Bad Governance and Corruption in Africa:
Symptoms of Leadership and Institutional Failure

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Abstract

This study provides the empirical evidence which supports the argument that bad governance and corruption are symptoms of leadership and institutional failure in African countries. We find that leadership changes are either frequent or infrequent, and in both cases, these leaders prefer to govern where institutions are very weak or do not exist, so that they will not be accountable for their corrupt behavior and abuse of office. With the absence of effective checks and balances, corruption continues unabated over the past four or more decades. From visual inspection of corruption data for the continent, we observe that many countries transitioned into highly-corrupt nation-states in recent years. Our empirical results confirm not only the weaknesses of these institutions in controlling corruption but also the lingering effects of institutionalized corruption in many African countries.

1. Introduction

Starting from the claim that corruption sands the wheels of development in the African continent, this paper explores corruption within the context of weak or bad governance post-independence. Broadly viewed, bad governance[3] in Africa is manifested by its long list of dictatorial leaders, non-free media, and undemocratic elections. According to Jespersen (1992), Africa performed well in the early years of its independence, but failed its performance tests post 1973 as the region is now characterized by low growth rates, declining agricultural production, stagnating manufacturing, rising imports, and rapidly expanding external debts. Additionally, the region has had many coups, civil unrests, ethnic violence; and widespread bureaucratic corruption alongside administrative inefficiency, and institutional ineptitude or outright failure.

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[3] According to the World Bank Institute (WBI), "governance consists of the traditions and institutions by which authority is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of government to effectively formulate and implement policies; and the respect of citizens and the state institutions that govern economic and social interactions among them." Retrieved June 4, 2012 from http://info.worldbank.org/governance/wgi/idex.asp. According to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), bad governance includes governments that are ineffective and inefficient, not transparent, not responsive to the people, not held accountable for their actions, inequitable and exclusive to the elites, non-participatory; do not follow the rule of law and lacking policies that are consensus driven. Retrieved June 1, 2012 from http://www.unescap.org/pdd/prs/ProjectActivities/Ongoing/gg/governance.pdf.

The general consensus among economists and policy analysts at the World Bank, the International Monetary Fund (IMF), and other international agencies is that corruption is a universal problem, but with more debilitating effects felt in emerging and developing countries, such as those found in Africa[4]. Policy experts and other international agencies rank public sector corruption or the use of public office for personal gain, as a major constraint that has hindered Africa's economic, political, and social development [see Klitgaard (1998), Gray and Kaufmann (1998), Mauro (1998, 1995), and Vogl (1998, 2004)].

Transparency International (TI) estimates that corruption in Africa siphons off 20 to 30 percent of funding from basic service provision.[5] Additionally, many foreign newspapers and studies have reported that African leaders extract billions of dollars every year from their economically strapped countries.[6] In 1991, United Nations estimated that the ruling elites drained more than $200 billion out of Africa. Ayittey (2002) and Lawal (2007) agree that this sum was more than half of African foreign debt, and that it exceeded the amount of foreign aid to Africa. They also argue that African leaders are self-aggrandizers and self-perpetuators who subvert and debauch every key institution of government to serve their needs and not that of their people. Not only does corruption lead to unnecessary misallocation of their scarce resources, but it is also a persistent problem for the region. For example, in a test of 27 Sub-Saharan countries from 1984 to 2006, Bissessar (2009) finds that the percentage of countries in the most corrupt category rose sharply, and that a significant percentage of middle corrupt countries had transitioned to high corruption over the period. She concludes that policymakers in the region face daunting development goals because Africa has a very large percentage of highly corrupt countries. In a

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[4] In this paper, we include the six North African countries (Algeria, Egypt, Libya, Morocco, Sudan, and Tunisia; excluded South Sudan and Western Sahara as these are newly created states), which IMF now calls the Middle East and North Africa (MENA) along with the 47 Sub-Saharan African countries (n=53).

[5] See AllAfrica.com, article entitled "Africa: Corruption Hampers MDGs - Transparency International." Retrieved June 1, 2012 from http://allafrica.com/stories/201010271133.html .

[6] See Tunde Oyedoyin, "James Ibori in final fall," *The Guardian*. Retrieved April 20 and June 26, 2012 from http://odili.net/news/source/2012/apr/18/30.html and http://odili.net/news/source/2012/apr/18/1.html.

related study, Owoye and Bendardaf (1996) examine how corruption affects economic growth in developing countries by incorporating corruption coefficients into each structural equation to derive the Sargent-type AD-AS model. They show that corruption has negative effects on the level of production, consumption, gross private domestic investment, government spending, net exports, employment, and money markets in developing regions such as Africa.

In the large literature on corruption in Africa, often overlooked is the issue that corruption became endemic and chronic after most nations gained independence. To bridge this gap, we focus on each individual African country and examine its historical record of changes in leadership and corruption since attaining independence. We posit that Africa's corruption is a manifestation of its weak or bad governance, its undemocratic dictatorial leaderships, and its institutional ineptness post-independence.

The rest of the paper is organized as follows. Section 2 reviews the relevant literature on corruption. To lay the groundwork for our empirical analyses, Section 3 provides the background of bad governance by examining the leadership and institutional changes in 53 African countries since independence. Section 4 presents the model specification. Section 5 discusses the sources of data used in this paper and the estimated results. Finally, Section 6 concludes and discusses some of the policy implications and recommendations based upon the findings presented.

2. Review of the Literature

The theoretical corruption literature is replete with studies that have used the agency model, the resource allocation model, and the internal markets model to explore what causes corruption. The *agency* model considers the motives of legislators who must protect their own interest of being re-elected or who must extort payments from interest groups wishing to influence legislative policies. It helps explain the behavior of autocratic dictators and views legislators as predatory agents who are able to ignore the welfare of their principal or voters. In

Rose-Ackerman's (1978) agency model, she assumes that voters are misinformed, and that legislators are able to purchase their votes. In this set-up, the objective of legislators is re-election and private income gain; therefore, their ability to control grand corruption is dependent upon the strength of the existing political parties, political institutions, and their methods of campaign financing. Corruption therefore thrives from narrowly focused favors available for distribution, the ability of the wealthy to obtain funds legally, and the temporal stability of political alliances (Jain, 2001).

In Aidt's (2003) agency model, he assumes that whenever authority is delegated to a bureaucracy, the potential for corruption exists. The actual level however, is influenced by the institutional framework which integrates corruption as part of an optimally designed institution. Starting from a principal-agent model, Aidt uses the scenario of tax collection which assumes that corrupt tax officials can collude with taxpayers to understate tax liabilities with the result that revenues collected fall short of their potential. Due to the variability in tax liabilities across firms, a tax collector (agent) is delegated to investigate if a firm is liable for taxation; and if liable, a firm pays taxes on earned profits with probability h and unearned profits with probability $(1- h)$. If a firm is liable, the agent can either report the information to the government (principal) and the firm has no choice but to pay its tax liabilities or the agent can accept a bribe in exchange for not reporting the liable firm to the principal. The agent is dismissed and incurs a penalty if discovered to have accepted a bribe from the firm, while the firm also faces an additional "penalty" charge. Under this scenario, the incidence of corruption depends on the design of the government institutions.

Mishra (2004) also proposes a principal-agent model by his examination of pollution control by firms. He assumes that agents enter a contractual agreement with the principal to carry out certain actions which will impact their payoff. Problems arise if the principal and agent have different objectives or if the principal is unable to write a comprehensive enforceable contract.

Corruption occurs when a "third party" is introduced and can benefit from the actions of the agent who offers monetary payments to avoid free flow of information to the principal. Under this 'extended' agency model, there are three agents (principal, agent, third party) and corruptions stems from the design of government institutions and the third party who prevents free flow of information.

The *resource allocation* models of corruption are based on the rent-seeking behavior of entrepreneurs who try to escape the market system and who view this behavior as a regular part of economic activity. Kaufmann and Wei (1999) applied this model to Stackelberg game between a rent-seeking government official and a representative firm, *k*. The official moves first by choosing harassment or bureaucratic delay in order to maximize bribes and the firm, a price-taker, moves next by choosing bribe payment in order to maximize its after-bribe profit.

