Debt Sustainability and Attributes of Politicians in Selected African Countries[1]

By

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Abstract
We studied the impact of politicians' attributes and debt sustainability in Africa using a sample of 39 African countries for the period 1996-2010. The System Generalized Method of Moment technique was applied in the empirical analysis. Some of our findings include: politicians' educational attainment, age and number of children have a significant impact on debt sustainability. We also found out that politicians' that are in the same party with predecessor will tend to acquire less debt. We conclude that the head of state's personal characteristics has an immense impact on debt sustainability in Africa.

Key Words: Debt Sustainability; Fiscal Performance: Politician Attributes; Africa
JEL CODE: H3, H6

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Politicians' Attributes and Debt Sustainability in Africa

1. Introduction

Debt sustainability connotes that the growth rate of public debt must be less than domestic output, export and tax revenues (World Economic Outlook, 2012). In Africa, there is the urgent need for debt sustainability. This is based on the fact that her debt trajectory has remained contentious as the value of her total external debt constituted between 20 to 60 percent of her GDP during the period 2002 to 2010. Likewise her total external debt amounted to about 50 to 180 percent of her total export in the same period. More disturbing is that 61 percent of the countries in Africa are listed among the heavily indebted poor countries-HIPC (World Bank, 2012).

In sustaining public debt, there is a growing body of literature that have focused on the institutional framework of countries, as a veritable tool (Arbatli and Escolano, 2012; Escolano *et al*, 2012). However, institutions do not occur in a vacuum as it is enforced by individuals-public agents (Acemoglu and Robinson, 2012). Thus, institutions to promote public performance are as good as the public agents who implement and enforce them. Following this line of thought, we appreciate the influence of public 'managers' in Africa on the extent of her debt sustainability (Beecroft, Osabuohien and Olurinola, 2015). This is based on the fact that public agents (politicians and policy makers in general), are supposed to be 'helping hands' to maximize social welfare by making policies and seeking avenues to fulfill their moral obligations to the citizens. They are also involved in designing and implementing supervisory functions, to improve the overall efficiency in public resource allocation (e.g. Masciandaro and Quintyn, 2008). These roles have consequences on the fiscal performance of countries, as politician efforts to ensure efficient governance outcome will result in making fiscal policies in the face of changing economic conditions. Some of these policies include amount of debt to incur and the efficiency of public spending.

Decomposing the concept 'politicians', studies have re-echoed the role of the finance minister in debt sustainability and by extension, fiscal performance (Jochimsen and Thomasius, 2012; Moessinger, 2012). This is based on the immense contribution of the finance minister to the enactment of fiscal policies of countries. Also, they are involved in ensuring fiscal discipline of the government by being involved in the preparation of annual budgets, making recommendations on regulations for its execution and recommending policies for economic progress. However, concerns lay on the relevance of the finance minister especially in Africa, where the political terrain is cascaded by governance palaver such as corruption, political violence and non-representative government. These issues pose a barrier to 'heretic' finance ministers in performing their responsibilities. In some other cases, the cabinets of some African leaders comprise of ministers without relevant qualifications or experience, but backed by the sponsors of the government-cabals. By this, the finance minister plays out the objective and plan of the current government (Head of State/President).

Based on these contestations, this study takes a different standpoint from others by focusing on the role of the attributes of Heads of State/Presidents of African countries and their impact on public debt sustainability. We focused on the socio-demographic attributes, educational background, experience and their political gleaning. The remainder of the paper is structured as follows: an overview of public debt in Africa was examined in next section while the analytical approach was presented in the third section. The empirical strategy adopted to analyze the model and the data used were presented in the fourth section. We discussed the results and findings in the fifth section, while the sixth section concludes with policy insights.

2. Overview of Public Debt in Africa

We examined the composition of the foreign financial inflow of African countries and Table 2.1 revealed that debt financing constitutes a higher chunk. External debt stocks contributed consistently to her economy, many times more than Net Official Development Assistance (ODA), workers' remittances and total export. A different outlook was observed only for the later periods in the Table, beginning from 2005, where a turn was experienced as total export contributed more to Gross National Income (GNI) than debt.

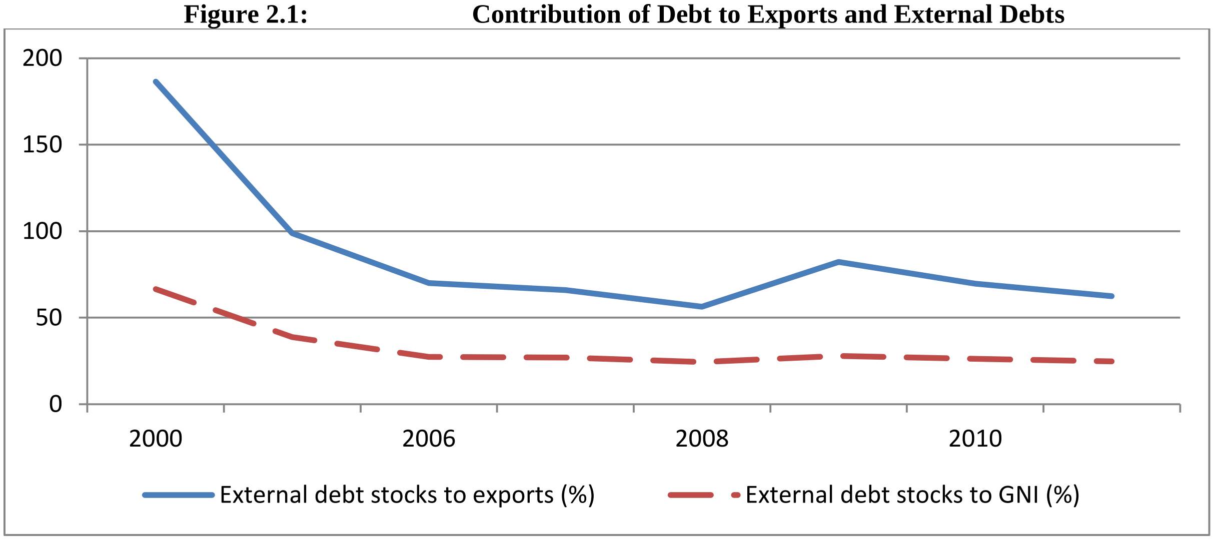
Table 2.1 Foreign Financial Flow as % of GNI

