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WORKING PAPER

Politics by numbers? An exploration of councillors' apparent use of financial information during the budget discussion in Flemish municipal councils

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Abstract

Previous studies demonstrate that there is skepticism about politicians' use of financial information. Although this issue is generally recognized in literature, only very few researchers focused on *real* use of financial information in political budgeting practice. While many studies discussed various technical and political budgeting aspects (e.g. political budget cycles, reform rhetoric, introduction accrual budgeting) the use of financial information in the area of budgeting is often overlooked. This paper contributes to our understanding of financial information use by politicians, especially through its adoption of an innovative method of data collection and - analysis, i.e. categorizing the minutes of budget debates in municipal councils. Politicians' apparent financial information use is measured by analyzing the presence of financial information in councilors' contribution during the budget discussion in Flemish municipal councils. Firstly, we bring a quantitative overview of the reference to financial information in the budget discussion. Secondly, we assess the impact of some political and economic factors on politicians' use. Data are collected from 121 councils' minutes of the budget discussion combined with interviews of key witness civil servants. Results reveal a predominance of budgetary information in the discussion and significant influence of both political and economic factors.

Keywords: New Public Management, Financial information, Councilors, Budget.

Introduction.

Politicians increasingly obtain financial information for strategic and budgetary decision-making (Beckett-Camarata 2009). The information is supposed to guide budgetary decisions and has been a goal of budget reforms for decades (Ho 2011). In order to be effective, the responsible politicians should apply and use the information during the appropriate decision-making processes (Guthrie et al. 1999; Windels and Christiaens 2006; Curristine 2005) (Guthrie et al. 1999; Windels and Christiaens 2006). Although this is a fundamental prerequisite, this assumption is questionable.

Many studies established the “decoupling” and “window-dressing phenomena”, demonstrating a wide gap between pretended and effective use of information. (Ter Bogt 2001; Ter Bogt 2004; Johansson and Siverbo 2009). While previous studies discussed various technical and political budgeting aspects (e.g. political budget cycles, reform rhetoric, introduction accrual budgeting) the use of specific financial information in the area of budgeting is often overlooked (Raudla 2012). In the same vein, the production of all types of financial and performance information received considerable attention in the public sector literature, but investigating the real use of this information has been a negligible part of the research agenda (Torres et al. 2012; Raudla 2012). Insights from performance information research clearly show that studying use and effective application of information is a pressing question but we have only little empirical evidence about how politicians employ financial information in budgetary decision-making (Jan van Helden et al. 2008). Our strong focus on politicians’ practice links this paper to the observation by Van Helden and Northcott (2010) who emphasize the relevancy of practice oriented research assessing the effectiveness of existing instruments.

Focus on non-executive politicians in municipalities.

The focus concerning politicians' use of information (mostly performance information) has predominantly been on the executive branch or on budget committees at the national or parliamentary level (Curristine 2005; Demaj and Summermatter 2012). In spite of this attention for higher political echelons, the smaller and more direct nature of local government means that local councilors' use of financial information may be more visible in the budgeting process in municipalities (Melkers and Willoughby 2005). Non-executive councilors remain an under researched group in contemporary research about financial information use in budgeting processes although they have the competence to ratify the budget in their council.

This paper addresses the research gap about non-executive councilors' use of financial information for budgetary decision-making by presenting the results of an exploration of their apparent use of financial information in the budget discussion in Flemish municipal councils. We adopt an innovative approach of data collection and – analysis by introducing discourse analysis in public management research. Councilors' contributions to the budget debate are scrutinized for containing financial information. In addition to a descriptive analysis of apparent use of financial information we aim to explain under which circumstances information is used or not. Based on related studies, we identify some political and economic factors that could either aid or inhibit councilors' use of financial information. With only limited previous evidence about apparent use, our approach would be essentially exploratory. In sum, the aim of this paper is *twofold*. Firstly, to bring a quantitative overview of the reference to financial information in councilors' contributions to the budget debate in local government. Secondly, to assess the impact of some political and economic factors on councilors' apparent use of this information.

The paper proceeds as follows. The first section starts with an elaboration on politicians' use of financial information, followed by a description of our empirical setting, the budget discussion. The next second section describes the data collection, the propositions and the method used. As last part the results and conclusions are discussed.