In Shleifer and Vishny's (1993) resource allocation model, petty corruption takes into account the cost, demand and supply functions of bureaucrats. They define government corruption as the sale of some government property such as a license, permit, passport or visa.[7] Furthermore, they assume a homogenous government good with a demand curve $D(p)$ and a government official who has the authority to restrict the quantity of that homogenous good sold, as well as, they can deny the good's availability to the public altogether. With a stated price *p,* marginal cost (*MC*) occurs under two scenarios: theft and no theft. Without theft, the bribe equates to the revenue-maximizing commodity tax when $MC = p$ on demand curve $D(p)$. With theft, cost rises to $(p + \text{bribe})$ on a higher demand curve, $D'(p)$. Under this scenario, the public is forced to pay the bribe, which then benefits the official and their private gain.

The *internal markets* models propose that because of an internal market between government officials, corrupt transactions can occur. Due to the uncertainty and penalties associated with corrupt acts, if the gains of corruption are shared, all the corrupt officials can

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[7] This sale is usually done by a government official interested in their own personal gain.

enjoy enhanced incomes and corruption thrives. Bliss and Di Tella (1997) provide two examples of how corruption leads to the creation of an internal market. To examine a theoretical relationship between competition and corruption, they present a model in which both the equilibrium number of firms and the level of graft are endogenously determined. It is assumed that each firm is in the territory of one corrupt agent who is a profit maximizer, and that each agent cannot observe the firm's overhead costs, C, but knows all other firm's operating profit, P. In equilibrium, firms will only operate if C is less than or equal to some critical level of overhead costs, C_0. Therefore, the proportion of firms operating referred to as the abundance of firms is given by A, where A is a function of some critical value of overhead costs $F(C_0)$.

In addition, the corrupt official does not need to use information about A in his/her decision on the amount of graft to demand, given his/her knowledge of P and the distribution of the overhead costs. This then makes the corrupt official interested in their expected value of return and the official faces a maximization problem of the amount of graft, G. In one scenario, the corrupt official can demand a bribe and the firm has a choice to pay-up or exit the market. As some firms exit, equilibrium will occur with fewer sellers and each firm earns more profit but pays the extra to the corrupt official, thus corruption generates its own surplus. In the case of a multi-stage game, corrupt officials can strike a lower-bribe bargain with the first sets of firms who initially would have exited the market. In a second scenario, one corrupt official can grant or withhold a government good, such as a firm's licensed permit to operate; and in competitive markets with n homogenous firms with free entry and exit, there will be no surplus unless the official is corrupt. The discretionary power in this set-up allows the official to act as a monopolist.

In Bardhan's (1997) frequency-dependent framework of corruption, he considers two causes; the first being deeply rooted in Andvig (1991) and the proposition that "the regulatory state with its elaborate system of permits and licenses spawn corruption, (pp. 1990)" while the

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second argues that social norms in business transactions affect corruption. Assuming both, Bardhan uses Schelling's binary choice model to explain the variation of corruption across societies where the expected profitability (marginal benefits) of engaging in corruption depends on its prevalence. Measuring the proportion of corrupt officials on the horizontal axis (range 0 to 1), he uses the Schelling diagram to show that the marginal benefit (curve *N*) for a non-corrupt official is higher than the marginal benefit (curve *M*) of a corrupt official at the origin (zero) where everyone is honest; and as the proportion of corrupt officials rises, *M* rises and remains positive while *N* falls and invariably becomes negative at 1 where everyone is corrupt.

Basically, Bardham uses the Schelling's diagram to show the existence of multiple equilibria – two stable corner solutions; at the origin where all the officials are honest, and at 1 where all officials are corrupt – with the *tipping point* or *threshold* being where the two concave marginal benefit curves (*M* and *N*) intersect. This interior solution (the intersection of *M* and *N*) is unstable as officials are indifferent towards being corrupt or honest. As a frequency-dependent model, the proportion of corrupt officials rises as the marginal benefits of corrupt officials become much higher than those of honest officials. Intuitively or interpretively, if a nation is between zero and the tipping point (threshold), it may be able to control its level of corruption because it less profitable to be corrupt, however, once it passes the tipping point or threshold, it will move to the high-corruption stable equilibrium. Simply put, corrupt will persist in any country if a large proportion of the population is corrupt and the marginal benefits of few honest ones are negative.

Borrowing from the agency (tax compliance), resource allocation, and internal market models above, we find similarities in exploring corruption for our African sample. In the *agency* model, the extensive length of terms held by a few leaders seems to protect their own interests of re-election and extorting payments from interest groups. The *resource allocation* models shed light on the rent-seeking behavior of entrepreneurs who try to escape the market and the *internal*

markets model develops the internal market between government officials and corrupt transactions. For instance, using Bardhan's (1997) Schelling's diagram, one can ask when Africa reached the tipping point and corruption became endemic and persistent. The next section will explore the patterns observed for the sample.

3. Leadership and Institutional Failure in Africa: The Foundation of Corruption

Here, we posit that Africa's corruption is a manifestation of its leadership and institutional failure post-independence. It should be mentioned that this assertion is not an exoneration of the level of corruption that existed during the colonial administrations due to the exploitations and expropriations of the continent's resources, which we term as *international* abuse of official power. However, for the purpose of this study, our definition of corruption refers to internal corruption, which Jain (2001) defined as "an act in which the power of *public* office is used for personal gain in a manner that contravenes the rules of the game".

In the succeeding sub-sections, we examine dictatorial leadership and bad governance; leadership changes, coup d'état, and corruption; and then we take a cursory look at corruption rankings in the African countries since 1984.

3.1 Dictatorial Leadership and Bad Governance

To examine the extent of corruption in each African country post-independence, we assume that leaders in some of these countries hold discretionary power in their design and implementation of public policies and that they have the ability to extract economic rents. Additionally, they control all relevant branches of their economy – civil service, electoral commission, judiciary, media, security forces, and the central bank (Ayittey, 2012).

Many argue that Africa has reached its tipping point and that corruption is now endemic and persistent in the region. In pre-independent Africa, the colonial institutions, particularly the judiciary systems, provided the checks and balances that curbed leadership excessive powers and

prevented the Schelling's threshold from being reached. However, as soon as these countries gained independence post 1960s and 1970s, the struggle for political leadership and the desires to retain power for life became the overriding objectives of many African leaders. In post-independent Africa, it appears as if Africa reached its threshold in the 1960s when it replaced the white colonialists with black *neo*-colonialists that were more corrupt and they disregarded or discarded the checks and balances which existed during the colonial period (Ayittey, 2012).[8]

According to Calderisi's (2006) encyclopedic coverage of the persistent problems of inept leadership, institutional failure, and pandemic corruption in Africa, these problems intensified with the incursion of several thuggish dictatorial leaders upon gaining independence. In his words, "the simplest way to explain Africa's problems is that it has never known good government" and that "no other continent has experienced such prolonged dictatorships." Ayittey (2012) also agrees that corruption epidemic in African countries owes its existence to the long-term tenure of their dictators. Examples of past dictators with long tenure include Ethiopia's Emperor Haile Selassie (44 years), Gabon's Omar Odimba Bongo (42 years), Libya's Moammar Gaddafi (42 years), Togo's Gnassingbé Eyadéma (37 years), and Egypt's Hosni Mubarak (31 years). Similarly, some of the current dictators with tenure spanning more than three decades include Angola's José dos Santos, Equatorial Guinea's Teodoro Mbasosgo, Zimbabwe's Robert Mugabe, and Cameroon's Paul Biya. Like many of their contemporaries who were in power for a long time, these leaders or dictators spent their entire careers enriching themselves, intimidating political opponents, avoiding all but the merest trappings of democracy, actively frustrating movements toward constitutional rule, and thumbing their noses – sometimes subtly, other times blatantly – at the international community. They ruled like kings and drew no distinction between their own property and that of the state (Calderisi, 2006). According to

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[8] George Ayittey's speech at Oslo Freedom Forum, 2012. Retrieved 5/24/2012 from http://www.oslofreedomforum.com/speakers/george_ayittey.html.

Ayittey (2012), they owe their successes to their control of the main branches of government – civil service, judiciary, electoral commission, security forces (may include the military), media, and the central bank.

Similarly, Meredith (2006) points out that the first generation of African nationalist leaders also enjoyed great prestige and high honor. These include Ghana's Kwame Nkrumah (1957–1966), Egypt's Abdel Nasser (1956–1970), Senegal's Léopold Senghor (1960–1980), Côte d'Ivoire's Houphouët-Boigny (1960–1993), Guinea's Sékou Touré (1958–1984), Mali's Modibo Keïta (1960–1968), Togo's Sylvanus Olympio (1958–1963), Kenya's Jomo Kenyatta (1963–1978), Tanzania's Julius Nyerere (1961–1985), Zambia's Kenneth Kaunda (1964–1991), and Malawi's Hastings Banda (1963–1994). He also adds that "In one country after another, African leaders acted in contempt of constitutional rules and agreements they had sworn to uphold to enhance their own power. Constitutions were either amended or rewritten or simply ignored."

