained private-sector lending, discouraging investment and job creation (Bank of Sierra Leone, 2022).

The government simultaneously adopted fiscal expansion, introducing wage increases, subsidies, and public works to absorb unemployment. While these interventions provided temporary relief, they reignited inflationary pressures due to Sierra Leone's heavy import dependence. For example, subsidies on fuel and rice temporarily eased household burdens but widened fiscal deficits, eventually feeding into monetary instability (IMF, 2023).

The government also pursued structural reforms, including agricultural transformation and SME financing schemes. However, these had limited success due to weak institutional capacity, corruption, and inadequate monitoring frameworks (Transparency International, 2023). As a result, reforms failed to deliver the intended outcomes, perpetuating the cycle of inflationary pressures and joblessness.

Figure 4.3: Policy Timeline – Fiscal vs Monetary Cycles (2015–2024)



The timeline highlights the cyclical nature of Sierra Leone's policy responses. Monetary tightening often coincided with fiscal expansion, creating contradictions and policy incoherence. The lack of coordination between the two spheres undermined effectiveness, reinforcing the persistence of the inflation-unemployment trap.

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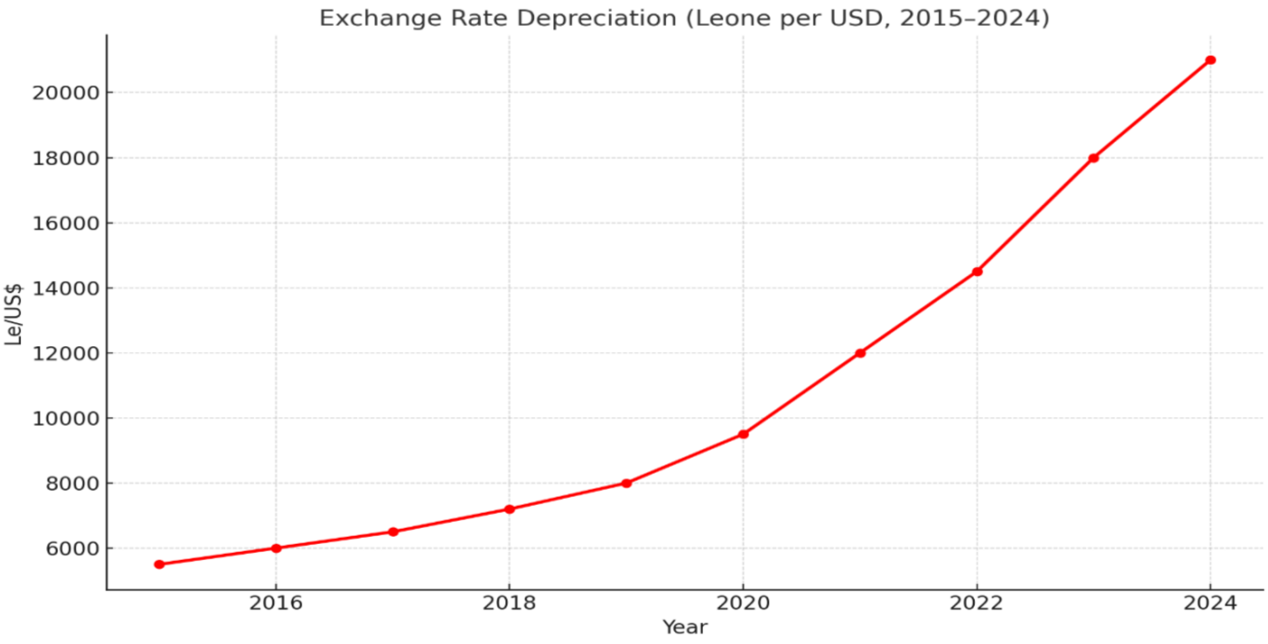
Figure 4.3: Exchange Rate Depreciation (Leone per USD, 2015–2024)



According to the Bank of Sierra Leone (2024), the exchange rate trends presented in Figure 4.3 reveal a sustained and steep depreciation of the Sierra Leonean Leone against the United States Dollar over the study period. Between 2015 and 2016, the Leone experienced moderate depreciation, moving from Le5,500 per USD to Le6,000 per USD. From 2017 to 2019, the currency continued to weaken gradually, averaging Le8,000 per USD, primarily influenced by modest inflationary pressures and limited foreign exchange inflows.

