

# PhD seminar

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Ablam Estel Apeti

## Inflation targeting and public expenditure in developing countries

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### ABSTRACT

This paper assesses the effect of inflation targeting (IT) on public expenditure in 37 developing countries over the period 1990-2016. Using the PSM, we show that IT reduces public expenditure in inflation targeting countries. A more disaggregated analysis shows however that this effect is more heavily supported by current expenditure. The results highlighted in this paper are robust to an alternative definition of the treatment variable, the addition of different control variables, the use of an alternative method and to unobservable characteristics. Finally, some sensitivity analyses conducted in this paper show that the results are sensitive not only to the type of inflation targeting but also to some structural characteristics of the target countries.

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