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THE ECONOMIC PERFORMANCE OF KENYA'S PRESIDENTS

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Abstract

In Kenya, the performance of the economy is often hinged on the president because of the immense power they have wielded over the years. They are blamed if the economy performs poorly or the other way round. Their performance on the economic front is often based on national emotions, not data. This paper goes a step further and objectively compares the performance of all the four Kenya's presidents since independence from Britain in 1963. The economic performance of Queen Elizabeth II who was head of state before independence is included for comparison purposes. Data is sourced from World Bank. Surprisingly, Jomo Kenyatta comes top perhaps because of the feel-good effect after independence. He is followed by his son Uhuru and the rest. The good performance by Uhuru could be a signal that the new constitution is not that bad for the economy. However, his short stint of only five years means we need to treat that conclusion with caution. The use ANOVA shows there were differences in performance among the four presidents. Further use of Tukey's test shows that the difference was mostly between first and second presidents. Unexpected because the second president in public said he would follow the footsteps of the first president. He seems to have done that politically but not economically.

Keywords: Jomo Kenyatta, Moi, Kibaki, Uhuru, Queen Elizabeth II, Kenyan economy, 2010 constitution

INTRODUCTION

Kenya has had four presidents since gaining independence from Britain in 1963. The British rule lasted from 1895 when Kenya became a protectorate and then a colony in 1920. By global standards, Kenya was colonized for a relatively short period of time. India was colonized for about 300 years and Angola for 500 years (Jerónimo, 2018).

Independence or *uhuru* meant our leaders had freedom to determine policies but within the global systems like United Nations, other multilateral organizations and bilateral treaties or other frameworks like East African community. This study investigates the economic performance of four Kenya's presidents who ruled for different periods of time.

Which president performed best on the economic front? It is hard to be objective in answering this question because presidential performance is politically and emotionally laden. The study tries to be objective by using publicly available data like Gross |Domestic Product (GDP) growth rate. Simply put, GDP growth rate is the percentage change in productive capacity of a nation from one year to the next. GDP is also sum of private consumption, government spending, country's investment and net export. We assume both internal and external events are reflected in GDP growth rates. The presidents ought to change policies to take care of these external factors or shocks.

The data is sourced from World Bank and Kenya National Bureau of statistics (KNBS) both which are deemed to be reliable. From this, the average growth rate for each presidency is obtained.

The year 1964 is included, when Queen Elizabeth was the head of the government and Jomo Kenyatta the prime minister. The presidency is then rounded off to the nearest year. For example, though president Moi took over in August 1978, we assume 1978 belonged to Jomo Kenyatta.

Lagging is not factored in, where the policy decisions of one presidency may spill over to the next presidency. For example, some of the decisions made by Kibakimay manifest themselves in Uhuru's presidency. We assume the presidents are independent and have their own policies.

METHODOLOGY

Data on Kenya's GDP growth for the period 1963-2017 is collected from the World Bank. Using ANOVA, the mean GDP growth for all the presidents are compared with the null hypothesis that they were not different. If the difference is found, Tukey's HSD test is used to investigate the source of the difference among the several pairs of presidencies. Levene's test of homogeneity of variancesis also used.

