

THE IMPACT OF FISCAL COUNCILS ON PUBLIC PERCEPTION: A SURVEY EXPERIMENT IN THE CZECH REPUBLIC*

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Abstract

This study examines the influence of fiscal councils on public opinion regarding fiscal issues. Using a survey-framing experiment on a representative sample of 900 inhabitants of the Czech Republic, the study evaluates how the framing of a message regarding the negative effects of rising government debt would impact the attitudes of respondents. The results show that framing the message as coming from the Czech Fiscal Council does not increase its credibility. Fiscal councils should not focus on persuading the public of their viewpoint on public finance issues, but rather utilize the knowledge of agenda-setting theory to gain media attention for fiscal issues.

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INTRODUCTION

Public finance in advanced economies have been under severe pressure in recent years. The fiscal policy response to the COVID-19 pandemic has been unprecedented and has greatly increased public debt in most countries (Romer, 2021). Public budgets faced a further challenge in the form of an energy crisis related to the military conflict in Ukraine and the economic changes associated with the Green Deal, which affects EU member states (Zenios, 2021), and the economic growth (Pradhan, 2019) or social problems such as costs of unemployment (Zeman, 2019). The combination of these events and the ageing of the population in most developed countries poses a major challenge to public finances. Many countries have already created new rules and institutions in response to the threat of high debt levels.

In recent years, the adoption of fiscal rules has become widespread, with more than 105 countries having implemented at least one fiscal rule as of the end of 2021 (Davoodi et al., 2022). The Maastricht Treaty, effective from 1993, marked the EU's initial adoption of fiscal rules, mandating member states to uphold budget discipline and control excessive public finance deficits. These rules stipulated a public finance deficit cap of 3% relative to GDP and a public debt limit of 60% of GDP. Discussions for revisions began in 1997, culminating in the Stability and Growth Pact in 1998, aimed at enhancing EU states' fiscal policy coordination and adherence to existing rules. The 2005 adaptation of the cyclically adjusted budget balance, later including one-off operations, led to the current structural balance rule. After the 2008 financial crisis, further amendments were introduced with the 2011 'Six Pack' and 2013 'Two Pack' along with the Fiscal Compact, reforming both the preventive and corrective components of the Stability and Growth Pact and introducing new medium-term expenditure frameworks (Larch et al., 2023).

This trend has been driven by both local fiscal crises, such as those seen in Greece, and supranational directives in Europe. In response to this trend, an increasing number of countries have established fiscal councils, which have diverse institutional forms and mandates, but share the common goal of monitoring public finances (Calmfors & Wren-Lewis, 2011). By informing the public about the state and process of public finances, fiscal councils can increase the political cost of fiscal indiscipline and encourage responsible fiscal policies. A strong presence in public debate is considered one of the main factors that fiscal councils can leverage to increase fiscal discipline. However, empirical studies examining the ability of fiscal councils to influence public opinion are lacking. This is also confirmed by empirical evidence from European Union countries.

Although fiscal rules are intended to keep public finances on a sustainable path, their compliance has been necessary. However, compliance with fiscal rules between 2002 and 2019 was very low. The average compliance with currently applicable fiscal rules only slightly exceeds 50 percent (Larch et al., 2023). This is despite the fact that fiscal rules are some kind of boundary values that should not be exceeded, not a long-term goal (Morda, 2021). As mentioned above, fiscal problems were further deepened as a result of the Covid-19 pandemic. Empirical evaluation also points to another fact, which is the observed procyclicality of compliance with fiscal rules, which gives false signals about the state of public finances in good economic times (Larch et al., 2023). Hübscher's and Sattler's (2017) empirical findings also confirm that policy makers associate significant electoral risk with fiscal consolidation. Avoiding consolidation may be more visible towards the end of the legislative term in order to minimize punishment by voters. These findings show that predicted probability of consolidation decreases dramatically towards the end of the legislative term when government's margin of victory is small (from 40% after an election to 13% towards the end of the legislative term).