These leaders succeeded in removing or ignoring the checks and balances, that existed pre-independence, because they preferred to rule not through constitutions or through state institutions like parliament but by exercising vast systems of patronage; and in the process, they wielded enormous power and authority which allowed them to subjugate all relevant institutions and prevent the necessary checks and balances common to good governance. As a result of their autocratic leadership, they helped lay the unstable foundation of bad governance and corruption felt in their economies. Today, corruption remains unabated in Africa because its weak or failed institutions cannot control the excesses of their dictators. Arguably, one can consider Africa as a continent built on an unstable foundation of bad governance and pandemic corruption (*see* Figure 1).

Figure 1: Leadership and Institutional Structure in Africa[9]
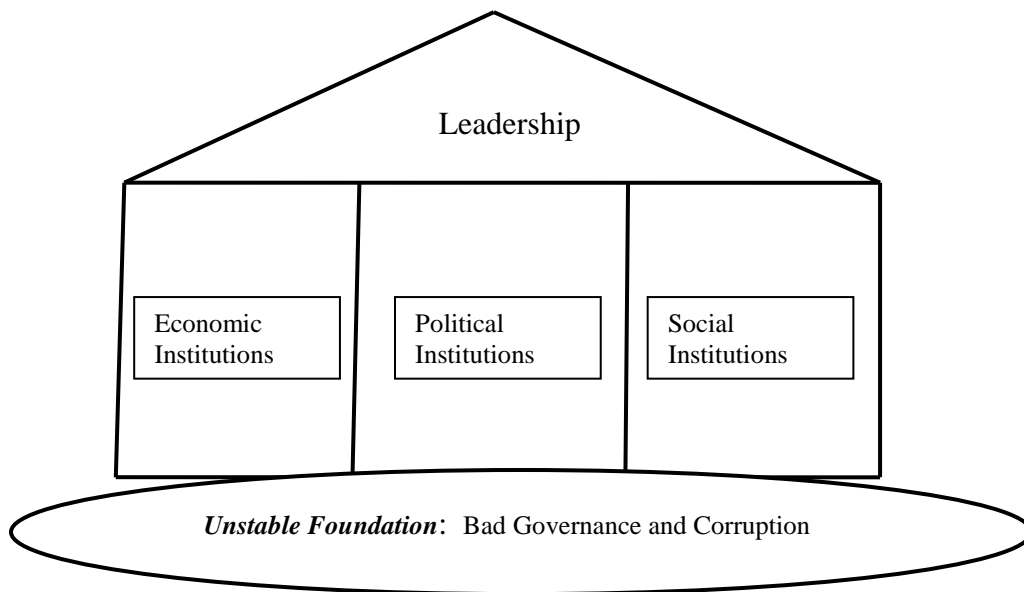
Given Africa's unstable foundation, Ayittey (2011) argues that unless countries follow a consecutive five-stage reform process (Ayittey's Law), they will remain trapped and will lack the impetus to develop. In his opinion, these reforms should start with intellectual reform and end with economic reform (see Figure 2) because countries such as Côte d'Ivoire, Madagascar, Cameroon, Tunisia, and Egypt that skipped some of the stages and proceeded to economic reform have been unsuccessful in curbing corruption.[10] To worsen matters, corrupt leaders are often reluctant to yield power for fear of being investigated for corruption and their abuse of office. In the few instances where political leaders left office voluntarily, they hand-picked their successors and continued to dictate policies from behind the scenes thus covering their tracks. This often explains why African leaders have the propensity to overstay their tenure in office and fail to follow Ayittey's Law.

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[9] This is a schematic representation of the three-pillars which Maathai (2009) alluded to as necessary for effective governance in Africa.

[10] In George Ayittey's (2011) speech, titled "War on African Dictatorships," he referred to these reforms as Ayittey's Law. Retrieved online on May 24, 2012 from http://www.ethiopianreview.com/content/33222.

Figure 2: Five Stages of Reform to Control Corruption (Ayittey's Law)

Stage 1: Intellectual Reform	Stage 2: Political Reform	Stage 3: Constitutional Reform	Stage 4: Institutional Reform	Stage 5: Economic Reform
• Free Media • Freedom of Expression[†] [†] *considered as the most powerful tool as it opens up freedom and participation*	• Democratic pluralism	• Limit powers of Executive to control the six branches – *civil, electoral commission, security forces, judiciary, media, central bank*	• Independent judiciary • Independent Media	• Remove price and interest rate controls • Liberalize trade and foreign exchange

Source: George Ayittey's (2011) speech, titled "War on African Dictatorships," which he coins Ayittey's Law.

3.2 Leadership Changes, Coup D'états, and Corruption

To highlight the nexus between leadership and corruption in Africa, we provide, in Table 1, a summary of the frequency of leadership changes (*FLC*), the number of leaders who served (*LWS*), the number of successful coup d'état (*SCD*), and the longest tenure held by a leader in each country. We also included the 2011 corruption ratings (corruption perception index, *CPI*) published by Transparency International for all 53 nations; and we make adjustment by re-ranking each country in order to consider not only the global CPI rank but each country's rank within the continent. This was done based on the scores shown for the 53 country sample.

As Table 1 reveals, most of Africa has been independent since the 1960s as about 80 percent of the 53 countries were already independent by the later part of the 1960s, while the other 15 percent gained independence in the 1970s, and the remaining 5 percent post-1980: Zimbabwe in 1980 with Namibia and Eritrea in the early 1990s. A cursory examination of the *FLC* variable reveals a distinct dichotomy of changes in leadership throughout Africa. Some countries experienced frequent changes in leadership while others experienced infrequent changes. In the last column, we show the longest tenure by a leader, and in 40 countries, some leaders stayed in office for more than 20 years while the remaining 13 had leaders with terms

ranging from 10 to 19 years. Simply put, African leaders have the propensity not to relinquish

the power of presidency once gained, thus they are able to nullify effective checks and balances.

According to Transparency International *CPI* rankings reported in Table 1, Somalia and

Sudan are two of the most corrupt countries in the world, and based on our re-rank, they are also

the most corrupt in our sample of 53 African countries. Conversely, Botswana and Cape Verde

are ranked as middle corrupt countries in the world (with TI's rank of 32 and 41), but based on

Table 1: Year Attaining Independence, Frequency of Leadership Changes, Successful Coup D'état, 2011 Corruption Perception Index, and Ranks

Country	Year of Ind.	*F L C*	*L W S*	*S C D*	Corruption Perception Index (2011)	CPI World Rank	CPI Rank Within Africa	Longest Tenure by a Leader
Algeria†	1962	*14*	28	2	2.9	112	24	13
Angola	1975	2	2	0	2.0	168	47	33
Benin†	1960	19	23	4	3.0	100	16	20
Botswana	1966	4	4	0	6.1	32	1	14
Burkina Faso	1960	7	6	6	3.0	100	16	25
Burundi	1962	13	12	5	1.9	172	50	13
Cameroon	1960	2	2	0	2.5	134	30	30
Cape Verde	1975	3	3	0	5.5	41	2	16
Central African Republic	1960	8	5	4	2.2	154	40	12
Chad	1960	9	8	3	2.0	168	47	22
Comoros†	1975	18	20	5	2.4	143	34	6
Congo, D. R.	1960	4	4	3	2.0	168	47	32
Congo, Rep.†	1960	12	23	4	2.4	143	34	28
Côte d'Ivoire	1960	5	5	2	2.2	154	40	33
Djibouti	1977	2	2	0	3.0	100	16	22
Egypt	1953	8	12	1	2.9	112	24	30
Equatorial-Guinea	1968	3	2	1	1.9	172	50	33
Eritrea	1993	1	1	0	2.5	134	30	19
Ethiopia	1930	10	8	6	2.7	120	28	44
Gabon	1960	4	4	0	3.0	100	16	42
Gambia, The	1965	5	4	1	3.5	77	10	24
Ghana	1957	17	15	5	3.9	69	8	20
Guinea	1961	5	5	2	2.1	164	46	23
Guinea-Bissau	1973	13	10	3	2.2	154	40	23
Kenya	1963	4	4	0	2.2	154	40	14
Lesotho	1966	10	7	3	3.5	77	10	26
Liberia	1847	13	11	2	3.2	91	13	27
Libya	1951	2	2	1	2.0	168	47	42