ANALYSIS AND FINDINGS

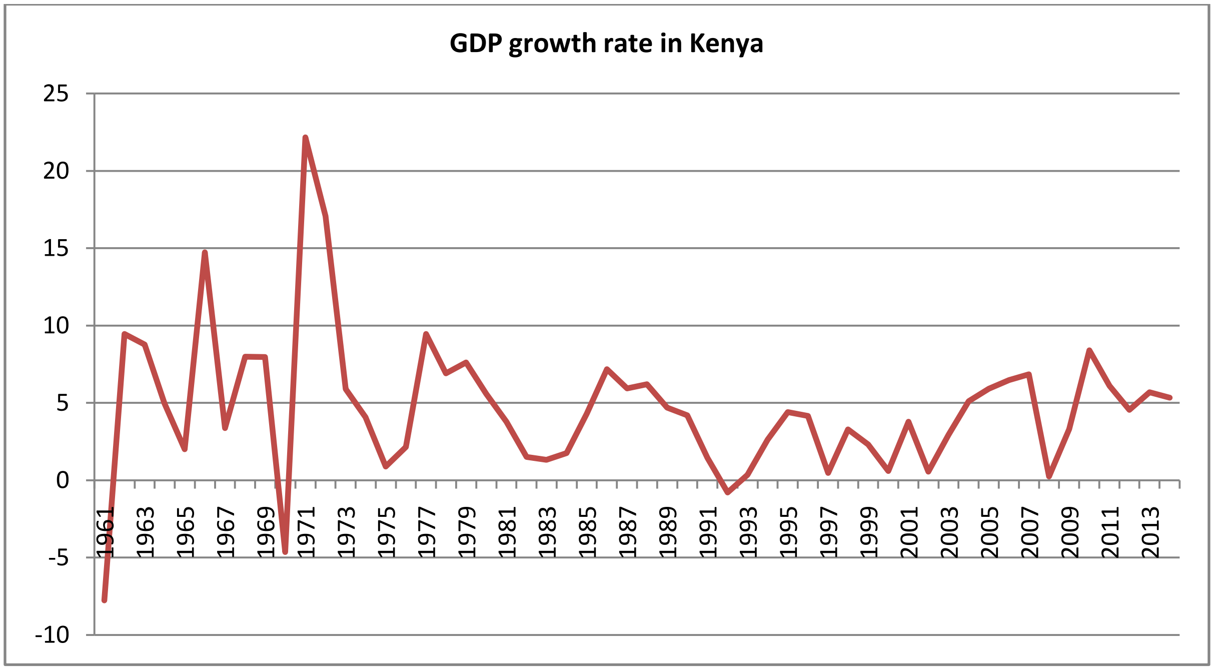

Figure 1: Economic growth rate in Kenya since independence Source: World Bank

Figure 1 shows that economic growth has been very volatile since independence. This could be explained by politics with marked slumps after assassination of Tom Mboya (1969), JM Kariuki (1975), coup attempt (1982) and election violence (2007-2008). To compare economic performance among presidencies, mean GDP growth for each president's reign is calculated.

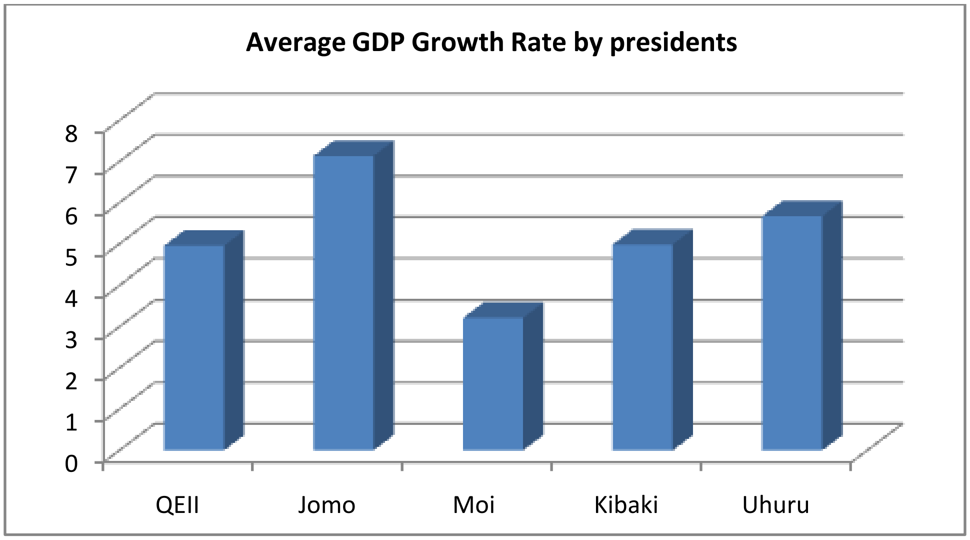

Figure 2: Economic Performance of Kenyan Presidents. Queen Elizabeth II one Year (1964) reign is included for comparison. Source: World Bank.

The data has interesting findings. Contrary to popular belief, Jomo Kenyatta did better than all the other presidents; he even outdid his son Uhuru. Deeper analysis shows that Jomo Kenyatta regime had the highest volatility in growth, measured by standard deviation. Moi and Kibaki had about the same volatility. Uhuru's period is the least volatile. We must caution that the law of large numbers apply here. Instructively, no president has reached the 10 per cent rate envisioned in Vision 2030, the government strategic plan developed during Kibaki's era (GoK, 2008).