The solution to the aforementioned problems was supposed to be independent fiscal institutions, which would act as guardians of public finances. Independent fiscal institutions (IFIs) are public entities designed to promote sustainable public finances through a range of functions, including the public assessment of fiscal plans and performance, as well as the evaluation or provision of macroeconomic and budgetary forecasts. Their mandates, often enshrined in legislation, emphasize non-partisanship and a watchdog role over fiscal matters. This independence, combined with a strong presence in public discourse and the ability to monitor fiscal policy rules, enables IFIs to effectively promote fiscal discipline and accountability. The establishment of such institutions has become increasingly common worldwide, reflecting a global trend towards strengthening the institutional framework for sustainable public finances (Debrun et al., 2013). The success of fiscal councils relies on several aspects, such as complete independence in their roles, open distribution of their analyses, and their overall trustworthiness. Both experiences, such as the long-term operations of established fiscal councils in countries like Sweden and the Netherlands, and studies, including empirical research by Debrun et al. (2009) and Calmfors and Wren-Lewis (2011), indicate that when macroeconomic forecasting is assigned to an independent fiscal council, it tends to be less biased. There's evidence suggesting that such institutions can support governments in adhering to specific fiscal rules. While effective fiscal institutions

are essential for disciplined fiscal management, their presence alone isn't enough. Lasting fiscal improvements require a strong, ongoing political commitment to medium-term fiscal objectives and, where applicable, to the mission of the fiscal council (Hagemann, 2010).

There are studies (Cronin & McInerney, 2023) that analyze changes in EU fiscal rules and procedures, such as the European Semester and Fiscal Compact, adopted in the early 2010s to improve forecasting, including by granting a role to independent fiscal institutions. These studies demonstrate that the presence of independent fiscal institutions is associated with less distortion in forecasts of the structural budget balance, which is primarily tied to fiscal rules.

It is imperative to acknowledge that an efficient budgetary process necessitates not only robust fiscal forecasts but also precise estimations of forthcoming economic activities. Discrepancies in these projections can impede the realization of fiscal objectives and diminish the credibility of the Ministry of Finance (or the corresponding entity) in the eyes of the public. The trajectory of growth forecasts within EU nations transitioned from excessively optimistic in the 1990s to disproportionately pessimistic and influenced by recent economic developments over the past decade (Cronin & McQuinn, 2021).

In this context, independent fiscal institutions can make a significant contribution. For example, good practice in the Czech Republic refers to the existence of a body called "The Committee on Budgetary Forecasts" comprised of independent economists, which evaluates the macroeconomic forecast of the Ministry of Finance, categorizing it as optimistic, realistic, or pessimistic based on its likelihood of realization (The Czech Fiscal Council, 2024).

The functioning of independent fiscal institutions must always be viewed in the context of the institutional environment. Public officials of respective countries decide on individual competencies, which in turn conditions the influence of these institutions. Independent fiscal institutions usually do not possess sufficient competencies to directly impact public finances. In most cases, these competencies belong to elected political representatives (Wyplosz, 2018).

On the other hand, it is debatable whether independent fiscal councils should have political powers and significantly influence fiscal policy in a democratic state, especially since fiscal policy, unlike monetary policy, is inherently a political discipline. Kornai (2010) examines the importance and challenges of distinguishing between independent economic analysis and active political decision-making. The author analyzes the impact of state decisions on the economy, emphasizes

the necessity of transparency and ethical standards in fiscal policy, and explores the complex relationships between economic analyses, political decision-making, and value judgments. In conclusion, the author encourages an ethical approach and transparency in fiscal policy, emphasizing the importance of clearly distinguishing political decisions from economic analysis.

Similarly, Clift (2023) addresses the political dimension of technocratic fiscal governance, exemplified by the UK's Office for Budget Responsibility (OBR). Clift points out that despite its goal of independent and objective fiscal oversight, the OBR's activities involve significant freedom and interpretation, inherently politicizing its work. The author concludes that the ideal of non-political technocratic management in economics is unachievable, as social and political contexts inevitably shape economic management and decision-making.

Notably, Bach's (2020) article also stands out as a very interesting contribution to economic literature. This paper investigates the role of fiscal councils in EU countries, focusing on their contribution to public finance management transparency and accountability. It utilizes a questionnaire from 18 fiscal councils, assessing their impact and public communication strategies. The findings indicate that these councils, through media engagement and public disclosure, can enhance fiscal transparency and accountability. However, their effectiveness is limited by the extent of their influence on government and public reactions. The study suggests greater use of digital media and public debates, and stronger legislative backing for fiscal councils, to improve their impact on fiscal transparency and accountability.