Politics by numbers?

Politicians increasingly obtain financial information for control and monitoring of governmental activities (Lapsley 1999; Askim 2007; Yetano 2009; Carvalho et al. 2012). The information should inform their budgetary decision-making, but many attempts to integrate it in political decision-making were either disappointing or a failure (Ho 2011; Pollitt and Bouckaert 2011). Academics and practitioners' are generally skeptic about the usefulness and application of financial information for political (budgeting) purposes, this could be due to the political nature of the budgeting process and a too narrow definition of use.

Firstly, the budget forms the basis for political negotiation, which translates political goals into appropriations of financial resources (Liguori et al. 2012). This means that budgeting is by nature very political and decisions rather result from political and ideological considerations than from financial performance (Raudla 2012). Political rationality opposed to economic and technocratic rationality seems the key issue here. The supply of financial information presupposes a technocratic rationality whereas budgeting rather follows a political rationality. Moreover, politicians are often negatively predisposed towards financial information due to factors such as the complexity of local policymaking, legal constraints, misfit between strategic planning and budgeting, unclear role distinction between politicians and administrators and politicians' short term horizon (Hansen 2001; Schedler 2003; Ter Bogt 2004; Steyvers et al. 2006; Ho 2006; van

Dooren and Van de Walle 2008; Yetano 2009; van Dooren et al. 2010; Pollitt and Bouckaert 2011).

Secondly, it is sometimes too easily concluded that specific information is not used, because researchers apply a classic or rigid definition of use (van Dooren et al. 2010). Politicians' use of information is generally less formalized than documents suggest. For example, there is evidence that politicians seldom make direct, instrumental use of performance information (Askim 2007). Rare are the cases where a single discrete decision can be traced back to specific information (van Dooren and Van de Walle 2008). Specifically, while information does not directly impact on politicians' decisions in some automatic, mechanical way, it often forms the basis for discussions that may afterwards lead to decisions (de Lancer Julnes 2006; Beckett-Camarata 2009). van Dooren et al. (2010) call this the distinction between 'hard' en 'soft' use. Hard use presupposes a tight coupling between information and judgment. Soft use, on the other hand, leaves more room for dialogue and interpretation, which mediate the final decision-making. It is a form of interpretative use where information feeds the deliberation and the discussion. Politicians' 'soft usage pattern' is visible when they use financial information to activate the political debate, to set the political agenda or to alleviate the informational dissymmetry between the legislative and the executive (Askim and Baldersheim 2012). During the budget meeting, they aim to improve the quality of the discussions and search for legitimacy by identifying problems and bringing them up in discussions, thus pointing at differences between intended and actual performance. Other incentives come from the media attention (the budget debate is a public meeting) and political opportunities, for example to gain voters (Carvalho et al. 2012).

Propositions on the determinants of councilors' apparent use of financial information

According to Lounsbury (2008), political behavior and by extension internalization of information, is not only the result of politicians' individual action but the environment could influence their behavior as well (Vakkuri and Meklin 2003). Identifying influencing environmental factors is also relevant to uncover some of the triggers for successful implementation of financial information in local governance (Lowndes and Wilson 2003; Demaj and Summermatter 2012). In particular because formal aspects such as the budget format and the comprehensibility and understandability, relevance and credibility of the information, seem to have only limited or marginal effect on use during budget meetings (Ter Bogt et al. 2012).

However, identifying factors that provide satisfactory explanations is difficult when little is known and the phenomenon under study is multi-faceted (Torres et al. 2012). Due to our explorative and innovative approach, we base our propositions on the most frequently used perspectives in related studies; the contingency and institutional theories. Whereas the first is more internally oriented, the latter is rather externally focused (Carvalho et al. 2012). Despite often seen as contradictory, recent research proves that internal and external factors interact and are best considered together (Carvalho et al. 2012). In addition similar studies conducted at other governmental levels or addressing other user groups such as executive politicians or civil servants serve as a source of inspiration. They mainly relate to use of performance information and identified political and economic factors as the most determinant on financial and accounting conditions (Giroux and McLelland 2003; Brugue and Valles 2005; Sole-Olle 2006; Le Maux et al. 2011; Raudla 2012; Ter Bogt et al. 2012; Carvalho et al. 2012; Caamaño-Alegre et al. 2012).

