POLITICAL BUDGET CYCLES AND MAYORAL INFLUENCE IN LATVIAN MUNICIPALITIES: AN EXAMINATION OF REVENUE, EXPENDITURE, AND ELECTORAL DYNAMICS

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Abstract. *Budget allocation and budget planning can be used in different ways. In addition, it can be part of a political budget cycle. Previous research has highlighted the political budget cycle's existence in European countries, demonstrating its impact on public revenue and expenditure near elections. However, citizens often lack awareness of this phenomenon, underscoring the need for vigilant scrutiny. In addition, elected politicians increasingly rely on voters for support, targeting them during budget allocation and election campaigns. In Latvia, the mayors have a role in budget planning because they work full-time and are the head of the financial commission. In Latvia, despite a lack of trust in local politicians, there is a tendency for most of the mayors to be re-elected. The article aims to examine what kind of role the council's chairperson has in the local government's budget allocation process and what factors affect the budget allocation process in Latvia. The article's scope encompasses the years 2009 to 2017, spanning two election terms (2009-2013; 2013-2017), and focuses on eight state cities in Latvia, excluding the capital city, Riga. Notably, local governments with a higher percentage of council members from the mayor's party tend to exhibit higher expenditure levels. The findings of this study suggest that various socio-economic and political factors impact the financial performance of local governments in Latvia. These results underscore the significance of population and unemployment in shaping local government expenditures. Simultaneously, this research has highlighted the importance of political factors such as the majority in the local government and time spent in the mayor's position. Moreover, it reveals that long-serving mayors and a majority in the council also influence budget allocation decisions. This article's implications can guide policymakers in making informed decisions regarding municipal budget expenditures and revenues.*

Keywords: *mayor, local leader, budgeting, elections, political budget cycle.*

Reikšminiai žodžiai: *meras, vietos lyderis, biudžeto sudarymas, rinkimai, politinis biudžeto ciklas.*

Introduction

The collapse of communist regimes in Eastern and Central Europe led to profound changes in local government systems. In the context of the transformation, democracy's role at the local level and decentralization emerged as indispensable components, intertwining themselves with the overarching process. Introducing new local government institutions facilitated an environment of transparent political competition, fostering active citizen engagement and inclusivity in decision-making processes. Simultaneously, establishing a more decentralized connection between the central and local tiers altered the formal system and empowered local authorities with greater autonomy to address region-specific issues and implement suitable policies, thereby enhancing overall governance effectiveness (Offerdal, 2003).

It is a widely recognized observation that well-established and older democracies display a higher resilience when confronted with cyclic patterns such as the political budget cycle, which frequently trouble young democracies (Mandon & Cazals, 2019). Thus, leaders increasingly depend on voters for competition, targeting them, for instance, during budget allocation and election campaigns.

Local political leaders have fewer policy instruments available than national political leaders. However, they still seek and identify financial instruments to optimize and gain voter support (Sansom, 2012). Moreover, political leaders who have been in their positions for extended periods tend to have better access to financial policy instruments. In the realm of contemporary democracy theory, it is posited that elections provide voters with the opportunity to assess the performance of politicians and subsequently hold them accountable for their actions or lack thereof. This accountability mechanism encourages current politicians to actively exercise their authority in pursuing impactful and visible policies to enhance their re-election chances (Zielinski et al., 2005).

In their 2017 study, Kažoka and Stafecka found that despite widespread distrust in local politicians, most Latvian local governments (over half) remained under the same political leadership after the 2013 elections. In the subsequent 2017 elections, out of 118 local governments, only 30 local governments and two major cities elected new council chairpersons, marking their first term in such roles (Centrālā vēlēšanu komisija). This indicates a low turnover rate of mayors. This trend suggests that incumbent mayors, familiar with financial tools, might leverage them for re-election purposes, potentially leading to increased budgets before elections.

Therefore, it is significant to examine what kind of role the council chairperson (hereinafter – the mayor), together with the deputies, has in the local government's budget allocation process and what factors affect the budget allocation process in Latvia. The utilization of budget allocation as a means to gain support within local governments is subject to many factors, which will be discussed further.