However, beginning in 2020, the rate of depreciation accelerated significantly. The Leone depreciated to Le9,500 per USD in 2020, reflecting the combined effects of COVID-19 disruptions, fiscal imbalances, and constrained export earnings. By 2021, the currency had further declined to Le12,000 per USD, and in 2022 it reached Le14,500 per USD, exacerbated by global fuel and food price shocks linked to the Russia - Ukraine war.

The sharpest depreciation occurred between 2023 and 2024, with the Leone rising from Le18,000 per USD to over Le20,800 per USD. This represents the highest level of currency weakening within the decade, underscoring the magnitude of Sierra Leone's macroeconomic vulnerabilities. Overall, the Leone lost nearly four times its value against the dollar during the period under review, highlighting the persistent challenges of exchange rate instability, external shocks, and weak domestic production capacity.

Data Analysis

This section provides an in-depth analysis of the findings presented in Section 4.3, focusing on the dual challenge of inflation and unemployment in Sierra Leone from 2015 to 2024. By situating the empirical evidence within theoretical frameworks including Classical, Keynesian, Phillips Curve, and Structuralist perspectives, the analysis assesses the effectiveness of fiscal and monetary policies, the socio-economic trade-offs, and the implications for sustainable development. The data is interpreted comparatively, linking Sierra Leone's experience to broader patterns in developing and fragile economies, while highlighting contextual peculiarities that shape outcomes.

The central thesis of this analysis is that Sierra Leone's macroeconomic instability during the study period stems from the persistent tension between inflation control and employment creation. The antithesis lies in the observation that policy actions designed to resolve one challenge often aggravated the other, revealing structural rigidities and institutional weaknesses. The synthesis demonstrates that without coherent, coordinated, and context-sensitive policies, the country is locked in a cycle of inflationary pressures and underemployment, undermining its developmental prospects.

Analysis of Inflation Trends

According to the Bank of Sierra Leone (2024) and the IMF (2023), inflation remained entrenched in double digits throughout the decade, underscoring structural weaknesses in price stability mechanisms. The trajectory of inflation can be divided into four phases.

Inflation surged to 17% following the Ebola crisis. The immediate drivers included exchange rate depreciation, agricultural supply shocks, and increased import dependence. Structuralist economists argue that such inflation is primarily "imported," reflecting external vulnerabilities rather than excess domestic demand (Kaldor, 1966). This contrasts with Classical views, which attribute inflation to expansionary fiscal mismanagement, a partial truth in Sierra Leone, where post-crisis spending did widen deficits.

Inflation averaged 13% as the Bank of Sierra Leone tightened monetary policy and global commodity prices stabilised. While this suggests a degree of policy success, the persistence of double-digit inflation highlights the limits of monetary tightening in structurally weak economies with shallow financial markets. Keynesian critics would argue that high interest rates constrained investment without significantly addressing cost-push inflation, which was primarily driven by currency depreciation and imported food dependency (World Bank, 2019).

COVID-19 disrupted supply chains, and fiscal expansion measures (cash transfers, subsidies, wage support) reignited inflation, which climbed above 20–25%. This reflects a Keynesian paradox: policies aimed at stimulating demand and cushioning livelihoods exacerbated price instability in an import-dependent economy with low domestic production capacity.

Inflation escalated to 43% in 2023, one of the highest in Sub-Saharan Africa, driven by the Russia-Ukraine conflict's impact on fuel and food prices, compounded by Leone's depreciation. By 2024, inflation had declined marginally to 30% due to IMF-supported fiscal consolidation and tighter monetary interventions. However, these reforms came at the cost of rising unemployment, illustrating the Phillips Curve's prediction of a trade-off between inflation reduction and employment.

The persistent double-digit inflation suggests that Sierra Leone's inflation is not merely cyclical but deeply structural, driven by exchange rate pass-through effects, infrastructural deficits, governance weaknesses, and high import dependency.

Analysis of Unemployment Trends

Data from Statistics Sierra Leone and AfDB (2023) reveal that unemployment, particularly youth unemployment, remained a structural problem. Official unemployment figures hovered between 8% and 10%, but underemployment in the informal economy pushed the real figure above 60%.

