

[DOI: 10.52950/3OSC.Istanbul.2023.5.002](https://doi.org/10.52950/3OSC.Istanbul.2023.5.002)

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EXPLORING THE POLITICAL-ECONOMIC CYCLE: A MUNICIPAL-LEVEL ANALYSIS

Abstract:

The political-economic cycle is a well-mapped phenomenon, in which politicians, in an effort to secure their mandate and share of power, resort to economic actions that not only contradict their electoral programs, but more importantly, long-term economic goals. At the highest state level, there are numerous individual checks and balances, not to mention institutional ones, notably in the form of transparency and public opinion. Our research focuses on the lowest level - the municipal level, where the possibilities of checks and balances weaken almost to zero, particularly in the case of the smallest municipalities, which are the most numerous in the Czech Republic. The study examines the financial statements of cities and municipalities over the past 20 years, using time series modeling to identify the political cycle in parallel with the specifics of individual municipalities and the economic cycle at the state level.

Keywords:

political-economic cycle, municipal, budgeting

JEL Classification: C55, C38, R58