Literature review

National and local government budgets often experience deviations when implemented, resulting in higher public spending than initially intended by politicians (Serritzlew, 2005). This phenomenon is known as the 'political business cycle' or 'political budget cycle' (PBC) in the political economy literature (Brender & Drazen, 2005). It occurs when elected politicians strategically use financial instruments to gain support and to secure re-election.

Recent research has focused on examining the PBC in European countries. Alesina and Paradisi (2017) conducted a study on the budget cycles of smaller municipalities in Italy. Their findings revealed that municipalities tend to choose lower tax rates near elections. Similarly, Turyna et al. (2016) observed PBCs in various expenditure categories across Polish municipalities. They emphasized the presence of strong PBCs in areas essential to winning local elections, such as children's playgrounds, local roads in residential areas, and benefit programs. Another study by Swianiewicz et al. (2019) explored local tax policies during election cycles and suggested that levies used to finance local services are particularly likely to exhibit the presence of the PBC.

A political budget cycle implies a cyclical public revenue or expenditure pattern aligning with local elections. For example, leading up to elections, taxes tend to be reduced. At the same time, expenditures increase, creating a visible impact intended to garner favor within the local community and gain votes for the local elections (Balaguer-Coll et al., 2015).

Opinions on the opportunistic budget allocation process, driven by the PBC, vary among the electorate. Some individuals may view it favorably, perceiving it as a means for politicians to address pressing issues and deliver benefits before elections. However, others may consider manipulating budgets for electoral gain detrimental to society's overall governance and welfare (Balaguer-Coll et al., 2015).

One challenge in addressing the PBC is the limited awareness among citizens regarding its occurrence. The PBC is often not easily discernible, especially without the presence of vigilant watchdog organizations, journalists, or active citizens who closely scrutinize the budget allocation process.

Notably, research has shown that engaging in pre-electoral manipulation of public expenditure enhances the re-election prospects of incumbent mayors (Boukari, 2019). This finding underscores the sig-

nificance of investigating cases where chairpersons have been re-elected multiple times, as is often the case in state cities where incumbents remain in power for extended periods.

Methodology

The model for analyzing PBCs proposed by Drazen and Bender (2008) has been employed to analyze budget allocation. Electoral data and demographic variables for the cities included in this research were collected from the Central Statistical Bureau (hereinafter – the CSB) of the Latvian Ministry of Economics and the official websites of the local governments. Data about the budgets of local governments were retrieved from the Treasury of the Republic of Latvia.

Table 1. *Variables overview and descriptive statistics*

Variable	Description	Calculation	Mean	St. Dev.	Min.	Max.
totalexpenditure	Total spending per capita in euros	Based on data from the CSB database (2009-2017 period)	434,46	40,73	373,17	488,33
totalrev	Total revenue per capita in euros	Based on data from the CSB database (2009-2017 period)	436,75	33,52	390,02	488,02
population	The population of the local government	Based on data from the National Statistical System of Latvia (2009-2017 period)	115956,17	3869	112191	123219
popage<15	Percentage of persons who are younger than 15 in the local government	Based on data from the National Statistical System of Latvia (2009-2017 period)	0,15	0,10	0,12	0,18
popage>65	Percentage of persons who are older than 65 in the local government	Based on data from the National Statistical System of Latvia (2009-2017 period)	0,12	0,02	0,09	0,17
unemployment	Percentage of population unemployment of the local government	Based on data from the State Employment Agency (2009-2017 period)	14,16	4,52	4,3	22,8
majority	Mayor political strength	It takes the value of 0 when the municipal government is a coalition of 2 or more political parties. It takes value 1 when only one party forms the government	0,50	0,5035	0	1
mayorterm	It takes value 1 if it is the mayor's second term or more and 0 otherwise	Taken from Central Election Commission	0,722	0,4510	0	1
preelec	The year before the elections	Takes a value of 1 in the year before the election and 0 otherwise	0,22	0,419	0	1
Elec 2009; Elec2013; Elec2017	Election year	Takes a value of 1 in the year of the election and 0 otherwise	0,33	0,50	0	1

Source: Author; Vicente et al., 2013.