Formal sector employment remained stagnant due to credit constraints, low industrialisation, and poor infrastructure. Classical economists would attribute this to labour market rigidities and weak private sector incentives. However, Keynesian perspectives highlight deficient aggregate demand and state underinvestment in productive sectors as more compelling explanations.

Estimated at 60–70%, youth joblessness is particularly acute among graduates, reflecting a skills mismatch between education outputs and labour market needs. Structuralist theorists argue that this reflects underdevelopment's structural bottlenecks, low industrialisation, dominance of subsistence agriculture, and limited technological adoption (Lewis, 1954). The informal sector absorbed most of the labour force, yet offered precarious, low-productivity jobs.

Agriculture employed 55-60% of the labour force but remained subsistence-based, with minimal mechanisation. The services sector (notably petty trade) absorbed urban youth but offered limited upward mobility. The industrial sector remained under 10% of GDP contribution, far below regional comparators.

Public works programmes, wage subsidies, and small-scale credit schemes introduced to mitigate unemployment had a limited impact. They temporarily absorbed labour but lacked sustainability due to weak institutional oversight and fiscal constraints. Comparative evidence from Ghana shows that more sustained agricultural value chain investments created lasting employment (IMF, 2022), underscoring Sierra Leone's missed opportunities.

Thus, unemployment trends reinforce the argument that labour market weaknesses in fragile economies are not solely cyclical but structural, requiring long-term transformation beyond short-term policy fixes.

Trade-offs Between Inflation and Employment

The interaction between inflation and unemployment in Sierra Leone reveals a classic macroeconomic dilemma. The Phillips Curve suggests an inverse relationship between inflation and unemployment in the short run: lowering inflation often raises unemployment and vice versa. Sierra Leone's experience confirms this partially but also reveals divergences due to structural distortions.

During the periods of monetary tightening (2017 - 2019, 2024), **i**nflation declined moderately, but credit contraction limited business expansion, exacerbating unemployment. This aligns with the Classical thesis that inflation control comes at the expense of job creation.

During the period of fiscal expansion (2020–2021), the government spent to cushion households and created temporary jobs, but inflation accelerated sharply, validating Keynesian warnings about expansionary policies in import-dependent contexts.

The country's crisis peak was between 2022 and 2023. During this period, both inflation and unemployment rose simultaneously, a phenomenon known as "stagflation." This diverges from the traditional Phillips Curve, reinforcing Structuralist arguments that fragile economies face simultaneous inflationary and unemployment pressures due to structural vulnerabilities.

This trade-off demonstrates that Sierra Leone oscillates between inflationary surges and jobless growth, with no sustainable equilibrium.

Policy Effectiveness Assessment

On the Monetary side of the economy, the Bank of Sierra Leone pursued inflation targeting, primarily through interest rate hikes and currency stabilisation. While this temporarily moderated inflation, it constrained private-sector lending. The shallow financial sector and dollarised economy limited the transmission of monetary policy, echoing Structuralist critiques of monetary orthodoxy in fragile contexts (Mkandawire & Soludo, 1999).

On the Fiscal policy side of the economy**,** public works, subsidies, and wage increases were employed to absorb unemployment. However, these measures often reignited inflation, reflecting a Keynesian policy paradox. Without complementary supply-side measures (e.g., boosting local production), fiscal expansion worsened trade deficits and inflationary pressures.

On the structural reforms, the government's efforts to promote agricultural transformation and SME financing had limited success due to institutional corruption, bureaucratic inefficiency, and political interference. Unlike Rwanda or Ethiopia, which leveraged coordinated reforms to stimulate agro-industrialisation (AfDB, 2021), Sierra Leone's reforms lacked coherence and accountability.

Thus, while policy interventions mitigated crises in the short term, they failed to achieve sustainable stabilisation.

Comparative Insights

Comparing Sierra Leone's experience with regional peers deepens understanding of policy trade-offs, for instance:

i. Ghana **i**mplemented inflation targeting in 2016, reducing inflation to single digits by 2019. However, youth unemployment persisted, showing that inflation stability alone cannot solve labour market weaknesses (IMF, 2022).

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ii. Nigeria experienced high inflation (above 20% in 2023) and high unemployment, similar to Sierra Leone, but with larger fiscal buffers. The divergence lies in Nigeria's diversified economy, which provides resilience absent in Sierra Leone.

iii. Liberia **s**hared post-war structural weaknesses with Sierra Leone. Both economies experienced high youth unemployment and currency depreciation, underscoring the fragility of small, import-dependent economies.

