

Abstract

This thesis focuses on the political budget cycle at the municipal level in the Czech Republic. Using a sample of all 6 254 municipalities observed between 2010 and 2022, it examines whether elected councillors manipulate the public budget in an attempt to secure re-election. Using a fixed effects model, it analyses the influence of election and pre-election year on changes in the volume and structure of municipal expenditures. The thesis also offers a comparison of municipalities with extended powers, municipalities with an authorised municipal office and the remaining smaller municipalities. The results confirm the presence of a political budget cycle for all types of municipalities in the Czech Republic. Before elections, there is usually a reduction in current expenditures (especially in the area of administration) and a subsequent increase in capital expenditures (especially in the areas of transport, culture, sport and leisure activities), which are highly visible and attractive to voters.