How did the economy grow fastest during Jomo Kenyatta era with price controls, one party state, the oil shock, the political crisis like assassination of Tom Mboya and the Coffee boom?

The superior performance of Jomo Kenyatta is from "feel good effect" after getting independence or uhuru (not the son who bears the same name)? The assurance Jomo Kenyatta gave to British settlers may have minimized capital flight and led to growth. John Row in Encyclopaedia Britannica explains Jomo Kenyatta's performance "Besides relying heavily on a free-market economy, he encouraged foreign investment from Western and other countries. Largely as a result of his policies, Kenya's gross national product grew almost fivefold from 1971 to 1981, and its rate of economic growth was among the highest on the continent in the first two decades after independence"

Second after Jomo Kenyatta is surprisingly Uhuru, Jomo Kenyatta's son. Even if you remove the year 2008, after post poll violence, Uhuru still beat Mwai Kibaki. With so much negative publicity mostly on corruption most will be sceptical on the ranking, but data is objective. Uhuru is benefitting from Kibaki legacy and is carrying on his project. Kinyanjui (2018) notes that politicians made policies and technocrats ran the show during Jomo Kenyatta era, now politicians do both. That statement needs farther analysis.

Uhuru is also running the country under a new constitution that was enacted in 2010. Other presidents had more power and run a very centralized country. With new constitution, power and lots of economic resources were devolved to the counties. Uhuru's better performance, ex post facto seems to suggest that the new constitution has economic dividends and is working.

President Moi lag in ranking has a lot to do with great turbulence that included Structural Adjustment Programs (SAP), aid freeze, the uncertainties of end of coldwar, economic and political liberalization and finally and sadly through tribal clashes that led to capital flight, internal displacements and slowdown in economic growth.Kimenyi et. Al (2016) attributes slow down in the 1980s, during Moi era to "global recession, commodity price decline, delayed structural adjustment policies, and political succession in the country, as well as slow-moving candidates such as institutional quality and distributional politics"

Kibaki performance could have been exemplary without the dent from 2007-2008 post election violence. Two key initiatives of his presidency stand out. One is The Economic Recovery Strategy (ERS) for Wealth and Employment Creation. The ERS policy framework identified four pillars namely macro-economic stability; strengthening of institutions of governance; rehabilitation and expansion of physical infrastructure; and investment in the human capital. The other initiative was Vision 2030, the first economic blueprint since independence.

In this paper data, is used see through the fog of political emotions. Such analysis can guard against political adventurism and lead to better policies based on data and objectivity.

Interestingly, economic performance has started featuring in political contests. Presidential candidates are making reference to economic performance as 2017 polls showed. Two issues stood out. One is Eurobond in which Kenya borrowed $2billion and broke the Africa's record in subscription of sovereign bonds. The other is Standard Gauge Rail (SGR), built by Chinese and cost $3.2bn (£2.5bn) and eventually will connect land-locked South Sudan, eastern Democratic Republic of Congo, Rwanda, Burundi and Ethiopia to the Indian Ocean.The Jubilee political party is also trumpeting its economic records in various forums. In his inaugural speech in 2017, president Uhuru put it, 'we have built a firm foundation for economic takeoff. Our aggressive reforms to our business environment have made us the fastest-improving business environment anywhere in the world. "

Economic growth is not driven by presidents and their governments only. Private consumption is also a contributor. While presidents oversee the economy, citizens do the sweating and hope that voting for a particular presidential candidate shall end their sweating. Notice the decreasing government final consumption expenditure (% of GDP). This may reflect the increasing importance of the private sector.

