

We study how elections amplify the inefficiencies resulting from competition among local governments. Using coverage expansion of healthcare subsidies for children among Japanese municipalities, we investigate how coverage of neighboring municipality affects the own coverage of a municipality, and how the effect is influenced by timing of the municipality's election. Given the recent finding that this coverage expansion enhances healthcare spending without any health benefits, the expansion is inefficient. We show that both own election timing and neighbor's coverage affect the coverage expansion, and quantify the inefficiencies resulting from the expansion, in particular, the degree to which election amplifies them.