Table 1 *cont'd*: Year Attaining Independence, Frequency of Leadership Changes, Successful Coup D'état, 2011 Corruption Perception Index, and Ranks

Country	Year of Ind.	F L C	L W S	S C D	Corruption Perception Index (2011)	CPI World Rank	CPI Rank Within Africa	Longest Tenure by a Leader
Madagascar	1960	11	8	4	3.0	100	16	23
Malawi	1964	4	4	0	3.0	100	16	30
Mali	1960	7	4	2	2.8	118	27	23
Mauritania	1961	10	9	6	2.4	143	34	21
Mauritius	1968	16	16	0	5.1	46	3	10
Morocco	1955	4	3	0	3.4	80	12	38
Senegal	1960	3	3	0	2.9	112	24	20
Seychelles	1976	3	3	1	4.8	50	5	27
Sierra Leone	1961	17	13	6	2.5	134	30	17
Somalia†	1960	14	17	2	1.0	182	53	22
South Africa	1961	15	15	0	4.1	64	7	9
Sudan†	1956	14	26	4	1.6	177	52	23
Swaziland	1921	5	5	0	3.1	95	15	26
Tanzania	1964	4	4	0	3.0	100	16	21
Togo	1960	8	7	2	2.4	143	34	38
Tunisia	1956	4	4	2	3.8	73	9	31
Uganda†	1962	13	15	6	2.4	143	34	8
Zambia	1964	4	4	0	3.2	91	13	27
Zimbabwe	1980	1	1	0	2.2	154	40	32

Sources: Compiled by the authors from Roberto Ortiz de Zárate's *World Political Leaders 1945-2011*, *First African Leaders*, and *Current Rulers Longest-time in Office* at http://www.terra.es/personal2/monolith.and The 2011 Corruption Perception Index was obtained from Transparency International.

Notes: *FLC* represents the frequency of leadership changes, *LWS* represents the number of leaders who served since independence, *SCD* represents the number of successful coup d'états, and † represents countries with more leaders than the frequency of leadership changes due to collective presidency.

our re-rank, they are the least corrupt in Africa.

To shed more light on the issue of the incursion of thuggish leaders into position of power and leadership, which ultimately led to the demise of institutions in African countries, we examine the incursion of the military into national leadership roles through military coup d'états [*see SCD* in Table 1 and Figure 3(c)]. Arguably, the incursion of the military into power gained prominence with the bloodless coup d'état that overthrew Kwame Nkrumah's government in Ghana in 1966. Calderisi (2006, p. 77) cites a quote from Wole Soyinka's (the 1986 Nobel Prize

Laureate in Literature) denunciation of African governments: "Africans dreams of peace and prosperity have been shattered by the greedy, corrupt, and unscrupulous rule of African strongmen. One would be content with just a modest cleaning up of the environment, development of opportunities, health services, education, and eradication of poverty. But unfortunately even these modest goals are thwarted by a power crazed and rapacious leadership who can only obtain their egotistical goals by oppressing the rest of us."

As observed in Table 1, about two-thirds of all the African countries have experienced at least one successful coup d'état since independence; and as Figures 3(a) through (c) show, countries with $0 \leq SCD \geq 1$ appeared to have less frequent leadership changes and number of leaders who served; while those with $2 \leq SCD \geq 6$ appeared to have more frequent leadership changes and number of leaders who served.[11] For Africa, the military incursion ushered in an era of unchecked corruption because the military juntas ruled by decrees and disregarded the rules of law that were meant to be upheld by the judiciary systems. In other words, the military incursions and their dictatorial leadership structures altered, in no small measures, the institutional structures these countries inherited at the inception of independence.

Figure 3: Number of Leadership Changes, Leaders Who Served, and Successful Coup D'états

(a) Frequency of Leadership Changes (*FLC*)

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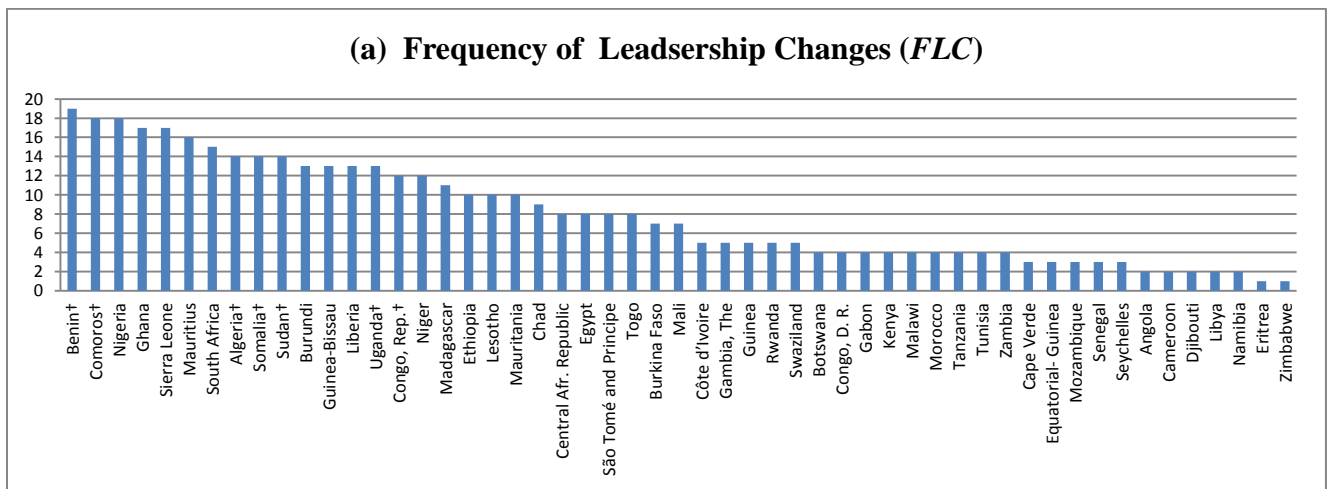
[11] Note that it is possible to test the null hypothesis (H_0): $CPI|_{0 \leq SCD \geq 1} = CPI|_{2 \leq SCD \geq 6}$ versus the alternative hypothesis (H_A): $CPI|_{0 \leq SCD \geq 1} \neq CPI|_{2 \leq SCD \geq 6}$.

(b) Number of Leaders Who Served (*LWS*)