	Net ODA received	External debt stocks	workers remittance	Total Export
1980	2.954115	26.51857	0.533825	32.98997
1990	6.264862	62.62762	0.629315	27.13572
2000	4.024762	64.71687	1.486272	34.14123
2005	5.381334	23.87342	1.571795	37.86948
2006	5.761456	23.27956	1.776591	37.20879
2007	4.379135	21.21783	2.282849	38.53639
2008	4.353673	22.41175	2.323187	41.39201
2009	4.939496	19.99494	2.237647	32.71031
2010	4.25524		1.992927	35.3576

Source: Computed from World Bank (2012)

Further examination of the external debt as a percentage of key economic indicators (GNI and export) was considered and plotted in Figure 2.1. The Figure exposes the many fold divergence existing between debt, export and GNI. Explicitly, the debt value was over a 100 percent more than export in 2000 but later declined and remained above 50 percent all through the period. Similarly, on the average, debt was consistently covering above 20 percent of the gross national income of African countries.

Figure 2.1: Contribution of Debt to Exports and External Debts



Source: Computation from International Debt Statistics (2013)

We further decomposed the debt stock in relation to its source (Multilateral or Bilateral). This is necessary for a proper situation of the condition of debt financing in Africa. We observed from Table 2.2 that African countries are more inclined to multilateral debts compared to other regions as her percentage value in the Table were among the highest for the entire period. Multilateral debt includes debts from multilateral financial organizations such as the World Bank, International Monetary Fund (IMF) and other source of funding institutions.

Table 2.2: Multilateral Debt % of Total Debt (2000-2010)

Regions	2000	2005	2006	2007	2008	2009	2010	2011
Developing Countries	15.30	14.50	12.40	10.90	10.80	11.30	11.00	10.40
East Asia and Pacific	13.20	10.40	10.10	9.40	9.60	9.30	8.10	7.10
Europe and Central Asia	8.20	6.00	5.00	4.00	3.80	4.80	5.10	5.30
Latin America and Caribbean	12.30	13.80	12.80	11.20	11.20	12.20	12.20	10.80
Middle East and North Africa	16.10	17.20	17.90	19.70	21.00	21.80	21.80	23.00
South Asia	37.60	36.50	32.40	28.80	27.60	26.20	24.90	22.90
Sub-Saharan Africa	25.60	31.00	22.30	22.00	22.30	22.10	21.60	21.20

Source: Computation from International Debt Statistics (2013)

The rising debt levels in Africa is questionable considering the consensus in literature (e.g. Kaberuka, 2013, Olayiwola, Okodua and Osabuohien, 2014) that African countries need to own their development plan by depending on alternative sources of finance. Furthermore, the interest rate on these debts constitutes some form of leakage as funds that would have been used for development purposes are channeled to debt servicing. Therefore there is a need to consider the factors that can remedy this trend and our focus on politicians especially the heads of state/president, is apt.

3. Politician Attributes and Debt Sustainability

In relation to Borge (1995) and Terje and Signy (2005) two-period theoretical model for budget balancing, debt sustainability is a trade-off between current spending and future expenditure cuts. This is based on the fact that current and future spending can instigate the propensity to borrow if the government revenue is not efficiently considered (Beecroft et al, 2015). The avoidance of debt overload (a situation where a country borrows beyond capacity to repay) in the country's fiscal plane will involve fiscal discipline and ensuring the balancing of the budgets (Alesina et *al*, 1999).

The condition in Africa leaves the lingering thought of her hope, as governments officials seldom take the prerogative to establish and abide by ex-ante constrains on deficits. These actions are traceable to poor institutional quality especially lack of transparency and corruption dominant in the public sector of most African countries. In support of this, Economic Commission for Africa (2009) observed that the increasing budget deficit recorded by African countries cannot be disassociated from poor budget discipline and corrupt practices prevalent in managing mobilized resources.

Many studies have attributed the bulk of onus in ensuring proper budget discipline and efficient fiscal policies to the country's finance minister (Hallerberg *et al*, 2007; Jochimsen and Thomasius, 2011; Moessinger, 2012). These studies emphasized that the finance minister has a role to play in ensuring proper channeling of borrowed funds to development projects such as health care, education and as well emphasize budget discipline. More so, they are to ensure that sufficient government revenues are generated and managed for sustainable development. This is not farfetched as their responsibility demands professional experiences to properly advice the government on fiscal actions to take for economic sustenance (Jochimsen and Thomasius, 2011).

Unlike other studies, it will be lopsided to concentrate on the role of the finance ministers on debt sustainability of African countries. This is because most finance ministers in African countries were appointed by the ‘authoritarian’ heads of state/presidents and they do not have the prerogative to pursue national agendas for the ‘betterment’ of the country without the assent of the head of state/president. Indirectly, we can conclude that the finance ministers, due to the fear of being replaced, pursue the agenda of the head of state whether it adversely or otherwise affects the fiscal performance of the country. Ayittey (2012) disclosing his displeasure with the nature of African heads of state, emphasized that they have so much control of economic and political power, making them absolutely powerful to loot the treasury, perpetuate private agendas in office and ‘crush’ all dissenting or opposing party. Jo-Ansie (2007) in support of this stance, noted that politics in Africa is a game played out beyond institutionalized regulations. This implies that *personal politics, personality politics* and *politics by leadership* are predominantly the distinguishing features of contemporary African politics. Therefore, it is prudent for us to focus on the attributes of the heads of state and presidents of African countries and their role in debt sustainability.