Latvian municipalities are primarily focused on service delivery, with public administration designed to separate policy design as the main task at the central level and service delivery as the primary mission at the local level of governance (Reinholde & Stučka, 2022). Because of this, total revenues are intended to provide insights into the financial capacity and resources available for these service-oriented functions, but at the same time, total expenditures are also significant.

The research is based on the analysis of selected local governments in Latvia. Initially, the research focuses on examining local government budgets across two election terms, spanning the years 2009-2013 and 2013-2017. These electoral cycles fall between territorial amalgamation reforms, which will be described in the results section. As a consequence, the election term from 2017-2021 is not considered, as it coincided with significant changes in the local government landscape in 2021. Moreover, the research focus on the state cities results in a more homogeneous sample. The selection process for these local governments is based on their administrative status, thus mitigating any self-selection bias. It is important to note that the capital city, Riga, was not included in the research due to its distinct and comprehensive range of functions compared to other state cities.

In Latvia, elections are held in June, the middle of the election year. For that reason, politicians may decide to make a bigger budget not only in the year preceding the elections but also in the election year itself. However, this study's primary focus is on the years in which local governments approve their budgets a year in advance, leaving limited room for changes during the election year.

The dependent variables are total municipal expenditure and total municipal revenues per capita. Categories of expenditures will not be included in this study. Relative to the data from 2012, there was an escalation in municipal expenditure across various categories, encompassing goods and services, remuneration, subsidies, grants, and capital expenditure. However, the allocation towards social benefits witnessed a marked reduction. Furthermore, there was an evident inclination towards bolstering social benefits, which can be attributed to the support from co-financed projects and the capacity to secure long-term loans (Valsts kase, 2013). Notably, Political Budget Cycles (PBCs) tend to gravitate towards immediate outcomes, rendering EU projects, which are typically prolonged, less attractive in this context.

Furthermore, there is also the variable 'majority', which describes whether the chairperson's party holds a majority in the council. When the mayor's party has the most seats in the council, it becomes more feasible to utilize budget allocation as a financial instrument to gain votes in forthcoming elections. According to Roubini and Sachs (1989), coalition governments typically exhibit larger deficits and higher spending levels than single-party governments. This tendency is often attributed to the coordination challenges that arise in divided governments, where consensus-building among multiple parties can lead to compromises that inflate budgets and deficits.

The dummy variable takes a value of one when the mayor serves at least their second term in office. Research on mayoral re-election has yielded varying results. For instance, Rosenberg (1992) suggests that those who do not run for a second term may seek to secure their position after the elections by increasing the size of the political budget cycle. However, Veiga and Veiga (2007a) conclude that the political budget cycle is not affected by whether the mayor runs for a second term. Chortares et al. (2016) contend that the size of the political budget cycle diminishes when the incumbent seeks re-election for another term. Given these diverse findings and considering that contextual factors may influence results, examining this variable in the context of Latvian municipalities is essential.

Additionally, dummy variables related to elections will be included. These will encompass a pre-election variable, an election year variable, and a post-election variable, each taking the value 1 if the year corresponds to the respective category and 0 if not. Local government elections are fixed in the laws, preventing national or local governments from manipulating election dates for their advantage to receive more voices. The inclusion of the post-election variable will enable an examination of post-election changes.

The population variable is included to investigate the influence of population size on the political budget cycle. To account for population age structure, two demographic variables, namely 'popage < 15' and 'popage > 65,' as defined by Sakurai and Menezes-Filho (2011), represent the percentage of the population under 15 years old and over 65 years old, respectively. Since municipalities often provide various services related to these age groups, these variables are significant in assessing their impact on the results. In addition, both data and literature show that individuals of pension age and women aged 45 to 54 are more likely to participate in elections (Stockemer and Sundstrom, 2023; SKDS, 2022).