(c) Number of Sucessful Coup D'états (*SCD*)
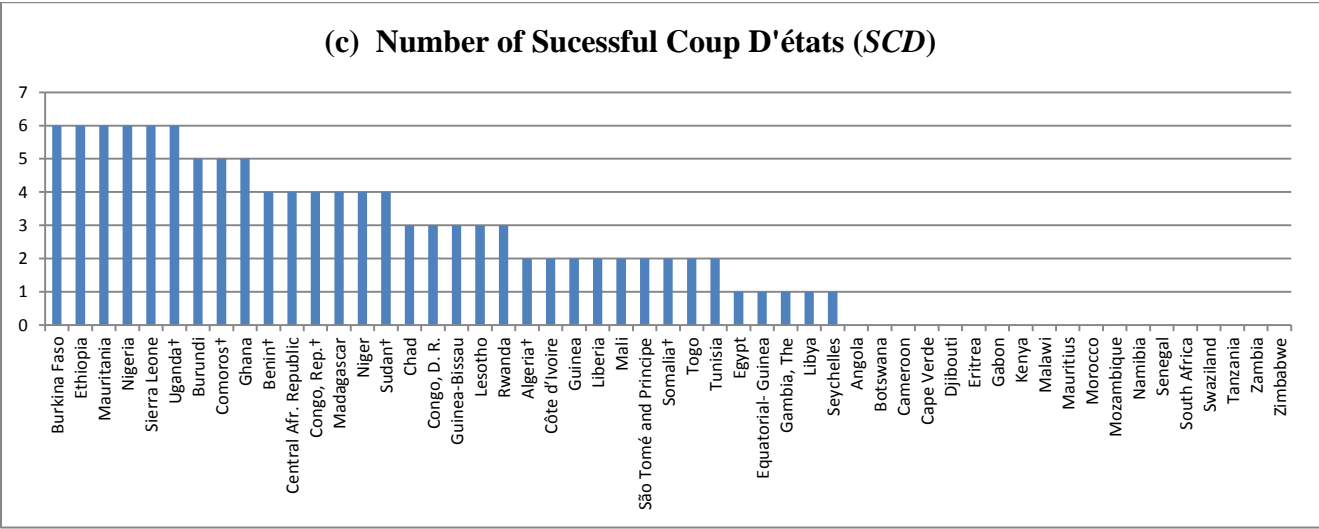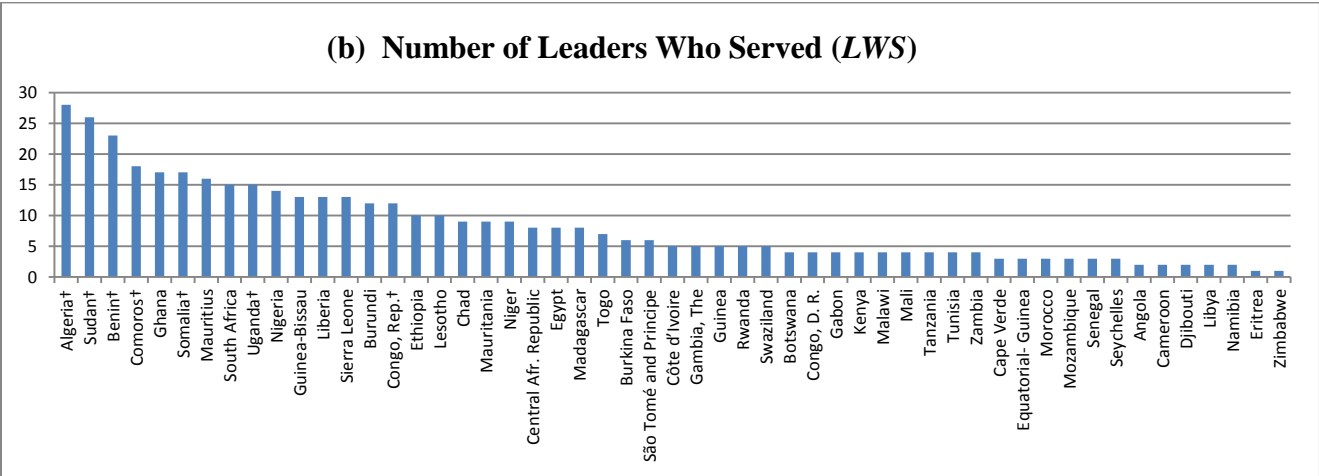
3.3 A Cursory Look at Corruption in Africa Since 1984

Using Political Risk Services' corruption rankings on 33 African countries, Figure 4 presents the continent's choropleth maps for 1984, 1990, 1995 and 2000. The white shaded areas represent missing data, the tan/pink represents less corruption, and the red represents high corruption. From 1984 (top left) to 2000 (bottom right), corruption in Africa worsened as the entire map is almost filled with red. The least corrupt nations in 2000 were Botswana, Madagascar, Namibia, and South Africa from the South; Morocco and Tunisia in the North; and Ghana, Guinea and Senegal in the West. Namibia's corruption was the most improved over the period; while South Africa was the least improved. Other countries that had transitioned from

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Figure 4: Political Risk Services' Corruption Ratings in Africa in 1984, 1990, 1995, and 2000
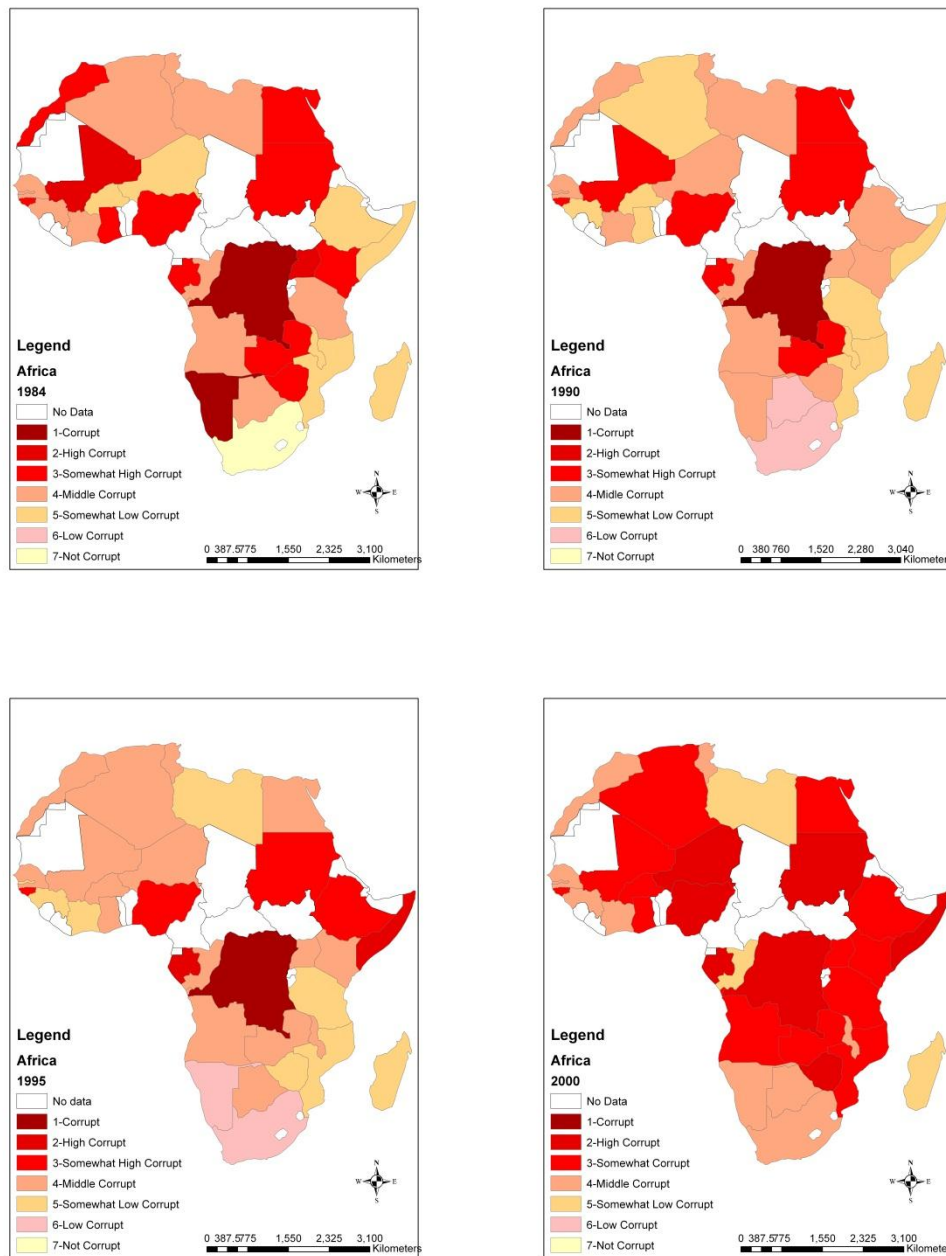
Source: International Country Risk Guide (ICRG), Corruption Ratings.

low corruption in 1984 to very high corruption in 2000 rankings were Niger and Burkina Faso in

the West, Ethiopia and Somalia in the East; and Mozambique in the South.

When consideration is paid to each aforementioned country's leadership patterns, we observe no one pattern. For instance, for some of those countries that became less corrupt during the period, the longest tenure held by leaders were in Morocco and Tunisia with more than 30 years; while leaders in Botswana and Namibia held terms for less than 15 years. Also, South Africa transitioned from no corruption in 1984 to low/moderate corruption in 1990–2000 and its longest leadership tenure was only 9 years. As we discussed earlier, dictatorial leaders with longest tenure include Ethiopia's Emperor Haile Selassie (44 years), Gabon's Omar Odimba Bongo (42 years), and Libya's Moammar Gaddafi (42 years); and sadly, these are among the most corrupt nations at the start of the 21st century.

4. Model Specification

Based on our discussions in the previous sections, one can surmise that corruption (*CORR*) in Africa thrives under corruptible dictatorial leaders (*L*), and that these corruptible leaders prefer to govern where institutions (*I*) are weak or do not exist.[12] That is:

$$CORR = g\ (L) \tag{1}$$

and that

$$L = h\ (\textbf{\textit{I}}) \tag{2}$$

therefore; the composite function, $f\ (\textbf{\textit{I}})$, can be expressed as:

$$CORR = g\ (h\ (\textbf{\textit{I}})) = f\ (\textbf{\textit{I}}) \tag{3}$$

where *CORR* is the measure of corruption, and $\textbf{\textit{I}}$ is a vector of all the relevant governance-institutional variables that are related to leadership in country *i*.

