

Cyclical Response of Social Spending in African Countries: The Importance of Elections

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Abstract: An abundant literature has examined the determinants of the cyclical orientation of fiscal policy, but little is known about the role of elections in the fiscal cyclicity of public social spending. The aim of this study is to examine the role of elections in the cyclicity of public spending on health, education and social protection. To this end, we used the weighted least squares method, on a panel of 21 African countries, for the period covering 2002-2017. The results reveal that public spending on health, education and social protection are procyclical, and this procyclicality is accentuated when the economic cycle interacts with elections. However, examining the asymmetries using the quantile regression method, developed by Kaplan and Sun (2017), reveals that when the election interacts with the business cycle, the procyclicality of public spending on health, education and social protection is more pronounced in the upper quantiles than in the lower quantiles. Furthermore, the results of the study reveal that IMF programs, natural resources dependence and population growth are important determinants of public spending on health, education and social protection. Our results imply that public spending on health, education and social protection should not be used for electoral purposes.

Keywords: Public Spending on Health, Public Spending on Education, Public Spending on Social Protection, Business Cycle, Election

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