Additionally, the municipality's unemployment rate is considered as a variable. There has been discussion on the effect of the unemployment rate on municipalities' budgets. For example, according to Carruthers and Ulfarsson (2008), employment rates can gauge job market competitiveness, with weaker job markets potentially exerting a detrimental effect on municipal spending. However, Bails and Tieslau (2000) found an association between increased levels of unemployment compensation and higher per capita local spending.

Research results

Latvia's municipal institutions and political framework

According to the Local Autonomy Index, Latvian municipalities are measured on average as Latvia scored 19,67 in 1995, 20,33 in 2014 (LA-mean is 39), and 19,50 in 2020 (LA-mean is 21,42) (Ladner et al., 2015; Ladner et al., 2021). Mainly, there has been relative stability regarding organizational autonomy within Latvian municipalities. Administrative supervision and legal protection have remained stable since 1994, with the primary focus on ensuring compliance with the law. However, fiscal autonomy has been constrained. Elected deputies plan and oversee The municipal budget process (Saeima, 1994; Saiema, 2023). In addition, it is common practice that the mayor's party does not hold a majority in the Council, except in the state cities where the mayor's party typically has a majority. Therefore, mayors and coalitions play a significant role in shaping larger projects and municipal financial planning.

The Council is elected for four years through equal, direct, and proportional elections. These elections typically occur on the first Saturday of June. The size of a municipal council and the number of local councilors are directly linked to the municipality's resident population. As a result, smaller towns have 13 councilors, while the largest, Riga, boasts 60 councilors. Following the election, the election committee convenes with all elected deputies to select the new chairperson, vice-chairperson, executive director, and committee chairperson. Each elected deputy is eligible to propose a candidate for the position of chairperson (Saeima, 1994).
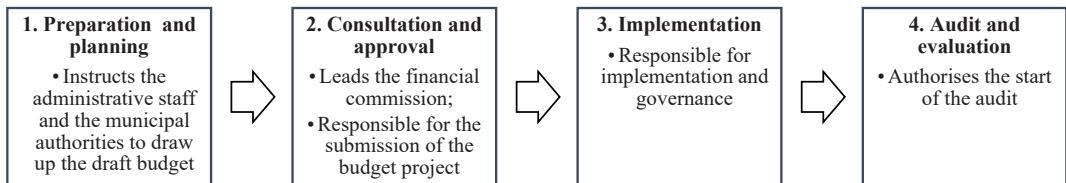
The role of the Mayor in the budget process in the municipalities in Latvia

Mayors play a vital role in local governments as they can influence/shape Latvia's economic and social development direction. Every four years, voters who have expressed support for the chairperson of their local government council assess the political leader's – the Mayor's performance, evaluating the results achieved and the work carried out or left undone. Mayors at the municipal level hold positions that require the ability to identify, address, and resolve existing regional issues, often requiring compromise, especially in cases where the City Council Mayor's Party does not hold a majority (Stučka, 2018).

This research focuses on four cities where the chairperson had been in position for a long time – Liepāja, Ventspils, Jēkabpils, and Jelgava. For example, the Mayor of Liepāja was in office for 21 years (from 1997 to 2018), while the Mayor of Jelgava has been in office since 2001 (own calculation).