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[12] This is consistent with Bardhan's (1997, pp. 1341) argument that some African countries "in recent history became predatory in their rent-extraction not because they were strong, but because they were weak: the state could not enforce the laws and property rights that provide the minimum underpinnings of a market economy and thus lost respect: disrespect quickly led to disloyalty and thievery among public officials." According to Aidt (2003, pp. F645), democratic institutions can play an important role in reducing the scope of corruption, but they are not panaceas.

Following the works of Kaufmann, Kraay, Zoido-Lobatón, and Mastruzzi, there are six aggregate governance-institutional indicators: voice and accountability (*VA*), political stability and absence of violence/terrorism (*PV*), government effectiveness (*GE*), regulatory quality (*RQ*), rule of law (*RL*), and the control of corruption (*CC*). According to Kaufmann, *et al*. (2009), VA[13] captures the perceptions of the extent to which citizens are able to participate in selecting their government leaders, as well as freedom of expression, freedom of association and a free media; *PV* captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism; *GE,* the perceptions of the quality of the civil service and the degree of interdependence from political pressures, the quality of policy formation and implementation, and the credibility of the government's commitment to such policies; *RQ,* the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development; *RL,* the perceptions of the extent to which citizens have confidence in and abide by the rules of society and, in particular, the quality of contract enforcement, property rights, the police and the courts, as well as the likelihood of crime and violence; and *CC,* the perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the impact on the state by the elite and private interests.

Based on these relevant governance-institutional variables discussed above, and if we assume linearity, equation (3) can be rewritten as:

$$CORR_i = \delta_0 \; + \; \delta_1 VA_i \; + \; \delta_2 PV_i \; + \; \delta_3 GE_i \; + \; \delta_4 RL_i \; + \; \delta_5 RL \; + \; \delta_6 CC_i \; + \; \varepsilon_i \quad (4).$$

Economic theory suggests that any advanced or developing country [depicted by equation (4)] with dynamic leadership, good governance, and strong or effective institutional structures should

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[13] The variable can also be viewed as a good measure of democratic governance – the index of democracy used in many studies.

experience a reduction in the level of corruption. Theoretically, therefore, one should expect all the δ coefficients of equation (4) to be negative (that is, $\delta_1, \delta_2, \delta_3, \delta_4, \delta_5,$ and $\delta_6 < 0$), thus reducing the level of corruption.

For many African countries with autocratic leadership and where institutions are very weak or do not exist, some of the variables of equation (4) may not be as relevant; therefore, we specify a more parsimonious equation for estimation, which can be expressed as:

$$CORR_i = \beta_0 + \beta_1 VA_i + \beta_2 RQ_i + \beta_3 RL_i + \beta_4 PCRGDP + \beta_5 SCD + \xi_i \qquad (5)$$

where *PCRGDP* represents the growth rates of *per capita* real GDP (in PPP), and we include this to see if economic growth reduces corruption as many studies claim.[14] *SCD* is the number of successful coup d'états, which may explain the frequency of leadership changes; and ξ is the error term. Given the governance-institutional structures in African countries, we expect the signs of the β coefficients in equation (5) to be ambiguous (that is, $\beta_1, \beta_2, \beta_3, \beta_4,$ and $\beta_5 \gtrless 0$). In some African countries, for example, regulatory quality with respect to import and export licenses and exchange rate controls can curb or encourage more corruption. In some countries, the rule of law may be inviolable while in other countries, there may be no serious consequences for violations of the law as long as the violators can pay the required bribe. Furthermore, in some countries that had successful coup d'états, military juntas came to power with the stated objective of reducing or eradicating ($\beta_5 < 0$) corruption, but only to be more corrupt ($\beta_5 > 0$) than their predecessors.[15]

As we alluded to in Section 3.2, military incursions/juntas and their dictatorial leadership structures altered the institutional structures of at least 34 countries in our sample [*see* Figure

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[14] According to Aidt (2009) and Aidt and Dutta (2008), economic growth can reduce corruption because corrupt leaders want to collect their bribes from a growing pie but, to do this, they must hold on to power and pander to their citizens in the short term by reducing corruption. Paldam (2002) also argues that a growing economy has more resources to invest in corruption control.

[15] There are studies which show that African military dictators are among the richest leaders in the world, despite governing over their economically impoverished countries. For detailed discussions, see Lawal (2007) and Ayittey (2002, 2011, 2012).

3(c)]. Arguably, they were instrumental in institutionalizing corruption because they ruled with decrees and were not accountable to any other institutional authorities in these countries. Therefore, we test the ***lingering effects hypothesis*** (***LEH***) of the militarized-institutionalized corruption in these countries by testing the following hypotheses, for illustrative purposes, for two specific periods[16], namely 2006 and 2011.

$$H_0 : \overline{CPI}_{2006}\Big|_{SCD = 0} = \overline{CPI}_{2006}\Big|_{1 \le SCD \ge 6}$$

$$(6a)$$

$$H_A : \overline{CPI}_{2006}\Big|_{SCD = 0} \ne \overline{CPI}_{2006}\Big|_{1 \le SCD \ge 6}$$

and

$$H_0 : \overline{CPI}_{2011}\Big|_{SCD = 0} = \overline{CPI}_{2011}\Big|_{1 \le SCD \ge 6}$$

$$(6b)$$

$$H_A : \overline{CPI}_{2011}\Big|_{SCD = 0} \ne \overline{CPI}_{2011}\Big|_{1 \le SCD \ge 6}$$

where H_0 and H_A are the null and alternative or research hypotheses, respectively; $\overline{CPI}\Big|_{SCD = 0}$ represents the mean corruption perception indexes, in 2006 and 2011 respectively, for 19 countries which had no successful military intervention ($SCD = 0$); and $\overline{CPI}\Big|_{1 \le SCD \ge 6}$ is the mean corruption perception indexes, in 2006 and 2011 respectively, for the 34 countries that experienced at least one military intervention ($SCD > 0$).

If one fails to reject the null hypotheses of no difference between the two groups of countries (19 versus 34), then one can absorb the military that they institutionalized corruption in these countries, that is, one can conclude that there is no difference between the *CPIs* of those 19 countries that had no *SCD* and those 34 countries that had one or more *SCD*. On the other hand,

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[16] We choose the last five-year interval for simple illustration and to conserve on space. One can also conduct same tests for other periods: 1985, 1990, 1995, 2000, 2005, and 2010.

if one rejects the null hypotheses in favor of the alternative or research hypothesis, it will lend credence to our *LEH* of the militarized-institutionalized corruption in many African countries.

5.   Data and Estimated Results

Our emphasis in this study is on public corruption, thus the measure[17] of corruption is based on ICRG and TI's *CPI* because our discussions in the previous sections focus on corruption and leadership-governance-institutional structures in African countries. We obtain the relevant governance-institutional data from the 2011 Worldwide Governance Indicators (WGI) published by the World Bank Group. In other words, *VA*, *PV*, *GE*, *RQ*, *RL*, and *CC* of equation (4) are the six different measures of leadership-institutional quality (or six dimensions of governance).[18] The ICRG's corruption data began in 1984 thus covering more time period than TI's CPI, and since both measure the same thing but in different ranges, we normalize the ICRG data into TI's CPI so that the dependent variable (*CORR*) has the same scale from 0 to 10 for all countries. [19] For some countries, the WGI data began in 1996 and later in other countries; and to synchronize the time-series, we retrofit the WGI data for the earlier years (1984–1995) for all the countries in the sample based on the simple premise that the data for these variables (usually given in the range of −2.5 and +2.5) could not have been better or worse during the 1984–1995 period than those reported by WGI for each country in the sample.

The regression results for equation (5) are reported in Table 2. The estimated β coefficients are as expected, positive in some countries and negative in others. For example, the voice and accountability (*VA*) variable, which is also a good proxy for the index of democracy, is negative and statistically significant at the conventional level in five countries: Benin, Cape

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[17] There are other measures of corruption, and according to Svensson (2005), the corruption indicator published by the International Country Risk Guide (ICRG) appears to be the most commonly used because of its longer coverage across time and countries [see Ades and Di Tella (1999), Leite and Weidman (1999), Persson *et al*. (2003), and Svensson (2005)].

[18] For detailed descriptions and estimates of these governance-institutional variables, see Kaufmann, *et al*. (2009).

[19] This is consistent with the methodology used in empirical studies, see Ades and Di Tella (1999, p. 989).