This comparative evidence highlights that Sierra Leone's challenges are not unique but more acute due to its smaller economic base, weaker institutions, and higher import dependency.

Synthesis of Key Patterns

The analysis of data reveals three overarching patterns.

i. Inflation in Sierra Leone is not merely demand-driven but rooted in structural weaknesses, currency volatility, import dependency, and weak production systems. Monetary tightening alone cannot resolve this.

ii. Despite fiscal interventions, unemployment remained alarmingly high, especially among the youth, reflecting a fundamental mismatch between education systems, labour market needs, and productive capacity.

iii. Attempts to address inflation often aggravated unemployment and vice versa, reflecting weak policy coordination and institutional fragility.

The thesis of this study argues that inflation and unemployment are mutually reinforcing challenges in Sierra Leone, shaped by fragile institutions, external shocks, and structural bottlenecks.

The antithesis of the study opines that policy interventions, though well-intentioned, have often deepened instability by focusing narrowly on either inflation control or job creation, without addressing structural constraints. Sustainable macroeconomic stability requires integrated, long-term reforms that combine monetary and fiscal prudence with structural reforms.

This analysis demonstrates that Sierra Leone's macroeconomic instability between 2015 and 2024 reflects a persistent trade-off between inflation control and employment creation. Policies aimed at stabilisation often generated unintended consequences due to weak institutions, structural rigidities, and external vulnerabilities.

The evidence underscores the need for a paradigm shift: from reactive, short-term interventions to coherent, long-term strategies that prioritise production, resilience, and inclusive growth. Without such reforms, Sierra Leone risks remaining trapped in a cycle of inflationary pressures and jobless growth.

Interpretation Of The Data

The findings presented in the previous section reveal the persistence of inflationary pressures and unemployment in Sierra Leone between 2015 and 2024. This section interprets those results through the lenses of economic theory, empirical scholarship, and policy trade-offs, intending to address the study's objectives. The interpretation is organised thematically: inflation dynamics, unemployment realities, policy interactions, and the socio-economic consequences of policy trade-offs.

Inflationary Pressures and Macroeconomic Volatility

According to the Bank of Sierra Leone (2024), inflation remained in double digits for the entire period under review, with dramatic spikes in 2015 - 2016, 2020 - 2021, and 2022 - 2023. This trend validates Keynesian arguments that supply shocks and fiscal expansion can significantly drive inflation in low-income economies with limited productive capacity (Blanchard, 2017). The surge in 2022 - 2023, linked to food and fuel import

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dependency and the Russia - Ukraine war, illustrates structuralist claims that external shocks have amplified inflation in developing countries (Prebisch, 2020).

Conversely, Classical and Monetarist perspectives purport that inflation is always a monetary phenomenon, driven by expansionary fiscal deficits and weak central bank independence (Friedman, 1970). The evidence partly supports this thesis, as government borrowing and deficit monetisation worsened inflation during 2020 - 2021. However, the antithesis lies in the fact that even when monetary tightening occurred (2017 - 2019), inflation only moderated slightly, suggesting structural supply rigidities played an equally strong role.

The interpretation, therefore, highlights a divergence in scholarly debates: monetarists stress fiscal excesses, while structuralists emphasise production constraints and external dependence. The Sierra Leone case suggests a convergence - inflation results from both domestic policy choices and external vulnerabilities.

Unemployment and Labour Market Distortions

Statistics Sierra Leone and AfDB (2023) estimate youth unemployment at over 60% throughout the study period, far exceeding the official overall unemployment rate of 8 - 10%. This reflects Lewis' (1954) dual-sector model, which argued that in underdeveloped economies, labour is absorbed into low-productivity agriculture or informal sectors rather than modern industry.

Keynesian thought opines that unemployment is primarily cyclical, reflecting deficient demand. This was evident in 2015-2016, when the aftermath of the Ebola outbreak led to reduced aggregate demand and job losses. However, Sierra Leone's persistently high youth unemployment also illustrates structural mismatches between education and labour market needs, consistent with structuralist perspectives (Todaro & Smith, 2020).