The roles and responsibilities of the Mayor are outlined in Article 17 of the Local Governments' Law. Before 2022, these functions were described in Article 62 of the law on local governments. The Mayor's duties encompass overseeing the council and committees' operations, managing the finance committee, representing the local government in various meetings and legal proceedings, and signing legal documents on behalf
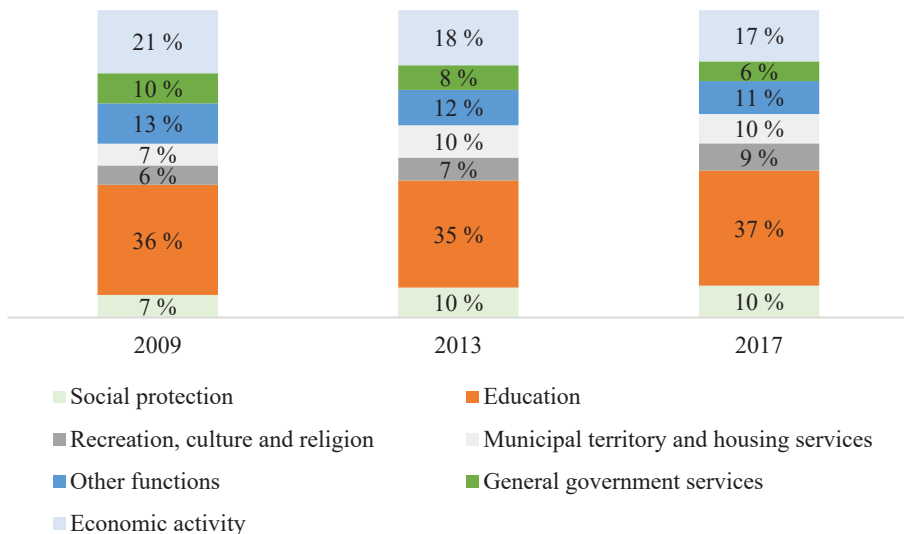
of the municipality. Additionally, the Mayor is entrusted with recommending issue examinations, preparing submissions for other institutions, proposing the dismissal of local administrative institution heads, and fulfilling other obligations stipulated in relevant laws. The Mayor serves on a full-time basis and holds the position of the financial commission's head, affording them a significant role in regulating the administration and local government operations and the budget adoption process (Saeima, 2023; Stučka, 2018).

1. Preparation and planning	2. Consultation and approval	3. Implementation	4. Audit and evaluation
• Instructs the administrative staff and the municipal authorities to draw up the draft budget	• Leads the financial commission; • Responsible for the submission of the budget project	• Responsible for implementation and governance	• Authorises the start of the audit

Figure 1. *The Mayor's ability to influence the budget allocation process at certain stages*
*Source: Saeima, 2023.*

The size of their budgets confirms the importance of local governments, as their spending constitutes approximately one-quarter of the country's total consolidated budget. Notably, over one-third of local government maintenance budgets are allocated to education, as depicted in Figure 2. In 2017, a significant share of expenditure was also directed towards the management of the municipal territory and housing (10 %), general government services (6 %), social protection (10 %), and recreation, culture, and religion (9 %) in 2017. It is important to emphasize that local governments receive state-earmarked grants for education (FM, 2022), limiting their ability to influence these specific expenditures.

	2009	2013	2017
Economic activity	21 %	18 %	17 %
General government services	10 %	8 %	6 %
Other functions	13 %	12 %	11 %
Municipal territory and housing services	7 %	10 %	10 %
Recreation, culture and religion	6 %	7 %	9 %
Education	36 %	35 %	37 %
Social protection	7 %	10 %	10 %

Figure 2. *Maintenance expenditure of Latvian municipal budgets by government function in election years from 2009 to 2017*
Source: The Central Statistical Bureau.