The aforementioned research only focuses on the views of the independent fiscal institutions (stakeholders) themselves. In our study, we wanted to take this aspect further and focus directly on public opinion itself.

Our objective is to examine the influence of fiscal councils on public opinion regarding fiscal issues. Building on the work of Debrun et al. (2013) as well as Jankovics and Sherwood (2017), we argue that fiscal councils have the potential to increase public awareness about the costs and benefits of budgetary measures. Based on the theory of agenda-setting, we posit that the media play a significant role in shaping the public agenda and are effective in directing public attention towards particular topics (Cohen, 1963; McCombs, 2004). Berry (2016) examines key definers in the deficit debate in British press during 2009 and demonstrates that they are essential for public opinion. Alt et al. (2016) conclude that it is the interaction between political sophistication and credible information that explains when new information will affect political

behavior. Jacoby (2000) shows in this empirical analysis that public opinion on government spending varies markedly with the presentation of the issue.

The goal of this study is to evaluate how the framing of a message regarding the negative effects of rising government debt impacts the attitudes of respondents in the Czech Republic. Specifically, the study aims to determine whether framing the message as coming from the Czech Fiscal Council would increase its credibility and whether this increased credibility would lead to greater willingness to accept unpopular steps toward improving the state of public finances, such as increased taxation. The study employed a survey-framing experiment involving three distinct groups and gathered data through an online survey conducted in December 2022 using a representative sample of residents from the Czech Republic. Our study focuses on the Czech Fiscal Council, but we believe that our findings have broader applicability within the EU.

DATA AND METHODS

We performed a survey-framing experiment on a representative sample of 900 inhabitants of the Czech Republic using a between-subjects design with 2 different treatment groups and 1 control group. The sample was representative in terms of gender, age, education, and residential area size. The control group was presented with a text describing the negative future development of public debt and its effects. The Fiscal Council Frame group was exposed to the same text, except that it stated that the author is the Czech Fiscal Council. The Alternative Frame group was also exposed to the same text, with the addition that the author is "some economists". The aim was to evaluate how respondents' attitudes change when exposed to different frames. In addition, in the next part of the experiment, we asked respondents from each group whether they would be willing to increase their level of taxation and by what percentage of their income. The survey experiment was performed in the Czech Republic and took place in an online environment.

The distribution of questionnaires was carried out through the online platform of Median s.r.o. and was held in the Czech Republic. The questionnaire consisted of 29 questions, of which 15 questions defined the respondent in terms of gender, age, education, place and size of residence, employment status, income level, political orientation, and number of children. The remaining 14 questions focused on the specific research topics. The questions were original, not following any previous research. The sample was obtained using the quota sampling method, where potential respondents were divided into specific quotas based on key characteristics, and the researcher determined the number of respondents needed from each quota. This method

ensures that the sample is representative of specific population characteristics. Each respondent received a message inviting them to participate in the survey. Interested individuals answered several screening questions and were then either accepted or rejected for the survey. Out of 2740 contacted individuals, 923 completed the questionnaire, with 23 excluded due to extremely short completion times. Responses were collected in a single round in December 2022. The collected samples were independent. The final count was 900 respondents, divided into three groups: the control group with 297 respondents, the Fiscal Council Frame group with 311 respondents, and the Alternative Frame group with 292 respondents. These three groups received different framing, but the questions were the same for all. The participants were on average 44 years old, 48.1% of them were women, mostly high-school educated (68.2%).

The framing method investigates how the presentation of a specific issue, scenario, or aspect of reality impacts the perceptions, attitudes, and decision-making of individuals regarding that subject. A frame can be a brief text, image, or other stimulus (sometimes referred to as a vignette). Even a minor alteration in the framing can significantly alter the reactions of those being studied. Framing helps uncover which factors influence individual decision-making and which ones are inconsequential. While commonly used in marketing research, framing is increasingly being applied in other areas of inquiry. For instance, beyond marketing, a questionnaire experiment might be used to analyze the effectiveness of messages aimed at boosting vaccination rates (Nyhan et al., 2014), evaluating the persuasiveness of arguments used by residents opposing new local housing developments (Klement et al., 2022), or examining how media influences shape individuals' opinions on government austerity measures (Barnes & Hicks, 2018).