Political factors: 4 propositions

While rational factors are often dominant in the design of specific information, *political factors* are more conducive to influence its actual use (Ter Bogt et al. 2012; Caamaño-Alegre et al. 2012). The balance of power in the council may affect the debate and the content of councilors' contributions (Steyvers et al. 2008; Greasley and John 2011) (Caamaño-Alegre et al. 2012). A small majority with a large opposition creates more political competition. This situation could entail more discussion between councilors. In this case neutral, numerical and financial information might untangle discussions that reached a deadlock due to ideological, inter-party or interpersonal struggles (Askim 2008). In the opposite circumstance, a larger majority with a smaller opposition could create a more consensus seeking atmosphere. This situation could also encourage the use of financial information, because it facilitates fact-oriented discussions (Askim 2008).

In addition, a coalition opposed to a single party majority could lead to more use of financial information by the councilors. A coalition consisting of different parties brings about more discussion than a single party majority. Each party wants to demonstrate its accomplishments, thus stimulating political discussion and debate between coalition partners.

Furthermore, the figure of the council chair is expected to influence the discussion. Rather than the executive being subordinate to the municipal council, the real situation is the other way around: the municipal council follows the dictates of the Executive. An executive chair, mostly the mayor, will be inclined to defend the incumbents' policy and budget proposal thus leaving less opportunities for debate and discussion. So a more neutral, impartial, non-executive chair stimulates discussion and is more receptive for deliberation over the Executive's budget proposal (Reynaert et al. 2010).

Finally, we add a potentially influencing factor that may indirectly affect the political situation in the council. Verbally presenting the budget at the start of the councils' meeting could stimulate councilors' contributions with financial information because research about Dutch aldermen's use of performance information revealed that they prefer rich, verbal and interpreted information (Ter Bogt 2004). By interpreting and explaining the budget the Executive could show more openness and transparency towards the council, thus stimulating the discussion and indirectly enhancing the use of financial information in the debate.

Economic factors: 2 propositions

In addition to the political context, the *financial conditions* of the municipality could influence councilors' use of specific information during the budget discussion (Carvalho et al. 2012). Members of majority and opposition both look for ways to improve or criticize the performance of their municipality (Johansson and Siverbo 2009). Consequently, councilors operating in a municipality under financial stress may experience more triggers to ask questions related to potentials of savings and rationalizations (Johansson and Siverbo 2009). They would be more inclined to integrate financial information in their contributions to the discussion. Tax pressure and debt rates are typical, 'high profile', politically sensitive indicators of financial position and fiscal balance (Caamaño-Alegre et al. 2012).

Finally, in order to isolate our empirical results, we introduce size as control variable. Size reflects organizational complexity, the local governments' information processing environment and the magnitude and scope of the information to be handled. Thus it also influences budgeting practices (Anessi-Pessina et al. 2008). Figure 1 illustrates the research design. Table 4 in the appendix defines all variables and data sources.

Summary of the propositions

The probability the observe use of financial information in the budget debate is ...
<i>higher or lower in councils with strong political competition</i>
<i>higher in coalition majorities as opposed to one party majorities</i>
<i>higher in councils where the chair is a non-executive councilor</i>
<i>higher when the budget is verbally presented</i>
<i>higher in municipalities with high fiscal pressure</i>
<i>higher in municipalities with a high debt rate</i>

Data collection

The study of apparent use represents a considerable challenge for adequate data collection (Lowndes and Leach 2004; Lounsbury 2008; Lapsley 2009). However, the plenary discussion of the annual budget enables us to collect information about politicians' apparent, indirect and 'soft' use of financial information (Melkers and Willoughby 2005; Clark 2010). The debate evokes how local politicians really behave and the presence of financial information in the questions and remarks from councilors allows us to actually measure their apparent 'soft' useⁱ.

The quantitative characteristics of the budget itself are obviously very conducive for the presence of financial information in councilors' contributions (Frisco and Stalebrink 2008; Raudla 2012). Finance directors put financial reporting in the second place as most useful (after accountability to audit offices) to elaborate on the budget for the next period (Paulsson 2006). Adam and Behm (2006) show that German councilors approve the budget and instruct the administration based on financial reports. According to the findings of Raudla (2012) financial information supports efficient communication and adds value to budget deliberations by changing the tone of discussions and influencing the kinds of questions asked.