Per capita spending exhibited fluctuations over the years, with some years showing increases while others saw decreases. However, from 2014 onward, per capita spending has an upward trend, culminating in a substantial 20,97 % increase in 2015 (see Figure 3). Furthermore, it is worth highlighting that per capita spending in 2017 reached its highest level among all the years analyzed, marking a 12,92 % increase from the previous year.
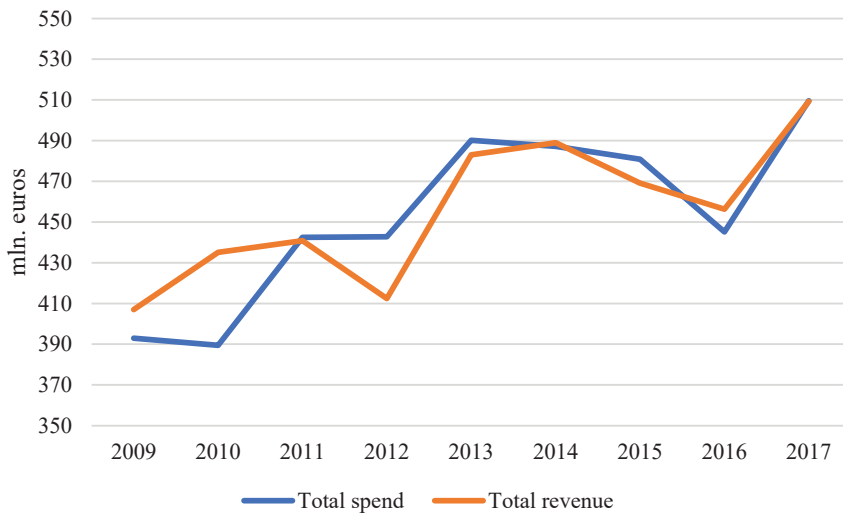
Figure 3. *Expenditure and revenue in the local governments included in this case study*

Source: The Treasury of the Republic of Latvia.

Testing the PBC models

A scatterplot was generated to visualize the relationships between total expenditures and total revenues per capita against population. Upon visually examining this scatterplot, a linear negative relationship between the variables is apparent (see Figure 4). This negative correlation may be attributed to factors such as economies of scale, cost-sharing, or revenue-generation challenges, particularly in densely populated areas.

All cases have standardized error terms within the range of ±3. Thus, casewise diagnostic tables were not generated. A plot of standardized residuals against standardized predicted values was visually examined to evaluate homoscedasticity. A normal probability plot also indicated that the residuals followed a normal distribution. During the examination of a boxplot, no outliers were detected in the data.

An independent-sample t-test was run to determine whether differences existed in total expenditure and total revenues per capita between the pre-election year and other years. Total expenditure per capita was slightly higher in the pre-election year (1221,62 ± 253,06) than in other years (1210,86 ± 262,78), however, this difference of 0,26 (95% CI, -188,20 to 249,31) was not statistically significant, $t(8,274)=0,320$ and $p=0,757$. No outliers were detected in the data, as assessed by inspection of a boxplot. Engagement scores for each level of the pre-election variable were normally distributed, as assessed by Shapiro-Wilk's test (p>0,05), and variances were homogeneous, as indicated by Levene's test for equality of variances (p>0,05, p=0,984).

When testing total revenues, Levene's test confirmed the homogeneity of variances (p>0,05, p=672). Total revenues were slightly higher in other years (1224,36 ± 248,016) than in pre-election years (1195,49 ± 259,65). However, there was no statistically significant difference in total revenue per capita between the
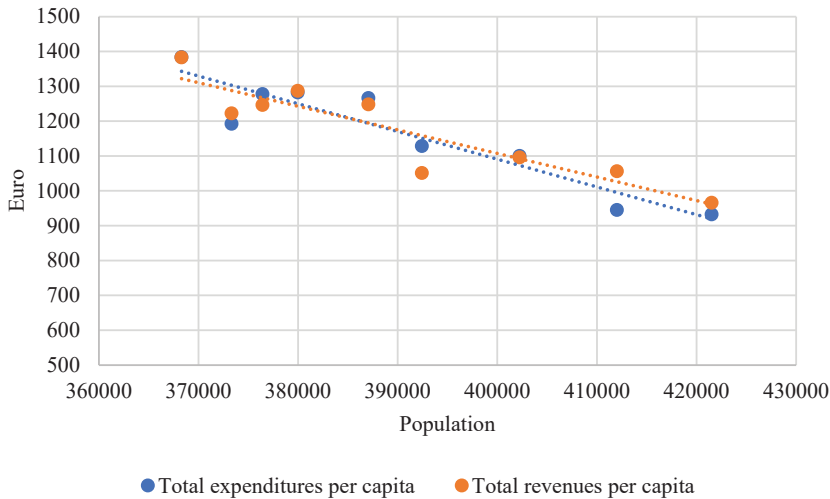
Figure 4. *Scatterplot of total expenditure and total revenues per capita against population (2009-2017)*
Source: The Treasury of the Republic of Latvia.

pre-election year and other years, as indicated by t (70)=0,406 with a corresponding p-value of 0,686, which exceeds the commonly used significance level of 0,05. The mean difference between the two groups was 28,88, indicating that, on average, the total revenue per capita of local governments in the non-pre-election year group was slightly higher than that of the pre-election year group.