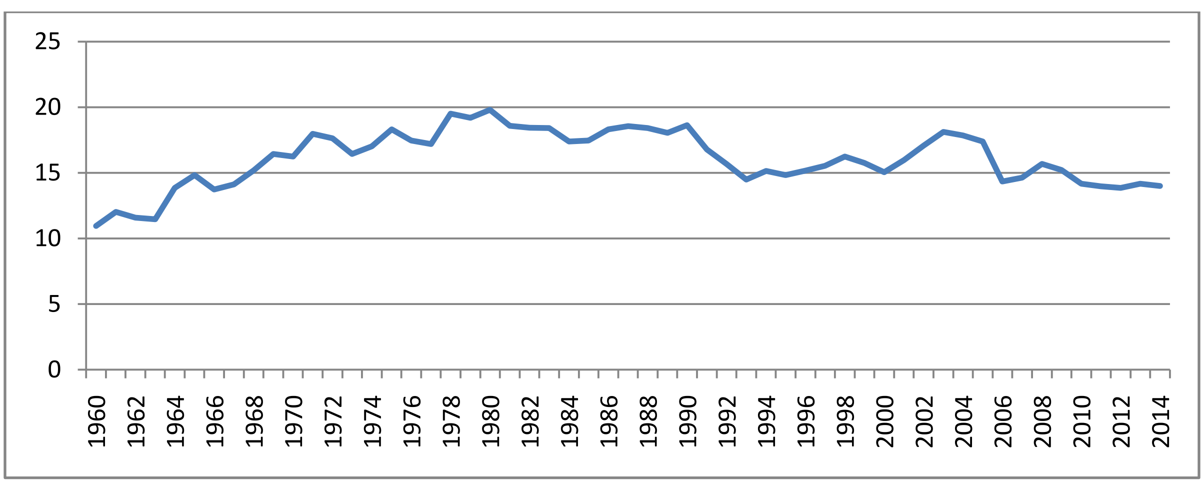

Figure 3: General government final consumption expenditure (% of GDP). Source: World Bank

The presidency and other arms of the government should create an enabling environment for the country to grow economically. The expectations of the citizens resulting from government policies and decisions determines if they will consume more , invest more, export more and increase the productive capacity of the nation.

When power was highly centralized before 2010 constitution, it was easy to see and feel the president's power on the economy. Now it's muted but that should not discourage us from using data to compare the performance of our leaders.

Deeper analysis is carried out using ANOVA and Tukey's test. The latter test is used to test for significant difference between any two pairs (presidencies).

Table 1: Growth rates presidencies and Queen Elizabeth II (QEII)

Year	GDP Growth	President/Queen
1963	8.778340216	QEII
1964	4.964467288	Jomo Kenyatta
1965	2.009094171	Jomo Kenyatta
1966	14.7285664	Jomo Kenyatta
1967	3.361232032	Jomo Kenyatta
1968	7.98268997	Jomo Kenyatta
1969	7.959224456	Jomo Kenyatta
1970	-4.655446914	Jomo Kenyatta
1971	22.17389193	Jomo Kenyatta
1972	17.08242935	Jomo Kenyatta
1973	5.896580215	Jomo Kenyatta
1974	4.065617347	Jomo Kenyatta
1975	0.882203178	Jomo Kenyatta
1976	2.153964497	Jomo Kenyatta
1977	9.453797849	Jomo Kenyatta
1978	6.912493547	Jomo Kenyatta
1979	7.615226042	Moi
1980	5.591976207	Moi
1981	3.773544197	Moi
1982	1.506478254	Moi
1983	1.309050242	Moi
1984	1.755216977	Moi
1985	4.30056182	Moi
1986	7.177555391	Moi
1987	5.937107446	Moi
1988	6.20318382	Moi
1989	4.690348768	Moi
1990	4.192050974	Moi
1991	1.438346791	Moi

1992	-0.79949396	Moi	Table 1...
1993	0.353197256	Moi	
1994	2.632784519	Moi	
1995	4.406216526	Moi	
1996	4.146839267	Moi	
1997	0.47490192	Moi	
1998	3.290213723	Moi	
1999	2.305388596	Moi	
2000	0.599695392	Moi	
2001	3.779906496	Moi	
2002	0.54685953	Moi	
2003	2.932475546	Kibaki	
2004	5.104299776	Kibaki	
2005	5.906666082	Kibaki	
2006	6.472494299	Kibaki	
2007	6.850729771	Kibaki	
2008	0.232282746	Kibaki	
2009	3.306939815	Kibaki	
2010	8.402277064	Kibaki	
2011	6.11161346	Kibaki	
2012	4.563200169	Kibaki	
2013	5.879763868	Uhuru	
2014	5.351839858	Uhuru	
2015	5.713382918	Uhuru	
2016	5.848665359	Uhuru	
2017	4.9	Uhuru	