Verde, Comoros, Equatorial-Guinea, and Liberia. This means that the ability to participate in the selection of government leaders, freedom of expression, freedom of association, and a free media should have a negative effect on corruption in these countries. In contrast, *VA* is positive and statistically significant in Tunisia – that is, corrupt still prevails where *VA* exists. The coefficient of regulatory quality (*RQ)* is negative and statistically significant in Cameroon and Comoros, but positive and significant in Rwanda. This means that while regulatory quality may reduce corruption in Cameroon and Comoros, it may induce more corruption in Rwanda.

Again, the rule of law (*RL*) variable is ambiguous as predicted. While it is negative and statistically significant in Mauritius, it is positive and significant in Cameroon, Guinea, Morocco, and Swaziland. This should come as no surprise, after all, it is not statistically significant in 48 countries; and for these four countries where it is positive and contributes to more corruption, one can conclude, arguably, that the citizens can circumvent the law by offering more bribes to law enforcement agents or it could mean that law enforcement agents are open to bribe offers. Per capita real GDP has an ambiguous effect on corruption although it was negative and statistically significant for Angola, Gambia, Senegal, South Africa, Sudan, and Tanzania. However, in Botswana and Zimbabwe, the coefficient of per capita real GDP is positively significant. Our findings with respect to the effect of per capita real GDP (economic growth) on corruption are consistent with those of Paldam (2002), Aidt and Dutta (2008), and Aidt (2009).

Finally, the *SCD* variable has positive and statistically significant effect on corruption in Ethiopia, Nigeria, Somalia, and Uganda – countries with strong military interventions since independence. As we argued earlier, the militarization of Africa through coup d'états contributed to institutionalization of corruption throughout the continent. Table 3 presents the results of the *LEH* tests of militarized-institutional corruption in Africa. As we can see in the last column, the estimated *t*-values, in both periods, exceed the table value, which is approximately 2.02 with *df* = $N_0 + N_1 - 2 = 51$; therefore, we reject the null hypotheses of no difference (equations 6a and 6b)

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Table 2: Determinants of Corruption Perceptions (*CORR*)

Country	Number of Obs.	Constant	VA	RQ	RL	PCRGDP	SCD	R^2
Algeria	28	5.736 (7.269)*	-0.442 (1.454)	0.506 (0.492)	-0.174 (0.182)	-0.004 (0.069)	-0.519 (1.137)	0.14
Angola	28	-3.304 (1.028)	-3.255 (1.315)	1.742 (0.786)	-3.600 (0.786)	-0064 (2.447)*	____	0.36
Benin	16	2.927 (10.485)*	-1.494 (-2.325)*	0.688 (1.144)	-0.910 (1.995)	0.154 (1.862)	0.030 (0.439)	0.49
Botswana	28	7.704 (2.079)*	-2.549 (0.977)	0.888 (0.344)	-1.857 (0.392)	0.115 (2.261)*	____	0.19
Burkina Faso	28	2.911 (2.302)*	3.159 (0.578)	-0.096 0.032)	-5.607 (1.336)	-0.077 (0.753)	0.163 (0.491)	0.19
Burundi	28	0.709 (0.879)	0.066 (0.167)	-0.485 (1.084)	-0.713 (1.051)	0.002 (0.167)	-0.043 (0.650)	0.27
Cameroon	28	2.054 (2.336)*	0.421 (0.747)	-1.949 (6.384)*	0.928 (2.216)*	-0.007 (0.760)	____	0.65
Cape Verde	28	5.638 (21.371)*	-0.640 (2.158)*	0.394 (1.501)	0.055 (0.244)	0.002 (0.199)	____	0.18
Central African Republic	28	1.500 (4.201)*	0.132 (0.713)	-0.385 (1.461)	-0.228) (1.180)	0.009 (1.021)	0.064 (1.534)	0.27
Chad	28	1.893 (8.093)*	-0.390 (0.567)	0.223 (0.696)	0.270 (0.494)	-0.005 (1.346)	-0.020 (0.296)	0.10
Comoros	28	1.444 (2.187)*	-0.660 (2.959)*	-0.612 (2.057)*	0.257 (0.733)	0.003 (0.250)	-0.002 (0.064)	0.35
Congo, Dem. Republic	28	1.604 (4.474)*	0.213 (0.961)	0.191 (1.109)	-0562 (1.852)	-0.003 (0.974)	0.055 (1.437)	0.19
Congo, Republic	28	0.422 (0.089)	0.107 (0.067)	1.772 (0.496)	-4.757 (1.576)	-0.136 (1.507)	-0.259 (0.256)	0.24
Côte d'Ivoire	28	3.119 (1.332)	3.168 (0.723)	1.754 (0.624)	-4.259 (09.14)	-0.152 (1.084)	____	0.14
Djibouti	28	2.928 (8.534)*	-0.017 (0.127)	-0.195 (0.989)	0.071 (0.196)	0.008 (1.120)	____	0.08
Egypt	28	2.899 (1.199)	-0.407 (0.154)	-1.827 (0.838)	-1.830 (0.477)	-0.172 (0.945)	0.831 (0.575)	0.13
Equatorial-Guinea	28	-0.786 (0.481)	-0.936 (2.013)*	-0.625 (1.353)	-0.075 (0.203)	0.001 (0.793)	-0.082 (0.377)	0.26
Eritrea	19	2.243 (5.668)*	-0.410 (1.004)	-0.047 (0.136)	0.483 (1.530)	-0.002 (0.457)	____	0.29
Ethiopia	28	-1.689 (0.526)	0.474 (0.223)	-2.549 (0.758)	-3.539 (0.796)	0.008 (0.208)	0.448 (2.326)*	0.44
Gabon	28	2.750 (3.400)*	1.058 (0.624)	-1.389 (0.905)	-0.163 (0.115)	0.003 (0.112)	____	0.04
Gambia, The	28	4.557 (4.411)*	-1.292 (1.557)	2.270 (1.406)	1.340 (1.262)	-0.346 (4.938)*	0.706 (0.575)	0.55
Ghana	28	4.493 (7.207)*	0.831 (0.579)	-1.382 (0.891)	0.559 (0.299)	-0.254 (1.572)	-0.009 (0.037)	0.19
Guinea	28	9.519 (1.918)	-0719 (0.210)	0.617 (0.443)	3.857 (2.053)*	0.147 (0.684)	0.374 (0.417)	0.25
Guinea-Bissau	28	4.756 (4.694)*	0.410 (0.880)	1.526 (1.841)	-0.255 (0.541)	-0.017 (1.159)	-0.044 (0.224)	0.15
Kenya	28	4.905 (1.357)	-0.505 (0.397)	-4.028 (0.722)	3.159 (0.830)	-0.077 (0.574)	____	0.08
Lesotho	28	3.274 (11.082)*	-0.009 (0.064)	-0.207 (0.376)	0.403 (1.222)	0.003 (0.409)	-0.001 (0.031)	0.14
Liberia	28	4.816 (6.542)*	-0.933 (2.665)*	2.073 (2.825)	-0.265 (0.525)	0.001 (0.084)	0.462 (1.038)	0.34

