

ABSTRACT

Public debt accumulation in developing countries has become a source of concern for economists and policy makers. It is essential to understand the determinants of rising public debt. The study aims to explore the political and economic determinants of public debt in developing countries over the period 2000-2015. The analysis is undertaken for developing countries belonging to three different regions which include Africa, Asia and Latin America and the Caribbean. The results indicate that in Africa, GDP growth, gross capital formation, political stability, corruption and regulatory quality determine public debt. In Asia, government expenditure, political stability and regulatory quality determine public debt while in Latin America and the Caribbean trade openness and regulatory quality determine public debt. Socio-economic factors which include unemployment and age dependency ratio included in the research are common across all regions. The research indicates that it is vital to incorporate region specific politico-economic variables in the study of public debt.

Keywords: Public debt, Africa, Asia, Latin America and the Caribbean, Politico-economic, Panel data