Extant literatures have attempted to relate attributes of political leaders with fiscal decisions. We classify the common attributes into four groups based on the focus of our study: socio-demographic, experience, educational background and political ideologies. The socio demographic attributes of the political leader include their age, sex, marital status and family size (number of children). There is an ongoing debate on the exact influence these attributes have on the politicians’ fiscal decision. For instance, some stance agrees that the gender and marital status of individuals will inform diverse behavioral pattern. These include the extent of their frugality in their expenditure, saving habit and prudency in making financial decisions (Tishkov, 1993; Dollar *et al*, 2001). Likewise, marital status and the number of children of political leaders have been traceable to explain their attitude towards spending. Barro (1974) earlier submitted that politician with children will tend to acquire lower deficit due to the implication of high debt burden on future generations. In contrary, Jochimsen and Thomasius (2012) found no evidence to support the effect of gender, age and family status of the political leader on their expenditure pattern and public deficit for German states.

We take these arguments further by emphasizing the role of life experience, generational goodwill and family background of the politician on their decision making process. An older politician will have more life experiences that would enhance the quality of their decisions (Moessinger, 2012). This is in the context of the age of the politician. Compared to younger politicians, their experience will count especially in leadership positions. Likewise, politicians with children will be able to fashion their decisions in such a way that they would be considering upcoming generations to leave goodwill behind. Although we cannot readily find empirical evidence to support our argument for the African context, our empirical estimation will take this up to situate the African situation.

The politician's experience in relation to debt sustainability is still contested. This is with regards to the influence of politician's experience in managing various interest group pressures that can result to engaging more expenditures than planned. Also, how does the experience affect their ability to maintain sound fiscal policy for debt reduction? In given credence to this, it is important to note that experience comes with expertise especially with regards to discovering new approaches to generate revenues for the country without resulting to increased debt. This is because the longer the incumbent political leader has gained experience by working for the country in different respects, the better they are able to utilize the experience for better fiscal management.

Some empirical studies have taken this up with varying conclusions. Mikosch and Somogyi (2009) in their study of Organisation for Economic Co-operation and Development (OECD) countries for the period 1970-2004, argued that fiscal performance is not only influenced by the economic expertise of a leader, but by their political experience. Moessinger (2012) later examined 15 European countries and concluded that the experience of a political leader both in office and previous participation in politics has a significant impact on the development of public debt. Jochimsen and Thomasius (2012) using a panel of 10 West German States for the period 1960-2009, revealed that experience of political leaders who either gained financial expertise by pursuing a financial career or previously engaged in a political appointment, significantly reduced fiscal deficits. Hayo and Neumeier (2011) brought a different perspective to the discourse by emphasizing that experience based on the length of time the officer stays in the office matters. They reverberated that the longer the political leader stays in office, the lower the deficit. This was supported by Dreher *et al* (2006) earlier position that the power of a politician is consolidated by the experience they gain from occupying political positions.

It is important to dissect the measures of experience as many variables have been used in empirical literatures. They range from years in office, previous experience of the political leader, fiscal policy experience and life experience (age of the political leader), work/professional experience prior to nomination to the political office (Hayo and Neumeier, 2011). Many of these variables are not readily available for political leaders in Africa and may bring about contrary effect. For instance, it is possible that an abnormally will exist when considering longer tenures of African political leaders. This is because the political setting is not effectively structured and constitutional supremacy is rather equivocal. Thus, politicians who have stayed long in office begin to use the central government for personal gratification and the rising deficit and debt burden is consequential. Furthermore, in contrast to extant studies, there are situations where older politicians in Africa become godfathers and cabals of political sects. Therefore, owing to the peculiarity of African countries, we focused on politicians experience using their age, tenure in office, political experience, previous political appointment and previous fiscal experience.

The educational background of the politician is another attribute we are focusing on. Due to the fact that political leaders decide on fiscal policies best soothed for the country by considering the long and short run implication of their decisions, certain educational backgrounds and specialized knowledge will be required for informed decision. Such educational attainment will inspire their inductive perception towards taking a best soothed fiscal decision. Kotsogiannis and Schwager (2006) argued that the implementation of relevant national policies will require imaginative leadership on the part of the political leaders. In corroborating this, Somogyi (2010) noted that certain educational backgrounds, in economic related courses, are more likely to enhance the imaginative skill of political leaders especially when implementing policies.

Taking this up empirically, Milkosch and Somogyi (2009) arrived at the conclusion that educational qualification matter in shaping fiscal performance of a country. They reached this finding based on their purport that education in disciplines such as economics or business leads to the insight that budgets should be balanced, at least in the long run. This implies that political leaders with such background will be less prone to overspend or be involved in unchecked borrowing. Dreher *et al* (2005) using data of political leaders, for 34 countries for the period 1970-2002, concluded that political leaders with entrepreneurship education, business and economics are more reform oriented. Such leaders will be prone to enacting policies that will enhance fiscal performance. With regards to recurrent expenditures and revenue, such as wage increase and taxes, Heinemann *et al* (2009) and O'Roark and Wood (2011) using data for public officers in US congress and European parliament reached the conclusion that public officers with a background in economics will significantly instigate better fiscal decisions.

