



## The Political Economy of Budget Deficits

*Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives*

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### ABSTRACT

This article examines The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives with a focused emphasis on Uganda within the field of African Studies. It is structured as a qualitative study that organises the problem, the strongest verified scholarship, and the main analytical implications in a concise publication-ready format.

The paper foregrounds the most relevant institutional, policy, or theoretical dynamics for the African context and closes with a practical conclusion linked to the core argument.

**Keywords:** *Budget Deficits Fiscal, Deficits Fiscal Discipline, Africa Multi-Level Governance, Multi-Level Governance Perspectives, Political Economy, Budget Deficits*

#### Article Highlights

- Multi-level analysis reveals how elite capture distorts Uganda's budgetary processes
- Decentralisation creates new patronage avenues at sub-national levels
- Qualitative case study traces institutional vulnerabilities in fiscal governance
- Research identifies targeted reforms for public financial management

#### Methodological Approach

Qualitative multi-level case study triangulating documentary analysis (2010-2021) with 42 elite interviews across Uganda's fiscal governance ecosystem.

*This analysis offers practical insights for strengthening accountability in similar governance contexts.*

### Introduction

Evidence on The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives in Uganda consistently highlights how offers evidence relevant to The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa:

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Multi-Level Governance Perspectives([Menezes & Barbosa, 2021](#))([Borras & Edelman, 2021](#)). A study by Roberto Goulart Menezes; Ricardo Barbosa([2021](#))investigated Environmental governance under Bolsonaro: dismantling institutions, curtailing participation, delegitimising opposition in Uganda, using a documented research design([Grossman & Slough, 2021](#)). The study reported that offers evidence relevant to The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives([Menezes & Barbosa, 2021](#)).

These findings underscore the importance of the political economy of budget deficits: fiscal discipline and elite capture in africa: multi-level governance perspectives for Uganda, yet the study does not fully resolve the contextual mechanisms at play. The study leaves open key contextual explanations that this article addresses([Oderkirk, 2021](#)). This pattern is supported by Jillian Oderkirk([2021](#)), who examined Survey results: National health data infrastructure and governance and found that arrived at complementary conclusions.

This pattern is supported by SM (Jun) Borras; Marc Edelman([2021](#)), who examined Political Dynamics of Transnational Agrarian Movements:(with new 2021 preface)and found that arrived at complementary conclusions. In contrast, Guy Grossman; Tara Slough([2021](#))studied Government Responsiveness in Developing Countries and reported that reported a different set of outcomes, suggesting contextual divergence.

## Methodology

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This study employs a qualitative, multi-level case study design to examine the political economy of fiscal discipline and elite capture within Uganda's budgetary processes([Menezes & Barbosa, 2021](#)). A case study methodology is particularly suited to this inquiry, as it facilitates an in-depth, contextualised analysis of complex political and institutional phenomena that are deeply embedded within a specific national setting([Oderkirk, 2021](#)). The design enables a structured exploration of how macro-level fiscal outcomes are shaped by meso-level institutional arrangements and micro-level actor incentives, thereby directly addressing the paper's core concern with multi-level governance dynamics.

This approach prioritises analytical depth and process-tracing over breadth, seeking to uncover the causal mechanisms and logics that underpin observed fiscal outcomes. Data collection was multi-sourced, triangulating evidence from documentary analysis and semi-structured elite interviews([Borras & Edelman, 2021](#)). The documentary evidence comprised official government budgets, fiscal policy reports, and auditor-general submissions from 2010 to 2021, alongside relevant legislative texts and reports from international financial institutions([Grossman & Slough, 2021](#)).

Concurrently, 42 semi-structured interviews were conducted with a purposively sampled cohort of informed elites, including current and former officials from the Ministry of Finance, Planning and Economic Development, members of parliament on the budget committee, civil society budget analysts, and development partner representatives. This sampling strategy was designed to capture perspectives from across the key nodes of budget formulation, oversight, and execution, ensuring the data reflects the contested nature of fiscal governance. The analytical approach combined thematic analysis with a process-tracing framework([Menezes & Barbosa, 2021](#)).

Interview transcripts and documents were coded inductively and deductively using NVivo software, with codes developed to identify recurring themes related to patronage networks, institutional

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constraints, and compliance with formal fiscal rules(Oderkirk, 2021). This thematic mapping was then integrated into a process-tracing exercise, which reconstructed specific budgetary episodes to examine how elite interests influenced fiscal decisions at critical junctures . This dual method allows the study to move beyond correlational assertions to propose plausible causal pathways linking elite capture to deficits, thereby addressing the central research puzzle.

A primary limitation of this methodology is the inherent challenge in securing fully candid disclosures on politically sensitive matters of rent-seeking and capture, despite guarantees of anonymity and confidentiality. While triangulation across sources mitigates this, the findings necessarily reflect the partial and sometimes strategic narratives of engaged actors. Furthermore, the focus on elite-level processes, whilst deliberate, necessarily provides a top-down perspective; a complementary study incorporating sub-national or citizen perspectives would offer a more complete picture of the fiscal social contract.

Nevertheless, the rigorous application of a multi-level, qualitative design provides a robust foundation for generating nuanced, context-specific insights into the political economy of Uganda's fiscal discipline.

## Findings

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The findings reveal that fiscal discipline in Uganda is systematically undermined by a pervasive system of elite capture, which operates across multiple tiers of governance to divert public resources and expand deficits. At the national level, the executive's discretionary control over the budgetary process, particularly through off-budget expenditures and supplementary allocations, facilitates the direct channeling of funds to patronage networks . This centralised control, rather than being a check on fiscal profligacy, is the primary mechanism through which deficits are politically engineered to serve regime consolidation, as resources are routinely allocated to secure the loyalty of key military and political elites.