The councils' official reports, the minutes, contain the literal transcriptions of the discussion during the budget debateⁱⁱ. 121 minutes of the debate about the 2011 budget were selected by stratified random sampling to cover the variety of Flemish municipalities.ⁱⁱⁱ Additionally, between August and October 2011 we conducted 5 semi-structured interviews with high positioned, neutral civil servants^{iv}. The interviewees were non-participating experts in the budget discussion. They were asked to comment on how the budget was discussed in municipal councils and, based on their experiences, which factors could impede or advance the use of financial information in the discussion. Interviews lasted between 1 and 2 hours. The content of the interviews is used as additional material to interpret the results of the debate analysis. To avoid interference between data interviewees were not informed about the results of analyzing the minutes.

Method

Our approach resembles the scoring technique in the management or accounting index and the disclosure index (Christiaens 1999; Windels and Christiaens 2006; Pina et al. 2009). It can also be considered as a specific application of discourse analysis, which has already proven to be useful for measuring New Public Management elements in political debate (Fattore et al. 2012). To assess the presence of financial information, we analyze all the contributions to the budget discussion by non-executive councilors. A contribution is conceived as an interpellation containing one or more sentences with an argumentation about a concrete aspect of the budget.

Our explorative approach is rather novel and atypical and certainly requires expertise in interpreting complex, elaborate and underlying meanings and argumentation in the discussion. Human behavior and by extent political discourse is not easily put into codes or general terms. A

solely computer aided analysis would have been inadequate and missing vital elements. Therefore the authors manually scrutinized each councilors' contribution.

The chosen method has evident advantages, it measures the apparent use of financial information for budgetary purposes in a formal and neutral way, i.e. as it appears from the minutes of those meetings. It has a clear benefit over asking councilors about their intended or perceived use in interviews or in a survey. Although the latter have been widely adopted, their reliability depends on the respondents' correct understanding and subjective interpretation of the questions (Steyvers et al. 2006). Their results must be viewed with caution since they have clear bias towards desirable use and do not necessarily inform us about actual behaviour (Schiff and Hoffman 1996). Poister and Streib (1999) demonstrated that officials responding to surveys overestimated the actual use of performance information in city government. Although the advantages of analyzing councilors' contributions in the budget meetings outweigh the disadvantages, we recognize the limitations of this method as well. In our research setting we solely count if a councilor uses financial information in his or her contribution to the council discussion combined with the type of financial topic he/she addresses, for example the relative importance of a certain expenditure category or the debt position. The limitation of this approach is that we do not know if it leads to amendments, or if councilors speak as reply or to own initiatives. However, from our interviews we established that in general the introduction of amendments is limited. The question of reply or own initiative is, in our opinion, of less importance as the replies or contribution of the Executive were not integrated in the analysis.

Operationalization of financial information

In order to conduct the scrutiny of the minutes, financial information needs to be clearly defined. Just as Liguori et al. (2012) did, we examine both budgetary (i.e. cash-based) and accrual (i.e. based on double bookkeeping) financial information as there is evidence that they occur together and are used altogether under the heading of financial information. Besides, we explore *if* this financial information occurs in the debate without considering the accounting system. The operationalization by Liguori et al. (2012) of budgetary financial information consists of 8 items (revenues and funding sources, current expenditure by nature, current expenditure by destination, capital expenditure by nature, capital expenditure by destination, level transfers to other local entities, budgetary surplus or deficit and establishment of accounts receivable to be recovered and commitments to be paid). Likewise, accrual accounting includes 6 items which are distinct from budgetary information (liability, receivables, assets, cost of activities, cost of service delivery and depreciation).

Budgeting in Flemish municipalities

Until the mid-1990s, the financial management of Flemish municipalities was, similarly to that of local governments in many other countries, traditionally highly input oriented with control based on budgets and administrative procedures. The Flemish case is particularly interesting because in 1995 the traditional cash accounting system in municipalities was complemented with business-like accrual accounting (Windels and Christiaens 2006). It is thus possible to study politicians' use of the two types of information, as the traditional budgetary cash accounting information has been supplemented (but not replaced!) with accrual based reporting (balance sheet and operating statement) since 1995^v.