Table 2: Descriptive Statistics of GDP growth

					95% Confidence Interval for Mean			
	N	Mean	Std. Deviation	Std. Error	Lower Bound	Upper Bound	Minimum	Maximum
Jomo	15	6.99805369	6.805616779	1.757202696	3.22922874	10.76687864	-4.655447	22.173892
Moi	24	3.21779817	2.313148599	.472169481	2.24104119	4.19455516	-.799494	7.615226
Kibaki	10	4.98829787	2.340446262	.740114093	3.31404348	6.66255227	.232283	8.402277
Uhuru	5	5.53873040	.414056640	.185171759	5.02461118	6.05284962	4.900000	5.879764
Total	54	4.81064060	4.249548938	.578290363	3.65073702	5.97054418	-4.655447	22.173892

Table 3: Test of Homogeneity of Variances

GDPGROWTH

Levene Statistic	df1	df2	Sig.
6.557	3	50	.001

P<0.05, hence there is homogeneity of variance

Table 4: ANOVA

GDPGROWTH

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	135.629	3	45.210	2.752	.05
Within Groups	821.480	50	16.430		
Total	957.109	53			

There significance difference in GDP growth rate among the presidents, p<= 0.05

Table 5: Tukey's HSD and LSD tests

Dependent Variable: GDPGROWTH

	(I) PRESIDENCY	(J) PRESIDENCY	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
Tukey HSD	1	2	3.78026*	1.33412	.032	.2347	7.3258
		3	2.00976	1.65477	.621	-2.3879	6.4075
		4	1.45932	2.09314	.898	-4.1034	7.0220
	2	1	-3.78026*	1.33412	.032	-7.3258	-.2347
		3	-1.77050	1.52562	.654	-5.8250	2.2840
		4	-2.32093	1.99261	.652	-7.6165	2.9746
	3	1	-2.00976	1.65477	.621	-6.4075	2.3879
		2	1.77050	1.52562	.654	-2.2840	5.8250
		4	-.55043	2.22011	.995	-6.4506	5.3497
	4	1	-1.45932	2.09314	.898	-7.0220	4.1034
		2	2.32093	1.99261	.652	-2.9746	7.6165
		3	.55043	2.22011	.995	-5.3497	6.4506
LSD	1	2	3.78026*	1.33412	.007	1.1006	6.4599
		3	2.00976	1.65477	.230	-1.3139	5.3335
		4	1.45932	2.09314	.489	-2.7449	5.6635
	2	1	-3.78026*	1.33412	.007	-6.4599	-1.1006
		3	-1.77050	1.52562	.251	-4.8348	1.2938

							Table 5...
		4	-2.32093	1.99261	.250	-6.3232	1.6813
	3	1	-2.00976	1.65477	.230	-5.3335	1.3139
		2	1.77050	1.52562	.251	-1.2938	4.8348
		4	-.55043	2.22011	.805	-5.0097	3.9088
	4	1	-1.45932	2.09314	.489	-5.6635	2.7449
		2	2.32093	1.99261	.250	-1.6813	6.3232
		3	.55043	2.22011	.805	-3.9088	5.0097

*. The mean difference is significant at the 0.05 level.

Tukey’s test shows that there was significant difference in economic performance during Jomo Kenyatta and Moi eras. This is confirmed by LSD test. The significant difference between Jomo Kenyatta and Moi presidency is surprising because president Moi insisted he will Jomo Kenyatta’s footsteps (Nyayo). He seems to have done that politically but not economically.

CONCLUSION

The Kenyan economy has performed differently under the four presidents. Using Tukey’s HSD or LSD tests show that the key difference in performance was only between Jomo Kenyatta and Daniel Arap Moi’s presidencies who followed each other. This is not surprising; the leaders in all the presidencies are related politically and are unlikely to make radical policy changes. This is supported by the fact that it took 47 years to enact a new constitution. Future research can analyze how specific policies and external shocks affected the economic performance during each presidency.

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