Based on the results presented in Table 1, a weak positive relationship is observed between total expenditures per capita and pre-election year, indicating that municipalities may slightly increase their expenditures in the year preceding municipal elections.

However, there are strong negative correlations between total expenditures per capita and population and unemployment, indicating that local governments with higher population and unemployment rates tend to have lower expenditures per capita. The negative correlation between total revenues per capita and population shows that larger local governments may struggle to generate revenue due to greater demands for public services. Similarly, the negative correlation between total revenues per capita and unemployment could suggest that high unemployment rates may result in lower revenues as residents have less disposable income to contribute to local businesses and taxes. In the context of Latvia's tax system, local taxes are not separately defined. Instead, all taxes are collected centrally and distributed among local governments based on predefined criteria. However, an exception to this centralized collection exists for the real estate tax, designed centrally but collected locally by municipalities. The personal income tax is a significant revenue source for municipalities in Latvia, and its distribution between local governments and the state has evolved. In 2021, the allocation was adjusted to 75 % of local government budgets and 25 % of the state budget, as opposed to the previous split of 80 % for local governments and 20 % for the state (FM, 2021).

Additionally, there is a weak positive correlation between total expenditures per capita and the mayor's term in office, suggesting that local governments with longer-serving mayors may have slightly higher expenditures. Finally, there is a moderate positive correlation between total expenditures per capita and the majority in the council, indicating that local governments with a higher percentage of council members from the mayor's party could spend more. This result suggests that the composition of the council, with a more significant representation from the mayor's party, may influence spending decisions, resulting in higher expenditures per capita as it is also easier to affect the budget allocation process.

Table 2. *Regression analysis of the impact of the variables on total
expenditures and total revenues per capita in municipalities*

Variable	Total Expenditure Per Capita	Total Revenues Per Capita
Elec2009	-106,75 (-1,416)	-90,540 (-1,232)
Elec2013	107,38 (1,328)	105,432 (1,337)
Elec2017	115,58 (1,456)	113,843 (1,471)
preelec	14,91 (0,270)	-22,148 (-0,411)
Population	0,00 (-3,025)**	-0,003 (-3,142)**
popage<15	-3240,15 (-1,316)	-3612,685 (-1,505)
popage>65	1624,43 (1,213)	1940,367 (1,486)
unemployment	-21,65 (-3,224)**	-18,490 (-2,824)**
mayorterm	26,52 (0,456)	26,230 (0,463)
majority	126,24 (2,461)**	126,921 (2,538)**

*Source: calculations based on SPSS. Note: The numbers in parentheses are the t-values, and asterisks denote the level of statistical
significance (** p < 0,01, * p < 0,05).*

Conclusions

- The research focused on the role of the council's chairperson in the budget allocation process of local governments in Latvia, specifically covering the period from 2009 to 2017 and examining eight state cities in Latvia, excluding the capital city, Riga.

- The study identified a weak but positive correlation between total expenditures per capita and pre-election year, suggesting that municipalities tend to increase their spending in the year preceding municipal elections slightly. However, more significant factors influencing total expenditures per capita were population and unemployment, indicating that municipalities with higher unemployment rates and lower populations tend to have lower total expenditures per capita.

- In addition, the mayor's term in office showed a weak positive correlation with total expenditures per capita, indicating that municipalities with longer-serving mayors may have slightly higher expenditures per capita. Moreover, this shows that assumptions about the mayors and the use of budget allocation may be valid. They could be more confident about their position and know the budget allocation process well.