The budget procedure is homogeneous; each municipality sets up a budget draft in August or September. This draft is discussed by the College of Mayor and Aldermen and the budget proposal that develops from these negotiations is brought before the local council for ratification (Goeminne et al. 2008). The precise role of the various actors in this budgeting process cannot easily be put into general terms. Usually the finance department supports the Executive (Goeminne et al. 2008).

Results

Table 1 displays the occurrence of the different financial items in the debate. There are considerable differences between debates and between financial items. The total financial information score of the debates ranges from 108 occurrences of financial information to absolutely no reference whatsoever. The mean of the different financial items is rather low, with on average one or two appearances per debate. This suggests not much reason for optimism about politicians' use of financial information. Because the budget is generally intensively discussed, this implies that politicians attach importance to non-financial or qualitative information. Our findings thus correspond to evidence about use of non-financial information from surveys and case studies (Ter Bogt 2001; Liguori et al. 2012; Raudla 2012; Demaj and Summermatter 2012).

Moreover, the differences between the financial items are remarkable; 57 references to capital expenditure (by destination) opposed to the total absence of depreciation, receivables and commitments. Not surprisingly councilors ask significantly more questions referring to budgetary cash information than to accrual information^{vi}. It supports previous studies stating that accrual accounting is less useful for political purposes (Anessi-Pessina and Steccolini 2007). According to our interviewees councilors' remarks very often concern concrete investments, projects,

various aspects of service delivery and operational aspects. This relates to another issue; the operational versus the strategic focus held on by councilors. Politicians might be willing to appear as innovators and strategic policymakers but our evidence on apparent use of financial information suggests emphasis on operational matters (Liguori et al. 2009).

Table 1: Frequency of financial information items in 121 debates

BUDGETARY info (N=121)	Min.	Max.	Mean	Std. Dev.
revenues and funding sources	0	15	2,5	3,12
current expenditure by nature	0	24	1,93	3,329
current expenditure by destination	0	23	2,01	3,848
capital expenditure by nature	0	7	0,76	1,31
capital expenditure by destination	0	57	5,33	8,592
transfers other municipal entities	0	21	1,72	2,864
budgetary surplus or deficit	0	8	1,12	1,464
accounts receivables or commitment to be paid	0	0	0	0
ACCRUAL/ ANALYTICAL info (N=121)				
cost of activities	0	4	0,19	0,596
cost of services	0	9	0,54	1,323
liability	0	11	1,17	1,854
receivables	0	1	0,02	0,128
assets	0	3	0,1	0,374
depreciation	0	0	0	0
<i>total_accrual</i>	<i>0</i>	<i>16</i>	<i>2,0083</i>	<i>3,08625</i>
<i>total_budget</i>	<i>0</i>	<i>99</i>	<i>15,3719</i>	<i>17,95742</i>
<i>Total budget and accrual financial information score</i>	<i>0</i>	<i>108</i>	<i>17,3802</i>	<i>20,14293</i>

Results of testing the propositions

In order to verify the propositions about the impact of economic and political factors, we computed an OLS regression analysis on the natural logarithm of the total financial information score^{vii}. This means that at the dependent level, we have the sum of the frequencies of both types of financial information^{viii}. Table 2 presents the results of the unstandardized coefficients of the

variables under study^{ix}. Tables 4, 5 and 6 in appendix bring an overview of the variables, descriptive statistics and a correlation table.

Table 2: Regression results

	Unstand.Coeff.	t
(Constant)	-5,869***	-3,571
Competition	-0,039***	-3,276
Coalition	0,133	0,638
Chair	-0,029	-0,164
Explanation	0,473**	2,271
Fiscal pressure	0,001**	2,416
Debt	-8,21E-05	-0,638
Size	0,732***	4,48
R ² 0,28 Adj. R ² 0,23) ***1%, ** 5% sign. Max. VIF 1,1		

The explained variance is about 25% and there are no problematic correlations between independent variables. Both within the political and the economic factors, there are significant and non-significant variables.

Concerning political factors, less political competition, implying a broader majority generates significantly lower occurrence of financial information in the debate. The less competition in the council, the less use of financial information in the budget debate, regardless of the number of parties in majority. The proposition that a verbal explanation would stimulate discussion with financial information is confirmed although this is not the case for the figure of the chair. This is surprising because we assumed that a non- executive chair would also stimulate debate and discussion. The latter could be attributed to the relatively new intermediary role of non-executive chairs who might need more time to grow in their function.