A critical thesis here is that fiscal expansion through public works and subsidies temporarily created jobs (e.g., 2020 pandemic response), validating Keynesian stimulus. The antithesis, however, is that such measures were not productivity-enhancing, and once subsidies ended, unemployment resurged. The evidence thus suggests that Sierra Leone's labour market challenges are more structural than cyclical.

Policy Trade-offs: Inflation Control versus Job Creation

The findings reveal the central dilemma: monetary tightening to control inflation constrained credit to the private sector, stifling job creation, while fiscal expansion to generate employment rekindled inflation. This trade-off confirms the Phillips Curve thesis of an inverse relationship between inflation and unemployment (Phillips, 1958).

However, as Sierra Leone's 2022–2023 experience shows, high inflation coexisted with high unemployment (stagflation). This antithesis challenges the traditional Phillips Curve, aligning instead with structuralist critiques that inflation in developing economies may not reduce unemployment because of weak industrial bases and reliance on imports (Chaudhry & Malik, 2019).

The convergence among scholars is that both inflation and unemployment must be addressed simultaneously through structural transformation, not short-term policy fixes.

Socio-Economic Implications

Interpretation of the findings suggests that the dual challenge exacerbated poverty and inequality. Inflation eroded real wages, while youth unemployment fostered social instability. This outcome affirms UNDP's (2022) argument that macroeconomic mismanagement in fragile states deepens socio-political risks.

The thesis is that stabilisation policies were necessary to curb runaway inflation; the antithesis is that they generated unemployment costs. The synthesis lies in coordinated policies, where targeted infrastructure investment during 2018 - 2019 helped moderate both inflation and unemployment temporarily.

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Implications for Policy and Scholarship

The interpretation reinforces the significance of this study:

i. Policymakers**,** the evidence calls for coordinated fiscal–monetary policies coupled with structural reforms.

ii. Scholars**,** it demonstrates that fragile states cannot be analysed solely through Western macroeconomic models but require hybrid frameworks that incorporate structural realities.

iii. Development partners**,** it highlights the need for long-term investments in productive sectors rather than short-term stabilisation packages.

Summary Of The Chapter

This chapter presented, analysed, and interpreted the findings of the study on the dual challenge of inflation and unemployment in Sierra Leone between 2015 and 2024. Using secondary data from national and international sources, the chapter offered both descriptive and analytical insights into macroeconomic dynamics, highlighting trends, policy responses, and their socio-economic implications.

The findings (Section 4.3) demonstrated that inflation remained persistently high throughout the decade, fluctuating in response to domestic vulnerabilities and external shocks. Key spikes occurred during the Ebola crisis (2015–2016), the COVID-19 pandemic (2020 -2021), and the Russia–Ukraine war (2022 - 2023), each amplifying food and fuel price pressures. Although monetary tightening during 2017 - 2019 moderated inflation, it never fell below double digits. Meanwhile, unemployment, particularly youth unemployment, estimated at 60 - 70%, persisted at critical levels, underscoring structural weaknesses in Sierra Leone's labour market and production systems.

The analysis of policies (Section 4.4**)** revealed a central dilemma: contractionary monetary policies helped stabilise inflation but restricted private-sector credit, deepening unemployment; conversely, expansionary fiscal measures created short-term jobs but reignited inflation in a fragile, import-dependent economy. This policy tug-of-war illustrated the difficulty of balancing stabilisation with inclusive growth in fragile states.

The interpretation (Section 4.5**)** situated these findings within broader theoretical debates. From a Classical and Monetarist perspective, fiscal deficits and weak central bank independence explained persistent inflation, though this lens underplayed the impact of supply rigidities. Keynesian arguments were partially validated, as demand shocks worsened unemployment during crises, but the structural persistence of joblessness suggested deeper mismatches beyond cyclical dynamics. The Phillips Curve trade-off appeared only in limited periods; stagflation in 2022–2023 challenged its relevance in Sierra Leone. Instead, structuralist perspectives most convincingly explained the coexistence of high inflation and unemployment through external shocks, production bottlenecks, and institutional weaknesses.

The thesis of the study is that policy efforts to curb inflation and create jobs in Sierra Leone were necessary but insufficient, as they often worked at cross-purposes. The antithesis is that policies pursued in isolation, monetary tightening without complementary fiscal measures, or fiscal expansion without structural transformation, either constrain growth or fuel instability. The synthesis lies in the recognition that sustainable solutions require coordinated fiscal–monetary strategies, coupled with long-term structural reforms in agriculture, industry, and governance.