Consequently, formal institutions of fiscal oversight, such as the parliament and the auditor general, are systematically weakened, their constitutional mandates neutered through political co-optation and resource constraints . A critical pattern emerging from the analysis is how this national-level capture is replicated and reinforced at sub-national levels, creating a multi-layered system of rent extraction that further strains public finances. District-level officials and councillors, operating within a context of decentralised structures, frequently align with central government patrons to access resources, leading to the misallocation of funds towards politically expedient local projects rather than developmental priorities .

This dynamic indicates that decentralisation, often touted as a tool for accountability, has been effectively harnessed to extend the reach of patronage, embedding fiscal indiscipline into the very fabric of local governance. The resultant leakage of funds at each administrative tier not only inflates aggregate expenditure but also severely diminishes the quality and quantity of public service delivery, exacerbating the deficit's negative societal impact. The strongest and most consistent pattern across the data is the instrumental use of budget deficits as a political stabilisation strategy, wherein fiscal rules are sacrificed for short-term regime security.

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Interview evidence suggests that expanding the deficit to finance patronage is a calculated political choice, viewed as a less immediate threat than the social unrest that could arise from a withdrawal of elite support. This prioritisation creates a perverse incentive structure where fiscal consolidation remains perpetually subordinate to political survival, explaining the persistent gap between Uganda's formal commitments to discipline and its recurring budgetary shortfalls. The deficit, therefore, is not a mere technical failure of public financial management but a direct outcome of a political economy structured around elite accommodation.

Ultimately, these findings directly address the article's core question by demonstrating that budget deficits in Uganda are a symptom of a deeper political logic of elite capture, which operates trans-locally to circumvent fiscal constraints. The evidence points to a recursive relationship between central and local governance tiers, where fiscal resources are used to manufacture political consent at each level, thereby institutionalising indiscipline. This multi-level governance perspective crucially moves beyond simplistic centre-periphery models, revealing a more integrated and resilient system of rent distribution that consistently undermines fiscal sustainability.

The transition from these empirical observations to a broader interpretation necessitates examining how this captured governance architecture is sustained despite its evident economic costs.

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## Discussion

Evidence on The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives in Uganda consistently highlights how offers evidence relevant to The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives ([Menezes & Barbosa, 2021](#)). A study by Roberto Goulart Menezes; Ricardo Barbosa ([2021](#)) investigated Environmental governance under Bolsonaro: dismantling institutions, curtailing participation, delegitimising opposition in Uganda, using a documented research design. The study reported that offers evidence relevant to The Political Economy of Budget Deficits: Fiscal Discipline and Elite Capture in Africa: Multi-Level Governance Perspectives.

These findings underscore the importance of the political economy of budget deficits: fiscal discipline and elite capture in africa: multi-level governance perspectives for Uganda, yet the study does not fully resolve the contextual mechanisms at play. The study leaves open key contextual explanations that this article addresses. This pattern is supported by Jillian Oderkirk ([2021](#)), who examined Survey results: National health data infrastructure and governance and found that arrived at complementary conclusions.

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## Conclusion

This study concludes that Uganda's persistent budget deficits are not merely a technical failure of fiscal management but a deeply political outcome, shaped by the interplay between elite capture and the

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architecture of multi-level governance. The analysis demonstrates that fiscal indiscipline is systematically reproduced through a patronage-based political settlement, wherein deficits are instrumentalised to finance networks of support, particularly via subnational government structures. Consequently, formal rules for fiscal responsibility are consistently subverted by informal practices of resource allocation that privilege political consolidation over economic rationality, embedding a structural propensity for deficit within the state.

The primary contribution of this research lies in its integrated theoretical framework, which synthesises the political economy of elite capture with a granular analysis of multi-level governance dynamics specific to the African context. By moving beyond monolithic views of the state, it reveals how fiscal resources are strategically leaked and redistributed across different tiers of government, from the central treasury to local councils, to sustain a ruling coalition. This multi-level perspective elucidates why institutional reforms aimed at enhancing fiscal discipline, such as the Public Finance Management Act, have yielded limited results, as they fail to engage with the underlying political incentives that drive expenditure and revenue collection.

The most pressing practical implication for Uganda is that technical solutions and legislative tinkering are insufficient without a fundamental recalibration of political accountability. Efforts to curb deficits must therefore prioritise dismantling the channels of elite capture, notably by enhancing the transparency and autonomy of intergovernmental fiscal transfers and strengthening the oversight role of subnational legislatures and civil society. As the findings suggest, empowering audit institutions and protecting their independence from executive interference is a critical, albeit politically challenging, first step towards disrupting the patronage circuits that fuel unsustainable spending.

A logical next step for research would be a comparative analysis of African states with similar multi-level governance systems but varying degrees of fiscal performance, to isolate the specific political and institutional configurations that enable or constrain elite capture. Future studies should also investigate the role of non-state actors, including domestic revenue authorities and transnational financial institutions, in either reinforcing or mitigating these deficit-prone political economies. Ultimately, addressing Uganda's fiscal challenges requires a long-term, politically-astute strategy that recognises budget deficits as a symptom of a deeper governance malaise, wherein the interests of a narrow elite continue to trump the fiscal health of the nation.

## Contributions

This study makes a significant empirical contribution by providing a granular, multi-level analysis of fiscal governance in Uganda, tracing the mechanisms through which elite capture distorts budgetary processes and undermines fiscal discipline. It advances scholarly debates in African political economy by demonstrating how decentralisation frameworks, rather than curbing rent-seeking, can create new avenues for patronage at sub-national levels.

The research offers practical insights for policymakers and development partners, highlighting the specific institutional vulnerabilities that require targeted reform to strengthen public financial management and accountability within similar contexts.

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