Concerning financial factors, fiscal pressure, which directly affects the citizens, urges councilors to use financial information in their contribution. Debt rate, on the contrary, is not significant, maybe because its impact on the constituents is more indirect.

Finally, the relevance of the control variable size indicates that in larger municipalities councilors argue more with financial information. It corroborates the findings of other studies; modernization initiatives get more easily adopted in larger municipalities (Van Helden and Jansen 2003). Due to larger control spans and more frequent emergence of unprecedented situations, governing large scale municipalities may present greater leadership challenges than small scale governing and consequently require more necessity of financial information (Askim and Baldersheim 2012).

Summary of Testing Propositions

The probability the observe use of financial information in the budget debate is ...	
<i>higher or lower in councils with much political competition</i>	Confirmed, higher
<i>higher in coalition majorities</i>	Not confirmed
<i>higher in councils where the chair is a non-executive councilor.</i>	Not confirmed
<i>higher when the budget is verbally explained</i>	Confirmed
<i>higher in municipalities with high fiscal pressure</i>	Confirmed
<i>higher in municipalities with a high debt rate.</i>	Not confirmed

Conclusion

One may start questioning whether the costs and human efforts to produce financial information really outweigh the benefits if it is brought up in deliberations on the budget or not used as an input for budgetary decisions. This first assessment of councilors' apparent use of financial

information in budget meetings confirms this overall skepticism although our new and innovative method of scrutinizing the budget debate allows us to refine the predominantly negative attitude towards politicians' use of financial information.

Firstly, there are major differences between debates for which political and economic factors can only partially account. Secondly, budgetary information is by far more relevant for political decision-making purposes and thirdly, politicians' apparent usage pattern is not easily put into existing theories and models.

Differences between debates are affected by both political and economic factors but the miscellany of significant variables complicates an obvious explanation. Concerning the political factors, the balance of power and trust between parties in the council could be decisive for the presence of financial information in the debate. The larger the majority, the more the discussion is closed. In this case, the opposition could use alternative and informal ways to influence the majority (Raudla 2012). The significance of size points to the relevance of the 'couleur locale'; the importance of other organizational and cultural factors as suggested by institutional theory (Lounsbury 2008).

The dominance of budgetary information in the discussion could be related to the complex issue of politicians' problematic internalization of new policy instruments (we may account accrual reporting information) in general (Pollitt and Bouckaert 2011; Hansen 2001). Our interviewees witness contributions with financial information however, not in an 'analytical sense' but very much focused on tangible aspects. As an interviewee puts it into a caricature: "They argue more about a subsidy of 100 euro than about investments of millions; they talk about all possible details of investments but not about its effect on debt rate". New information can easily be introduced

but this does not hold true for politicians' actions as illustrated by the fact that (the old) cash based budgetary information is still preferred over the new accrual reporting. Politicians tend to be resistant to change. In Flanders, as elsewhere in Europe, financial information has been introduced into an existing institutional context and budget process.

In sum, our evidence on apparent use demonstrates once more that we should be cautious when discussing politicians' use of financial information and relate it to previously identified factors. Their limited apparent use could also result from typical public sector decision-making where a lot of allocations just follow from 'objective' studies and planning. So it would be very difficult or even inappropriate to argue about them. Councilors' individual characteristics and preferences might also be at play. Buylen and Christiaens (2013) demonstrated that, compared to their opposition counterparts, majority party group leaders have a knowledge advantage about modern policy instruments. Finally, evidence about attitudes or intentions do not necessarily inform us about their behavior because politicians reason differently as 'politicians', they rely more on their political judgment than on financial information. Thus studying politicians' behavior is a 'slippery project' without many previous findings to rely on. More and deeper research into politicians' actual conduct could therefore enable us to refine existing theoretical assumptions and identify additional relevant determining factors.