Contrary view was reached by Moessinger (2012), who studied the educational background of political leaders of 15 European countries for the period 1980-2010, and concluded that the educational background of political leaders do not matter significantly in public debt development. In support of this finding, Jochimsen and Thomasius (2012) did not find evidence that the educational qualification of the political leaders of German states, for the period 1960-2009, matter for public deficits. They went further to assert that it does not matter if the leader has a university degree or which subject they studied, but most important is the professional experience they gain prior to their ascension of office. We used, as in other studies, educational qualification in terms of highest degree earned by the leader and specialized education in terms of degrees in business, economics, finance or any other related course. We also extended these measures by including military education. This is because some politicians in the region gain prominence by attending military schools, which has made them strategic in perpetrating coups, but the impact on their fiscal decisions, are not clear.

The political ideology is the final politician's attribute to be considered. This attribute shapes the decision making process of politicians especially because decisions are framed based on ideologies and perceptions linked with information. Political ideologies include the political spectrum of the leader such as being partisan-left winged or otherwise. Unlike right winged politicians, left-wing political ideology better supports social equality and is in opposition to social hierarchy and social inequality in the country. With regards to fiscal performance and shaping the extent of public spending, empirical works abound but with divisive consensus. Hayo and Neumeier (2011) noted that left winged governments are associated with higher levels of public spending and debt financing. Alesina (1987) earlier noted that left-winged politicians tend to pursue fiscal policies that are counter-cyclical and this will result to higher public spending. Somogyi (2010) elaborated by observing that partisan governments (left-wing governments) tend to overspend on social issues in order to boost the economy. Contrarily, Tavares (2004) found out that left-winged politicians tend to reduce the country's deficit by increasing tax revenues. Jochimsen and Thomasius (2012) stated that left-winged politicians incur debt because they are more concerned with redistribution of income such as spending on social goods and expansionary policies. However from their estimations using German states, they found no support to their statement as left winged political leaders in left winged parties do not exhibit significant higher deficits.

Relating these arguments to African political leaders will be puzzling as tendencies to incur debt cannot be readily attributed to a particular political ideology. Some instances abound where political leaders who are adjudged as leftist develop strict fiscal policies leading to lower government debts. Some more interesting measures of ideological gleaning especially in relation to politics in Africa exist: measures such as the incumbent political leader being in the same party with the predecessor, means of gaining power and changing party while in power. Also, means of gaining power will also affect fiscal decision because incidences such as coup d'état have always ended up with waste, corruption, increased expenditure for the stabilization of the economy and increased recurrent expenditure on security, which all have adverse effect on fiscal performance of the country. These measures are lacking in extant empirical discussions and will be taken up in this study.

4. Empirical Strategy and Data

4.1 Empirical Model

The dependent variable- debt sustainability *(Debt)* was measured as the percentage of total debt to GDP. Similar measure was used by Hayo and Neumier (2011) and Escolano *et al* (2012). Furthermore, we defined the four attributes of politicians and presented it in Table 4.1:

Table 4.1 Measures of Politicians' Attributes

Variable	Measures	Definition
Socio-Demographic	Sex	Male=1, Female=2
	Children	Number of children of political leader
	Marital Status	Monogamy=1, Polygamy=2, Seperated and Divorce=3.
	Age	Age of the political leader, measured in years
Education Background	Education Attainment	Secondary school, Yes=1, No=0; university degree, Yes=1, No=0; post-graduate degree, Yes=1, No=0.
	Education Category	If course of study related to economics, finance, business administration, accounting=1 and otherwise=0
	Military Education	If political leader had military education=1 and otherwise=0
Experience	Years in Office	Number of year political leader has stayed in office as head of state.
	Years in Politics	Number of year political leader has been involved in politics.
	Past Political Appointment related to Finance	If political leader has previously been appointed as finance minister, central bank governor, economic adviser and related offices=1 and otherwise=0.
	Fiscal Experience	If political leader has previously been employed by multilateral financial organization (e.g. World Bank, IMF, ADB=1, otherwise=0).
	International Relation Experience	If political leader has previously been employed by multilateral non-financial organization (e.g. UN, ECOWAS, AU=1, otherwise=0).
	Terms Spent in Power	Number of terms the political leader has served as president.
Ideological Gleaning	Political Spectrum	Four measures used: Independent=1, otherwise=0; Left wing=1; otherwise=0; Centre wing=1, otherwise=0; Right

	wing=1, otherwise=0.
Same Party with the Predecessor	If the incumbent political leader is same political party with predecessor=1, otherwise=0.
Means of Gaining Power	If political leader ascended power by appointment=1, otherwise=0; by coup d'état=1, otherwise=0; presidential election=1, otherwise=0.
Changing Party when in Power	If political leader changes political party while in office=1, otherwise=0.

Source: Authors'

We included three sets of covariates: macro-economic, structural and political controls, sequel to similar studies on fiscal performance (e.g. Mikosch and Somogyi, 2009; Moessinger, 2012). The ***macro-economic*** covariates include the lagged debt level, real growth rate of GDP and inflation rate. The ***structural variables*** include the size of the country (captured using total population), labour force, and trade openness. The **politician controls** incorporates the controls for institutional variables such as the government effectiveness, rule of law, control of corruption and regulatory quality. There variables were scored from -2.5 (worst) to +2.5 (best).

The covariates were included in the model to circumvent the problem of omitted variables and spurious behaviour of government debt in relation to the main explanatory variables. This is based on the fact that omitting these variables from the model will bring about a lopsided coefficient of determination. In the same trend, these variables have a direct impact on the value of contemporaneous debt of the country. For instance, an improved labour force will result to increased economic production which in turn will enhance the national income and reduce the propensity to borrow. Similarly, the current debt value is a reflection of the shock from the past debt value (lagged debt). Current inflation rate will also have an impact on the level of domestic investment, which will affect the gross income of the country and in turn, the future debt level. This is because increased inflation rate will increase the prices of factors of production, which will have an adverse effect on production capital. This occurrence hampers industrialization and can exert pressure on government expenditure since the government will spend to sustain the level of her industrialization. An in-depth exposition on this can be referred to in Birds (1971).