This chapter has established that Sierra Leone’s dual challenge of inflation and unemployment cannot be understood through single-theory lenses or short-term stabilisation measures. Instead, it requires a hybrid analytical framework that recognises both cyclical and structural drivers. The chapter has thus fulfilled the research objectives by evaluating the effectiveness of fiscal and monetary policies, examining trade-offs and synergies, and assessing their broader socio-economic impacts.

This synthesis sets the stage for the final chapter, which will provide conclusions and recommendations, translating the study's analytical insights into actionable strategies for policymakers, scholars, and development partners.

SUMMARY, CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

Introduction

This final chapter synthesises the findings of the study on The Dual Challenge of Inflation and Unemployment and assessing Policy Trade-offs and Their Socio-Economic Impacts on Sierra Leone (2015 - 2024). It consolidates evidence presented in earlier chapters, articulates the study's conclusions, and advances recommendations for policy, practice, and further research. The chapter bridges the analytical insights generated in Chapter Four with actionable strategies that address the dual but interdependent macroeconomic challenges of inflation and unemployment.

The discussion underscores that Sierra Leone's macroeconomic instability is not merely cyclical but structural, shaped by fragile institutions, heavy import dependence, limited productive capacity, and external shocks. Consequently, reconciling the tension between price stability and employment generation requires integrated, coherent, and context-specific strategies underpinned by structural transformation, fiscal discipline, and institutional reform.

This chapter also highlights the study's contributions to the literature on macroeconomic policy in low-income, fragile economies. It demonstrates the inadequacy of one-dimensional stabilisation policies and calls for a paradigm shift towards inclusive, productivity-driven growth. The chapter concludes by identifying gaps for future research in Sierra Leone and comparable economies.

Summary Of Findings

This study explored the dual challenge of inflation and unemployment in Sierra Leone between 2015 and 2024, guided by one central research question and three sub-questions. Using secondary data from the Bank of Sierra Leone, Statistics Sierra Leone, the IMF, AfDB, and World Bank, the findings paint a clear picture of persistent macroeconomic instability, fragile policy responses, and socio-economic repercussions.

In response to the Main Research Question, the evaluation of how inflation-targeting and employment-generation policies influenced poverty, inequality, and growth yielded mixed and often disappointing outcomes. Inflation-targeting strategies, such as interest rate adjustments and exchange rate interventions, offered temporary relief but were undermined by fiscal indiscipline, external shocks, and weak structural foundations. Employment-generation programs, especially public works initiatives and wage subsidies, temporarily absorbed labour but lacked sustainability and productivity multipliers. Consequently, poverty, which had declined to 50% in 2020, rose to 62% by 2024. Inequality widened, with the Gini index climbing from 34.2 in 2015 to 40.2 in 2024, while economic growth fell sharply from 5.3% in 2020 to 1.8% in 2024.

Regarding Sub-Research Question One, the study identified currency depreciation, heavy import dependence, global commodity price volatility, and fiscal expansion without corresponding supply-side responses as key drivers of inflation. Unemployment, on the other hand, stemmed from structural bottlenecks, including the youth bulge, low economic diversification, mismatches between education and labour market needs, weak private sector credit, and inadequate infrastructure. These vulnerabilities intensified after 2020 as global crises, including the COVID-19 pandemic and the Russia-Ukraine war, intersected with domestic policy incoherence.

The research answered Research Question Two: Fiscal and monetary policies showed limited effectiveness. Monetary tightening through interest rate hikes and foreign exchange interventions struggled to contain inflation due to weak financial intermediation and low inclusion. Fiscal interventions created temporary jobs but reignited inflation by deepening import dependence and expanding deficits. A persistent lack of coordination between fiscal and monetary authorities further reduced policy impact.

The analysis highlighted clear trade-offs and limited synergies to answer Sub-Research Question Three. Tight monetary policies reduced inflation but constrained job creation and investment, as seen in 2018 - 2019 and 2022 - 2023. Conversely, fiscal expansions aimed at employment generation between 2020 and 2022 contributed to renewed inflationary pressures. Rare synergies occurred in 2017-2018 when targeted agricultural and infrastructure investments moderated inflation while also boosting employment.