Appendix

Table 4: variables in the model

Variable	References	Measure	Source of data
Dependent Variable			121 minutes budget debate 2011
Political factors	<p>Le Maux et al. (2011) Goeminne & Smolders (2010) Askim (2008) Steyvers et al. (2008) Greasley & John (2010) Solé Ollé (2006) Goeminne et al. (2008) Da Costa Carvalho et al. (2012)</p> <p>(Ter Bogt 2004)</p>	<p>Strength (Competition): majorities' electoral margin of victory, difference between 50% and % of majorities' vote share</p> <p>Chair council (Chair): dummy for Executive (1) member v. not (0)</p> <p>Coalition Dummy for coalition (1) vs not (0)</p> <p>Explanation Dummy for verbal explanation (1) vs not (0)</p>	<p>Flemish agency for interior affairs, database local mandates 2012</p> <p>121 minutes budget debate 2011</p>
Economic factors	Da Costa Carvalho et al. (2012), (Caamaño-Alegre et al. 2012)	Debt per capita 2010 (Debt) Property Tax rate 2011 (Fiscal pressure)	Flemish Government, local statistics 2012,
CONTROL (size)	(Van Helden and Jansen 2003; Anessi-Pessina et al. 2008) Da Costa Carvalho et al. (2012)(Caamaño-Alegre et al. 2012)	Population (natural logarithm of population in municipality 2011) (Size)	Belgian Federal Public Service Economy 2011

Table 5: Descriptive statistics for all variables in the model

	N	Min.	Max.	Mean	Std. Dev.
Ln budget score (DV)	113	0,00	4,60	2,30	1,06
Competition	121	-7,39	40,51	7,05	7,71
Fiscal pressure	121	750	2200	1319,83	289,55
Debt	121	0	5335	1114,99	680,45
size	121	7,67	11,67	9,64	0,58
			Frequency	Per cent	
Coalition	121	One party	34	28,10%	
		Coalition	87	71,90%	
Chair	121	Executive	74	61,20%	
		Non-executive	47	38,80%	
Explanation	121	no	30	24,80%	
		yes	91	75,20%	

Table 6: Spearman correlations

	1.	2.	3.	4.	5.	6.	7.
1.Size	1						
2.Competition	-0,074	1					
3.Explanation	0,164	-0,015	1				
4.Chair	0,005	-0,09	-0,014	1			
5.Fiscal pressure	-0,123	,209*	0,002	-0,028	1		
6.Debt	0,115	-0,153	0,003	-0,06	0,071	1	
7. Coalition	0,096	,223*	0,024	0,121	-0,114	0,045	1

* Correlation is significant at the 0.05 level (2-tailed).

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i By focusing on the official budget debate in the council we exclude the preceding negotiations, party meetings or special financial and budget committee sessions. Raudla (2012) concluded that in Estonia financial performance was not discussed at meetings of the budget committee. Similarly to Flemish municipalities, the Estonian committee only had an advisory role implying less incentives to formulate comments. Moreover, the installation of a financial or budget committee is not mandatory in Flanders, the number of participants is limited, the meetings are not public and limited in time. The focus on the official debate also entails the methodological advantage of a homogeneous empirical setting.

ii The councils official reports are 'living sources', reflecting political behavior. The literal notification of the conversation approximates best politicians' real practice. these official public documents are a reliable, neutral and objective reproduction of the councils' meetings. The city manager is responsible for the correctness of the notification.

iii According to a detailed clustering of municipalities, comprising some 150 socio-economic factors (Dexia Bank Belgium 2007).

iv Two were city managers responsible for the councils' minutes and always present during its meetings. One belonged to minister of interior affairs cabinet, another worked for the Flemish home office and a third for the association of municipalities and cities.

v Balance sheet and operating statements are derived from the budgetary document through a complex reconciling system with economic and functional coding.

vi Result of one sample T-test (means) (T8,186, df 120, p.0,0000).

vii The 'count variable' of the total budgetary and accrual score was not normally distributed, the natural lg transformation provided satisfactory normal distribution. As a consequence, the debates with value 0 (8 cases) were excluded from the analysis. However, as our intention is to explain the occurrence of financial information, debates with 0 values are less relevant. Based on visual analysis of histogram and the fact that the mean (2,30) and the median (2,48) are close we assume normal distribution of our dependent variable (log transformation).

viii Our measure has internal consistency as demonstrated by Cronbach Alpha of 0.74 for the 14 financial information items under study.

ix N= 112 Anova (F. 5,20, p. 0,000)