Considering the relationship between structural covariate and debt can be seen in its impact on the level of production. In countries especially Africa, where labor intensive production system prevails, increased labor force will bring to bear increased production that will lead to increased national income and debt reduction. Also, trade openness shows a country's performance in trade. Trade is a component of the national income and African countries bulk of revenue are derived from trade. Therefore higher trade performance will result to improved national income and reduced debt.

The impact of institutional quality cannot be separated from debt sustainability. This has being re-echoed in empirical literature especially in relation to Africa where the rising debt level was attributed to poor institutions (Fosu, 2008; 2011). Likewise, Joao (2011) stated that corruption and poor management of resources is a fundamental factor affecting the effectiveness of public debt in developing countries. Due to lack of quality institutions, the issues of waste and unbudgeted expenditures persist, leading to increased demand for debt. This therefore explains the need to include institutional measures as part of the covariates in our empirical model. The empirical model for this study is given as:

$$Debt_{it} = \beta_1 + \beta_2 Politician\ Attributes_{it} + \beta_3 Covariates_{it} + e_i \qquad (1)$$

Having derived our model, it is pertinent to state potential issue of reverse causality. This is based on the stance in literature that it is possible for electorate to choose a particular politician in the face of rising fiscal challenges (Besley, 2005). This implies that the attributes of politicians been chosen into power is determined by electorate and influenced by the current fiscal situation in the country. Though we cannot rule out this possibility, we noted that this does not pose a serious threat on our result because in Africa, politicians are barely chosen based on current economic conditions but on self-selection by cabals and ruling political parties. For instance, many African countries electoral procedures have witnessed vote buying, financial politicking and rigging to get a particular politician to power. Collier and Hoffler (2009) and Collier (2010) noted that these acts will erode checks and balances and value judgments in the country's electoral process. As a result, we do not expect a reverse causality.

It is also worth mentioning that in case that such reverse causality exists, thereby bringing about endogeneity problem, our estimation technique will efficiently handle it. We employed the dynamic panel data estimation technique using the System Generalized Method of Moments (SGMM). The SGMM technique is very efficient in handling issues of dynamic econometric relationship and endogeneity problems (Arellano and Bover, 1995; Blundell and Bond, 1998; Arellano, 2003). The SGMM does not require external instruments to do this as it internally generates instruments by using the lagged values for levels and differenced equations between two periods, as instruments for the contemporaneous values of the endogenous explanatory variables. This technique is also fit for small sample sizes as relates to this study. The dynamic model for this study takes the form:

$$Debt_{it} = \beta_0 + \beta_1 Debt_{it-1} + \beta_2 Politician\ Attributes_{it} + \beta_3 Covariates_{it} + \sum_{j=1}^{N} \delta_1 \gamma_t + \pi_i + e_i \qquad (1)$$

Where the lagged dependent *($Debt_{it-1}$)*, summation of the exogenous period-specific *(* γ_t) and country-specific effects (π_i) variables were included. The model was estimated using STATA 11.1 and GRETL econometric softwares.

4.2 Data

The data was sourced from the World Bank-World Development Indicators (2012), the various official websites of the sampled countries and the Wikipedia on-line encyclopedia. Thirty nine (39) African countries were considered (1996-2010) and they include: Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Congo Republic, Cote d'Ivoire, Congo Democratic Republic, Djibouti, Egypt, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Tanzania, Togo, Tunisia, Zambia and Zimbabwe.

A summary of the data was presented in Table 4.2, consisting of male dominated political leaders. Many of the sampled politicians (68 percent) keep a monogamous family, while about 28 percent are polygamous. Just a modicum percentage (4 percent) are separated and divorced. Their average age as 61 years and on the average, they have 4 children.

Table 4.2 Politician Socio Demographic Variables

	Indicators	Freq	Percent
Sex	Male	584	100.00
	Female	0	0.00
Marital Status	Monogamous	372	68.01
	Polygamous	153	27.97
	Separated	22	4.02
Age	Average age of the President	61 Yrs	
Children	Average number of Children	4 Children	

Source: Authors'

Considering their educational background, information was not available for few of the leaders, while those for which data was available reveals that many of the politicians (42 percent) had secondary school certificates as their highest educational attainment. 37.26 percent were university first degree certificate holders. Only 17 percent of the leaders have either Masters or PhD degree. Considering the political leaders course of study, the data presented in Table 4.3 shows that majority of the political leaders (81.55 percent) who attended university degrees, studied non-economic related courses. Only about 18 percent studied economic related course, comprising of courses such as economics, finance, business administration and accounting. Furthermore, in relation to the military background of the leaders, Table 4.3 reveals that 45.83 percent had military education. Military education includes those leaders who dropped out from their secondary/university education as a result of war, rebel insurgents, strikes and coups to enroll for defense academy. Most of these politicians were those eventually involved in coups.

Table 4.3 Politician Educational Background

	Indicators	Freq	Percent
Educational Attainment	secondary school	239	42.00
	University	212	37.26
	post graduate	95	16.70
Education Category	Economics and Related Courses	105	18.45
	Non-Economic related	464	81.55
	Military Education	312	45.83
Military Education	Non Military Education	264	54.17

Source: Authors'

We presented the statistics of the experience of the politicians in Table 4.4. On the average, the politicians of the sampled countries spent an average of 9 years in office, with an average of 2 terms. Seldom does an African politician stay a term in government as most of the contemporary cases records politician who spends 2 terms in office. On the average, the political leaders have 23 years of experience in politics, which implies that they have being involved in some form of political appointment for 23 year period prior to when they became the heads of state.