Table 2 *cont'd*.: **Determinants of Corruption Perceptions (*CORR*)**

Country	Number of Obs.	Constant	VA	RQ	RL	PCRGDP	SCD	R^2
Libya	28	2.147 (0.235)	0.928 (0.212)	-2.933 (1.423)	0.640 (0.152)	0.068 (0.972)	-0.779 (0.779)	0.29
Madagascar	28	3.938 (4.437)*	-0.462 (0.257)	-3.748 (1.449)	1.160 (0.286)	-0.104 (1.282)	0.512 (1.070)	0.26
Malawi	28	4.220 (1.799)	3.428 (1.458)	-1.005 (0.239)	-3.082 (0.868)	-0.033 (0.576)	____	0.16
Mali	28	2.296 (1.326)	1.294 (0.313)	-0.397 (0.092)	-1.209 (0.3350	0.037 (0.679)	-0.681 (0.966)	0.09
Mauritania	28	3.114 (7.995)*	0.726 (1.343)	-0.090 (0.393)	-0.140 (0.364)	-0.010 (0.864)	0.070 (1.440)	0.26
Mauritius	28	7.615 (5.508)*	-0.322 (0.276)	0.406 (1.000)	-2.779 (2.644)*	-0.042 (0.965)	____	0.31
Morocco	28	4.290 (10.694)*	-3.485 (1.777)	1.073 (0.529)	4.918 (2.070)*	-0.029 (0.756)	____	0.17
Mozambique	28	-2.420 (0.673)	-2.578 (0.509)	-2.695 (0.922)	-8.898 (1.845)	-0.036 (0.486)	____	0.22
Namibia	22	4.946 (2.991)*	-1.828 (0.541)	2.133 (0.868)	2.868 (0.784)	-0.021 (0.210)	____	0.26
Niger	28	1.680 (0.421)	0.134 (0.094)	0.477 (0.096)	-2.761 (0.434)	-0.033 (0.237)	0.582 (0.570)	0.09
Nigeria	28	2.611 (1.739)	1.134 (1.446)	0.670 (0.441)	-0.884 (0.506)	0.014 (0.236)	0.605 (2.012)*	0.18
Rwanda	28	1.649 (0.724)	-1.424 (0.733)	3.044 (2.075)*	-2.388 (1.570)	0.001 (0.009)	0.423 (0.753)	0.20
São Tomé and Principe	28	2.507 (10.899)*	-0.011 (0.049)	-0.226 (1.104)	-0.133 (1.042)	0.020 (1.125)	0.023 (0.212)	0.10
Senegal	28	2.670 (2.246)*	-0.114 (0.093)	-9.860 (1.560)	3.983 (1.484)	-0.221 (2.451)*	____	0.24
Seychelles	28	4.417 (18.107)*	-0.685 (0.653)	-0.097 (0.280)	0.056 (0.150)	-0.017 (1.040)	0.036 (0.059)	0.08
Sierra Leone	28	2.034 (6.586)*	0.054 (0.440)	-0.482 (1.187)	0.267 (0.482)	0.004 (0.741)	0.050 (1.437)	0.21
Somalia	28	9.924 (1.655)	2.071 (0.571)	3.736 (0.624)	-6.554 (0.993)	3.674 (1.934)	2.628 (2.228)*	0.32
South Africa	28	3.911 (1.526)	4.006 (1.294)	0.130 (0.050)	-0.866 (0.168)	-0.420 (3.224)*	____	0.35
Sudan	28	5.858 (1.724)	1.004 (0.483)	2.784 (1.260)	-1.398 (0.924)	-0.068 (2.176)*	0.627 (1.423)	0.26
Swaziland	28	2.241 (1.783)	-1.415 (1.255)	-0.679 (1.173)	1.876 (2.127)*	0.026 (0.996)	____	0.21
Tanzania	28	5.094 (1.999)	1.467 (0.788)	-2.897 (0.914)	1.734 (0.399)	-0.550 (5.231)*	____	0.56
Togo	28	2.420 (7.641)*	-0.247 (0.961)	0.056 (0.235)	0.276 (0.966)	-0.005 (0.788)	0.109 (0.961)	0.13
Tunisia	28	6.235 (16.241)*	1.463 (3.629)*	-0.843 (1.015)	1.266 (1.649)	-0.009 (0.366)	0.123 (0.768)	0.52
Uganda	28	3.022 (1.825)	2.350 (0.907)	2.252 (0.735)	-2.304 (0.743)	0.096 (1.289)	1.686 (2.423)*	0.24
Zambia	28	0.869 (0.353)	-2.258 (0.935)	-1.491 (0.975)	-2.217 (0.593)	-0.105 (1.894)	____	0.18
Zimbabwe	28	4.022 (2.732)*	-1.004 (0.231)	-1.118 (0.253)	2.177 (0.664)	0.100 (2.104)*	____	0.19

Note: The *t*-values are in parentheses, and * denotes statistical significance at the 5% level.

Table 3: Tests of H_0: $\overline{CPI}_0|_{SCD=0} = \overline{CPI}_1|_{1 \le SCD \ge 6}$ Versus H_A: $\overline{CPI}_0|_{SCD=0} \ne \overline{CPI}_1|_{1 \le SCD \ge 6}$

Period	Obs	$\overline{CPI}_0$	Std. Dev.	Min. CPI	Max. CPI	Obs*	$\overline{CPI}_1$	Std. Dev.	Min. CPI	Max. CPI	Diff. at 5% level
2006	19	3.3	1.18	2.0	6.6	34	2.6	0.90	1.6	6.6	$t = 2.15$
2011	19	3.4	1.12	2.0	6.1	34	2.6	0.82	1.0	4.8	$t = 2.45$

Note: Obs is the number of countries where $SCD = 0$, and Obs* is the number of countries with at least one or more SCD. $\overline{CPI}_0$ and $\overline{CPI}_1$ are the means[20] for $N_0 = 19$ and $N_1 = 34$, respectively.

between the mean *CPI* of those countries which had no *SCD* and those countries with at least one or more *SCD*. These findings lend credence to the lingering effects hypothesis. One cannot overemphasize the importance of these hypotheses for African countries, more so, given the fact that corruption has worsened considerably in recent years in those group of countries that had *SCD* > 0. As Table 3 shows, both the minimum and maximum *CPIs* in 2011 are much worse compared to those of 2006.

6. Concluding Remarks and Policy Recommendations

This paper argues and presents the empirical evidence that corruption persists in African countries because of bad governance perpetrated by their dictatorial leaders who prefer to govern where institutional checks and balances are weak or do not exist. In addition, we argue and show that the institutional structures in Africa are weak regardless of whether leadership changes are frequent or infrequent, and that over the past four or more decades, corruption worsened

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[20] For all 53 African countries, we utilize Transparency International's corruption perceptions index (CPI); and we compute the mean for those countries ($N_0 = 19$) with no *SCD* as $\overline{CPI}_0 = \dfrac{\sum CPI_0}{N_0}$, and the mean for those countries ($N_1 = 34$) with one or more *SCD* as $\overline{CPI}_1 = \dfrac{\sum CPI_1}{N_1}$. We compute the variances for both groups as $s_0^2 = \dfrac{\sum (CPI_0)^2}{N_0} - \overline{CPI}_0$ and $s_1^2 = \dfrac{\sum (CPI_1)^2}{N_1} - \overline{CPI}_1$, respectively. The estimate of the standard error of the difference between the means is given as $s_{\overline{CPI}_0 - \overline{CPI}_1} = \sqrt{\left(\dfrac{N_0 s_0^2 + N_1 s_1^2}{N_0 + N_1 - 2}\right)\left(\dfrac{N_0 + N_1}{N_0 N_1}\right)}$; and the computed *t-ratio* is $\dfrac{\overline{CPI}_0 - \overline{CPI}_1}{s_{\overline{CPI}_0 - \overline{CPI}_1}}$. The H_0 is rejected if the computed *t-rato* exceeds the *table* value.

considerably in the continent as many countries transitioned into highly corrupt nation-states. Our empirical results confirm the weaknesses or failure of these institutions as the three institutional-governance variables (*VA*, *RQ*, and *RL*) in our regressions show statistical significance in 11.3 percent, 5.7 percent, and 9.4 percent of the 53 countries in the sample.

Furthermore, we use Transparency International's corruption perception index to test the lingering effects of corruption between those countries with no successful coup d'état with those countries that experienced at one or more coup d'états; and we find evidence that corruption persists more in those countries that experienced military dictatorship because military juntas in those countries ruled by decrees and were rarely or never accountable, in many countries, to any institutional or constitutional authorities during and/or after their tenures in office ended.

These results suggest that policies aimed at controlling or reducing corruption in African countries must begin with laying the foundation for strong institutions – economic, political, and social – in all sectors of the economy. Alternatively, countries could follow Ayittey's five consecutive stages of reform to control corruption (Ayittey's Law). While one cannot argue against Ayittey's recommended reforms, we hasten to add that there is no empirical evidence that suggests a specific order or stage in which reform should begin. Furthermore, given the absence of the rule of law in reducing the level of corruption in African countries, the international community can help by applying the international money laundering laws to prosecute corrupt African leaders who siphon billions of dollars out of their countries every year.[21] This call for international help to control corruption in African countries is in accordance with earlier recommendations by policy experts who view corruption to be more debilitating to less developed countries, such as those in Africa [see, Robert Klitgaard (1998, pp. 3-6)].

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[21] The recent prosecution and conviction of James Ibori (the ex-Governor of Delta State in Nigeria) in the United Kingdom provides the strongest evidence to date of what the international community can do to help Africa countries from the clutches of their corrupt leaders who are rarely or never prosecuted in their respective countries. Retrieved from online on April 20 and June 26, 2012 at   http://odili.net/news/source/2012/apr/18/30.html and http://odili.net/news/source/2012/apr/18/1.html.

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