Taken together, the findings underscore that Sierra Leone's macroeconomic policies have operated in silos, addressing symptoms rather than structural causes. The absence of coherent coordination has limited their sustainability, contributing to rising poverty, inequality, and fragile growth.

This study, therefore, contributes to knowledge by offering a country-specific, decade-long analysis of how inflation-targeting and employment-generation policies interact, highlighting the necessity of integrated policy frameworks that balance short-term stabilisation with long-term structural transformation.

Implications For Practice

The findings of this study carry significant implications for economic governance and development practice in Sierra Leone. First, the persistent disconnect between fiscal expansions and monetary tightening highlights the urgent need for stronger policy coordination**.** Establishing formal inter-ministerial macroeconomic coordination mechanisms would improve credibility, ensure consistent policy messaging, and prevent the counterproductive effects of policies working at cross-purposes.

Second, employment-generation strategies must transition from short-term public works to productivity-enhancing policies**.** Investments in agriculture, agro-processing, renewable energy, small and medium enterprises (SMEs), and digital entrepreneurship would generate more sustainable jobs while boosting national competitiveness. Crucially, vocational training and SME financing need to be closely aligned with sector-specific labour market demands to reduce skill mismatches.

Third, the study underscores the importance of institutional strengthening and data capacity. Institutions such as Statistics Sierra Leone, the Ministry of Finance, and the Bank of Sierra Leone require robust capacity for real-time monitoring, evaluation, and forecasting. Embedding results-based management systems and establishing independent evaluation units would enhance accountability and improve the evidence base for policy decisions.

Fourth, safeguarding people with low incomes against inflationary shocks is a pressing concern. Automatic stabilisers such as targeted cash transfers, food subsidies, and transport vouchers should be institutionalised. Leveraging digital payment platforms can ensure transparency, minimise leakages, and deliver timely support to vulnerable households.

Finally, the reliance on deficit-financed employment programs should give way to sustainable financing mechanisms**.** Blended finance, public–private partnerships, results-based financing, and impact investing provide viable alternatives that reduce inflationary risks while enhancing fiscal sustainability. Strengthening fiscal discipline remains central to anchoring expectations and stabilising the economy.

Recommendations For Future Research

The study also identifies avenues for advancing scholarly inquiry. First**,** disaggregated analyses are needed to understand how inflation and unemployment impact different groups, such as youth, women, and rural populations, as well as key economic sectors.

Second, household-level longitudinal studies could provide deeper insights into coping strategies, shifts in consumption, and labour market transitions over time, thereby enriching the micro-level understanding of macroeconomic dynamics.

Third, future research should include impact evaluations of policy interventions**.** Quasi-experimental designs could assess the effectiveness of specific fiscal or monetary measures, offering practical lessons for policymakers.

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Fourth, given the dominance of the informal economy, further studies should explore how inflation and unemployment uniquely manifest in this sector, which absorbs nearly 80% of the workforce.

Lastly, comparative regional studies involving Liberia, Guinea, and The Gambia would provide useful ECOWAS-level benchmarks, helping Sierra Leone learn from shared experiences and craft regionally harmonised solutions.

CONCLUSION

This study demonstrated that Sierra Leone's dual challenge of inflation and unemployment persisted between 2015 and 2024 due to structural weaknesses, external shocks, and incoherent policy implementation.

Inflation-targeting policies offered temporary relief but were undermined by fiscal expansions. Employment programs absorbed labour temporarily but lacked productivity multipliers and fuelled inflation.

The central policy trade-off, price stability versus employment generation, was poorly reconciled, resulting in poverty escalation, rising inequality, and sluggish growth.

The study concludes that breaking this cycle requires:

i. Coordinated fiscal–monetary frameworks;

ii. Structural transformation in agriculture, industry, and digital sectors;

iii. Institutional strengthening for evidence-based policymaking;

iv. Social safety nets to protect people experiencing poverty;

v. Sustainable financing strategies.

Situating Sierra Leone's experience within global debates (Phillips Curve, Keynesian vs. Monetarist, Structuralist perspectives), the study contributes to the literature on macroeconomic management in fragile economies.

This study argues for a paradigm shift - from reactive, siloed interventions to integrated, productivity-driven, inclusive growth strategies. With the conviction that only through such a shift can Sierra Leone simultaneously tame inflation, generate sustainable jobs, and achieve equitable development.

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