Table 4.4	Politician Experience		
		Std. Dev	Mean
Years in Office	Number of years as president	8.15	9 Yrs
Years in Politics	Number of years in Politics	12.99	23 Yrs
Terms	Number of Terms as President	1.87	2 Terms
		Freq	Percent
Political appointment related to Finance	Yes	69	12.02
	No	505	87.98
Fiscal Experience	Yes	37	6.42
	No	539	93.58
International Relations Experience	Yes	154	26.74
	No	422	73.26

Source: Authors'

Many of the political leaders (about 88 percent) have never held political post related to finance in their country. These political posts include finance minister, CBN governor and being involved in advising the government on economic matters. Only 12 percent representation had previously being involved in finance related political appointment. Taking this further, Table 4.4 reveals that very few of the political leaders (6 percent) have fiscal experience which includes previous appointment in any form of financial multilateral organizations. Likewise, about 27 percent had previously worked for non-financial multilateral organizations such as United Nations, regional economic communities and African Union.

Many of the political leaders as documented in Table 4.5 were left winged, representing about 39 percent of the entire sample. 34 percent were right winged while 23 percent wee center winged. Only about 7 percent were neither in any of the wings nor associated with any political party. About 65 percent of the leaders were voted into power as running candidates for party separate from that of their predecessor. Considering the process of ascension, about 78 percent of the leaders became heads of state/presidents by election. 14 percent of the leaders gained power by some form of coup (bloody or bloodless), while only 8 percent were by appointment. These appointments occurred principally because of the death of the preceding head of state/president and in some other cases a change in government in periods of political uproar. Few occurrences (about 29 percent) persist where the political leaders changed political party after being president/head of state.

Table 4.5	Ideological Gleaning		
		Freq	Percent
Political Ideology	Independent	39	6.87
	Left wing	220	38.73
	Centre wing	132	23.24
	Right wing	177	31.16
Same Party with the Predecessor	Yes	203	34.76
	No	381	65.24
Means of Gaining Power	Appointment	45	7.79
	Coup d'état	82	14.19
	Presidential Election	451	78.03
Change Party when in power	Yes	165	29.00
	No	404	71.00

Source: Authors'

Considering the macro-economy indicators of the sampled countries, the average growth rate of the GDP of the sampled countries is -0.09 percent, which implies that during the period, the entire sampled countries experienced negative growth rate. The effect of global financial crisis cannot be disassociated with this trend. The inflation rate was as high 24,411 for some countries (Zimbabwe) with an average rate of 61.41 for the entire sample. The trend of the structural variables as displayed in Table 4.6 revealed that the total trade (export + import) was able to contribute 72 percent to their GDP. This goes to explain the dependence of African countries on trade. The total labour force of the sampled countries range between 1.4 million and 50 million and on the average, the sampled countries labour capacity was 0.14 million.

Measures of institutional environment, as presented in Table 4.6, reveal that during the period, the sampled countries exhibited poor institutional quality. Although during the period, some of the countries experienced higher institutional development especially Botswana and South Africa. However, on the overall, the sampled countries performed poorly in all the measures of institutions.

Table 4.6 Summary Statistics of Covariates

Covariates	Variables	Minimum	Maximum	Mean
Macro-economic	Labor Force	142755.9	50300000	8117615
	Real GDP Growth	-116.74	98.97	-0.09
	Inflation	-8.24	24411.03	61.41
Structural	Population	76417	158000000	19600000
	Trade Openness	17.86	256.36	72.06
Institutions	Political Stability	-2.91	1.19	-0.51
	Government Effectiveness	-1.97	0.86	-0.63
	Rule of law	-2.15	1.02	-0.62
	Control of corruption	-2.06	1.26	-0.53

Source: Authors'

5. Empirical Results

We began the econometric estimations by examining the validity of the instruments using the *Second Order* Autoregressive-*AR (2)* and *Sargan* test. The underlining rule of thumb to establish the validity of the instruments is that the statistics of the *AR (2)* and *Sargan* test must be greater than 0.05. From the Tables (Table 5.1 and 5.2), the *AR (2)* test and the *Sargan* test established the validity of the instruments as they were not in any form over-identified. Based on these, we can rely on the estimates from the regression for inference. Our discussions were not based on the behaviours of the covariates as they were only included in the model in order to avoid the problem of variable omission. However, almost all of the covariates behaved as expected.

Exploring the first characteristic-politician socio demographic attributes as displayed in Table 5.1[2], the coefficient of the variable-*politicians' age*, revealed that older politicians (heads of state/presidents) tend to acquire less debt. The magnitudes of the coefficient revealed that as politicians get older the value of debt that will be acquired by them will reduce significantly by 0.012. This finding speaks on the role of experience especially life experience in mitigating debt accumulation. It is generally opined that age is synonymous with wisdom gained from life experiences and as such, older politicians will seek alternative sources of funding as against debt.

[2] It is worth noting that the sex of the political leaders was dropped in our regression because of perfect collinearity. All the political leaders examined during the period were male and could not be included in the regression.

The case of Nigeria suffices, where a particular democratic regime had an older president who drastically reduced the country's debt level and when younger presidents succeeded, the debt level began to rise again. This finding contradicts the submission of Jochimsen and Thomasius (2012), who was not able to establish a significant relationship between the age of political leaders and fiscal performance in Germany.

The coefficient and significant value of the variable – *politicians' children* (as in Table 5.1) explains the fact that political leaders with children tend to acquire less debt. These kinds of politicians are futuristic in their actions especially by considering the impact of debt accumulation on oncoming generations. They also tend to be 'ancestrally frugal', where they detest leaving debt for their children or upcoming generation. Taking this further, the coefficient of the polygamous political leader corroborates with the earlier finding as politicians with polygamous marriages-*polygamous marriage* tend to have more children and more reasons to avoid debt for the oncoming generation.