- The majority in the council showed a moderate positive correlation, indicating that when the mayor's party has a majority, there are slightly higher expenditures, potentially indicating confidence in the budget allocation process.

- Positive correlations between the mayor's term in office and the majority in the council suggest that stable leadership and strong political support can positively impact revenue generation in local government.

- The findings highlight the importance of municipalities considering their spending priorities and policies in light of demographic and economic factors. This research provides valuable insights for policymakers and researchers interested in understanding the determinants of municipal budget expenditures and revenues.

- However, the research has certain limitations that should be acknowledged. It is crucial to consider territorial reforms, as they can impact the evaluation of local governments. If the borders of local governments

have changed due to such reforms, it becomes impossible to assess them before and after the changes. Also, there is a possibility of errors in budget accounting balances that could affect the research's results.

- To further advance this research, future studies could focus on smaller local governments, especially those whose borders have remained unchanged after the latest territorial amalgamation reform. Additionally, further research could explore the reasons behind the observed correlation between a majority in the council and longer mayoral terms with higher local government expenditures.

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Malvīne Stučka

POLITINIAI BIUDŽETO CIKLAI IR MERŲ ĮTAKA LATVIJOS SAVIVALDYBĖSE: PAJAMŲ, IŠLAIDŲ IR RINKIMŲ DINAMIKOS TYRIMAS

Anotacija. *Biudžeto paskirstymas ir biudžeto planavimas gali būti naudojami skirtingais būdais. Be to, jis gali būti politinio biudžeto ciklo dalis. Ankstesniuose tyrimuose buvo atkreiptas dėmesys į politinio biudžeto ciklo egzistavimą Europos šalyse, parodant jo poveikį valstybės pajamoms ir išlaidoms netoli rinkimų. Tačiau piliečiai dažnai nepakankamai informuoti apie šį reiškinį, o tai rodo, kad būtina atidžiai jį stebėti. Be to, išrinkti politikai vis dažniau pasikliauja rinkėjų parama, orientuodamiesi į juos per biudžeto skirstymą ir rinkimų kampanijas.*

Latvijoje merai atlieka svarbų vaidmenį planuojant biudžetą, nes dirba visą darbo dieną ir yra finansų komisijos vadovai. Latvijoje, nepaisant nepakankamo pasitikėjimo vietos politikais, pastebima tendencija, kad dauguma merų yra perrenkami. Straipsnyje siekiama ištirti, koks vaidmuo tenka tarybos pirmininkui vietos valdžios biudžeto skirstymo procese ir kokie veiksniai turi įtakos biudžeto skirstymo procesui Latvijoje. Straipsnis apima 2009-2017 m. laikotarpį, apimantį dvi rinkimų kadencijas (2009-2013 m.; 2013-2017 m.), ir daugiausia dėmesio skiriama aštuoniems Latvijos valstybiniams miestams, išskyrus sostinę Rygą.

Pastebėtina, kad vietos valdžios institucijos, kuriose didesnė dalis tarybos narių priklauso mero partijai, paprastai pasižymi didesniu išlaidų lygiu. Šio tyrimo rezultatai rodo, kad įvairūs socialiniai, ekonominiai ir politiniai veiksniai daro įtaką Latvijos vietos valdžios finansiniams rodikliams. Šie rezultatai pabrėžia gyventojų skaičiaus ir nedarbo svarbą formuojant vietos valdžios išlaidas. Kartu šis tyrimas išryškino politinių veiksnių, pavyzdžiui, daugumos vietos valdžioje ir mero poste praleisto laiko, svarbą. Be to, jis atskleidė, kad ilgai dirbantys merai ir dauguma taryboje taip pat turi įtakos sprendimams dėl biudžeto paskirstymo. Šio straipsnio išvados gali padėti politikos formuotojams priimti pagrįstus sprendimus dėl savivaldybių biudžeto išlaidų ir pajamų.

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