Decomposing the educational attainment variable, Table 5.1 reveals that the different educational categories (secondary, university and post-graduate) have a significant negative impact on the value of debt. This implies that the debt value reduces significantly with the educational attainment of the politicians. Interestingly, exposure to educational training will improve the decision making skills of the leaders and will inform better decision outcomes. We also established the fact that exposure to education in specific economic related discipline matters to debt reduction. Milkosch and Somogyi (2009) supports our finding, while we contradicted Moessinger (2012) and Jochimsen and Thomasius (2012), who did not find a significant relationship between politicians' educational background and fiscal performance.

Other results for politicians' experience were also presented in Table 5.1. The coefficients in the Table, shows that political leaders with longer office tenure *(Politicians' Years in Office)* will tend to acquire more debt. This was expected as African politicians with longer office tenures are always associated with corrupt practices (such as looting of national treasuries) and 'reckless spending'. The case of Robert Mugabe of Zimbabwe and military governments of Nigeria is instructive. Furthermore, long office tenure can be associated with dictatorial tendencies that can affect fiscal performance. For instance, most dictatorial regimes are characterized by lack of due process and authoritarian attitudes towards spending, resorting to debt acquisition.

It is also observed from the Table that the experience of the politicians matters in debt sustainability. The data reveals that the longer the politicians experience, especially with national politics (*Years in Politics)*, the lower the debt accumulation. The coefficient is significant at 1 percent. This result follows the fact that political leaders, who have been in national politics for a longer period, will have better indigenous experience to reduce debt accumulation. This finding is robust as similar measure of political experience (*Past Political Appointment* and *Terms in Office*) also reveals a negative impact on debt. This implies that a political leader that has earlier been politically appointed in the country and stays a longer term will be better experienced to reduce debt accumulation. In Africa, most countries have a maximum office term of two years and political leaders who are able to stay on to the second term; will have better chances of implementing any debt reduction policies.

Table 5.1: Politician Socio Demographic and Educational Attainment

Debt	***1***	***2***	***3***	***4***	***5***
Debt(-1)	-0.129[a] (0.000)	-0.132[a] (0.000)	-0.114[a] (0.003)	-0.114[a] (0.002)	-0.101[a] (0.003)
Real GDP growth	0.002 (0.569)	0.002 (0.574)	0.000 (0.895)	-0.002 (0.370)	0.004[c] (0.053)
Trade Openness	0.001 (0.614)	0.001 (0.926)	-0.002[c] (0.086)	-0.002 (0.122)	-0.001 (0.439)
Inflation Rate	0.010 (0.636)	0.001 (0.536)	0.020 (0.543)	0.012 (0.358)	0.012 (0.253)
Politicians' Secondary Education	-0.378[a] (0.000)				
Politicians' University Education	-0.174[b] (0.022)				
Politicians' Postgraduate Education	-0.245[a] (0.006)				
Politicians' Education Category		-0.033 (0.387)			
Politicians' Military Education		0.009 (0.787)			
Politicians' Age			-0.012[a] (0.000)	-0.012[a] (0.000)	
Politicians' Children			-0.016[a] (0.000)	-0.017[a] (0.000)	
Politicians' Marital Status			-0.034 (0.291)		
Monogamous Marriage				-0.135 (0.128)	
Polygamous Marriage				-0.201[a] (0.010)	
Separated Marriage				0.125 (0.225)	
Politicians' Years in Office					0.010[a] (0.001)
Politicians' Years in Politics					-0.011[a] (0.000)
Politicians' Past Political Appointment					-0.160[a] (0.005)
Politicians' Fiscal Experience					-0.087 (0.242)
Politicians' International Relation Experience					0.068[c] (0.056)
Politicians' Terms Spent in Power					-0.119[a] (0.000)
Labour Force	-0.111[a] (0.000)	-0.098[a] (0.000)	-0.167[a] (0.000)	-0.171[a] (0.000)	-0.092[a] (0.000)
Institution	-0.501[a] (0.000)	-0.422[a] (0.000)	-0.353[a] (0.000)	-0.354[a] (0.000)	-0.395[a] (0.000)
Const	2.530[a] (0.000)	2.083[a] (0.000)	4.192[a] (0.000)	4.348[a] (0.000)	2.427[a] 0.000
AR (!)	0.002	0.005	0.051	0.049	0.011
AR(2)	0.125	0.111	0.188	0.196	0.201
Sargan	1.000	1.000	1.000	1.000	1.000

Note: The probability values are in parenthesis. a, b and c denote 1, 5, and 10 percent, respectively

Source: Authors'

Taking this argument further, we examined the tendency of fiscal experience *(Politicians' Fiscal Experience)* to debt reduction. The variable was not able to significantly reduce debt burden, however the politicians' international relation experience *(Politicians' International Relations Experience)* significantly and adversely affected debt. The behavior of the variables were unexpected but possible explanations for the sign of *Politicians' International Relations Experience* is that political leaders who have better international relations tend to be favored by lending principals because of the rapport and goodwill sustained by their personal relationship.

Table 5.2: Politicians Political Ideologies

Debt	***1***	***2***	***3***	***4***	***5***	***6***	***7***	***8***
Debt(-1)	-0.093[b]	-0.139[a]	-0.109[a]	-0.054	-0.089[b]	-0.113[a]	-0.129[a]	-0.125[a]
	(0.014)	(0.000)	(0.000)	(0.125)	(0.019)	(0.000)	(0.000)	(0.000)
Real GDP Growth	0.002	0.001	0.001	0.002	0.004	0.087	0.012	0.001
	(0.476)	(0.720)	(0.823)	(0.204)	(0.212)	(0.930)	(0.731)	(0.890)
Trade Openness	-0.012	0.000	-0.013	-0.001	-0.001	0.010	0.011	0.000
	(0.800)	(0.816)	(0.707)	(0.135)	(0.156)	(0.775)	(0.837)	(0.896)
Inflation Rate	0.013	0.012	0.015	0.001	0.023[c]	0.012[a]	0.013	0.010[b]
	(0.267)	(0.564)	(0.636)	(0.954)	(0.098)	(0.007)	(0.597)	(0.025)
Political Spectrum	-0.008							
	(0.675)							
Independent		-0.247[a]						
		(0.001)						
Left Wing			0.063[b]					
			(0.033)					
Right Wing				-0.268[b]				
				(0.000)				
Centre Wing					0.270[a]			
					(0.000)			
Same Party	-0.014	-0.068[b]	-0.072[b]	-0.052[c]	-0.018	-0.010	-0.050[c]	-0.016
	(0.671)	(0.022)	(0.038)	(0.090)	(0.562)	(0.730)	(0.090)	(0.569)
Cross Party	0.075[b]	0.066[b]	0.052	0.034	0.037	-0.019	0.058[c]	-0.007
	(0.047)	(0.052)	(0.125)	(0.322)	(0.194)	(0.582)	(0.092)	(0.831)
Coup d'etat						0.278[a]		
						(0.000)		
Appointment							0.283[a]	
							(0.001)	
Election								-0.276[a]
								(0.000)
Labour Force	-0.084[a]	-0.077[a]	-0.092[a]	-0.126[a]	-0.124[a]	-0.093[a]	-0.089[a]	-0.088[a]
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Institution	-0.398[a]	-0.386[a]	-0.408[a]	-0.429[a]	-0.431[a]	-0.350[a]	-0.424[a]	-0.357[a]
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Const	-0.002	1.794[a]	1.997[a]	2.656[a]	2.444[a]	2.022[a]	1.921[a]	2.177[a]
	(0.744)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
AR (!)	0.006	0.008	0.005	0.007	0.009	0.006	0.005	0.006
Ar (2)	0.154	0.112	0.121	0.179	0.150	0.123	0.113	0.122
Sargan	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

. **Note:** The probability values are in parenthesis. a, b and c denote 1, 5, and 10 percent respectively

Source: Authors'

We presented another Table-Table 5.2, which further reports the impact of politicians' political ideologies on the extent of national debt accumulation. The result reveals that political spectrum (*Politicians' Spectrum*) for which the politician belongs to, have a significant impact on debt accumulation tendencies. The coefficient was positive and significant. However, we further decomposed the variable into the three spectrums (left winged, center winged and right winged) including independent politicians-*independent* and we observed an interesting result. From the coefficient of the four spectrums, politicians who are independently aligned (not affiliated to any political party) tend to accumulate less debt. This situates the condition of African politics where party affiliation instigates government spending and debt acquisition. African politics is characterized by parties that are funded by cabals and corrupt leaders, who support the government for private benefits and require a refund when they ascend 'the seat of power'. Due to this, the candidate makes policies and incurs ample expenses, which will in turn require a resort to debt. The submission of Jo-Ansie (2007) that political parties sometimes facilitate African leaders corrupt practices, encapsulates our taught. In essence we submit that the more independent political leaders are, the more they are able to operate without much interference from parties. The Table also reveals that left and center winged political leaders accumulate significant debts compared to other spectrums. This result supports Mikosh and Somogyi (2009) and Moessinger (2012) who found a significant impact of leftist on fiscal deficit.

We also found out from the Table that politicians being in the same party with their predecessor *(Same Party)* and changing party while in power *(Cross Party)* did not matter much in relation to debt accumulation. The coefficients of the variables assumed different significant levels in the different models. Considering the process by which the politician ascended power, using the three indicators- *coup d'état*, *appointment* and *election,* the result reveals that politician ascending power through the first two means will have a high and significant debt accumulation. Those politicians that were properly elected will incur less debt. These findings cannot be disassociated with the level of corruption that cascades governments involved in coup and appointments. Contrarily, the results reveal that there is a significant relationship between politicians who were properly elected and debt sustenance. It is expected that these kinds of politicians are better frugal in managing the country's expenditure, which will result to debt sustainability.

6. Conclusion

In this paper, we extended the literature on debt sustainability by focusing on Africa. 39 African countries were included in the sample for the period (1996-2010). Our findings contradicted some popular consensus. However, this speaks on the uniqueness of the context of this study as some of these consensuses were reached using European based data.

For policy attention, we emphasize on better educational attainment for African politicians. We empathetically encourage politicians to study economic related courses as this will enhance their fiscal decisions. Age and family background of the politicians should also be taken into consideration when selecting politicians as these matters in their fiscal decisions. Furthermore, politicians political experience matter as revealed from our result that a politician who had past political appointment and spends more years in national politics reduces public debt. We also recommend that politicians should have longer terms to implement their fiscal policy plans. This is based on the fact that a significant relationship was observed for this variable.

We discourage party interference to the plans of incumbent political leaders. This is based on the fact that politicians who have no party affiliations usually acquire less debt. Our finding also speaks on the fact that electoral processes should be upheld as it makes political leaders to be accountable. This is pertinent as political leaders who gain ascendency by appointment or coup usually relate with more debt burdens. In general, we conclude by stating that the personal characteristics of African political leaders, has an immense impact on the extent of debt sustainability. This implies that for Africa to effectively sustain (reduce) its debt; emphasis has to be placed on the characteristics of the heads of state/presidents.

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