The full text of the frames in the first experiment is provided below.

CONTROL GROUP

"The gap between government revenues and expenditures is widening and a turn towards sustainable public finances is not on the horizon. Within a few years, the state budget will become unfundable; after 2040, public debt will be so high that the Czech Republic faces a Greek scenario. Both pensions and healthcare will have to be cut drastically, and at the same time the population at risk of poverty will grow."

FISCAL COUNCIL FRAME GROUP

"The National Budget Council, as an institution dealing with the health of public finances, warns that the gap between the state's revenues and expenditures

is widening and a turn towards sustainable public finances is not on the horizon. Within a few years, the state budget will become unfundable; after 2040, public debt will be so high that the Czech Republic faces a Greek scenario. Both pensions and healthcare will have to be cut drastically, and at the same time the population at risk of poverty will grow.”

ALTERNATIVE FRAME GROUP

“Some economists warn that the gap between state revenues and expenditures is widening and that a turn towards sustainable public finances is not on the horizon. Within a few years, the state budget will become unfundable; after 2040, public debt will be so high that the Czech Republic faces a Greek scenario. Both pensions and healthcare will have to be cut drastically, and at the same time the population at risk of poverty will grow.”

In addition to the main analysis, we were interested in whether the issue of the national debt is a relevant topic for respondents and how they assess its seriousness in relation to 2013.

The full text of the frames in the second experiment is provided below.

CONTROL GROUP

“As stated earlier, in order for the Czech Republic to avoid the Greek scenario, i.e. drastic cuts in pen-

sions, cuts in health care and a rise in poverty, it will be necessary to increase taxation on the population at least partially, in addition to reducing public spending. Please indicate how much of your income you would be willing to pay in extra taxes.”

FISCAL COUNCIL FRAME GROUP

“As stated earlier, in order for the Czech Republic to avoid the Greek scenario, i.e. drastic cuts in pensions, reductions in health care and an increase in poverty, the National Budget Council believes that it will be necessary to at least partially increase taxation on the population in addition to reducing public spending. Please indicate how much of your income you would be willing to pay in extra taxes.”

ALTERNATIVE FRAME GROUP

“As stated earlier, in order for the Czech Republic to avoid the Greek scenario, i.e. drastic cuts in pensions, reductions in health care, and increases in poverty, some economists believe that it will be necessary to at least partially increase taxation on the population in addition to reducing public spending. Please indicate how much of your income you would be willing to pay in extra taxes.”

The variables listed in Tables 1 and 2 were employed in the analysis using logistic regression.

Table 1: The variables under investigation

Variable	Description
Agreeable	This variable reflects the level of agreement with the provided statement. The original Likert scale, ranging from 1 (completely agree) to 7 (completely disagree), was simplified for logistic regression analysis to a binary response of 1 (for ratings 1 to 3) and 0 (for ratings 4 and above).
Credible	This variable indicates whether the respondent views the given statement as credible. The original Likert scale, ranging from 1 (completely credible) to 7 (completely incredible), was streamlined for logistic regression analysis to a binary response of 1 (for ratings 1 to 3) and 0 (for ratings 4 and above).
Taxable	This variable takes on a value of 1 if the respondent expressed willingness to increase self-taxation in reaction to the described scenario (i.e., raising their tax contributions by at least 1%), or 0 if not.

Source: Author’s own work.

Table 2: The primary control variables

Variable	Description
Male	Categorized as one if respondent is male.
Age	Measured in years.
Education	Highest level of education completed (6 possible levels).
Population size	Population size of the residential area categorized into five levels.
Emotional state	The response to the question “how do you feel?” categorized as 1) very badly; 2) badly; 3) neither good nor bad; 4) well; or 5) very well.
Employment status	Captured by six dummy variables indicating different employment situations: 1) employee; 2) self-employed (working under trade license, self-employed person); 3) student / pupil / apprentice; 4) retiree; 5) unemployed; 6) other (parental leave, homemaker, etc.).

Income level	Divided into 5 income intervals: 1) low income; 2) low middle income; 3) high middle income; 4) high income; 5) no response.
Political orientation	Categorized as four dummy variables: 1) left-wing; 2) somewhat left-wing; 3) somewhat right-wing; 4) right-wing.
Parent	Categorized as 1 if respondent has at least one child.

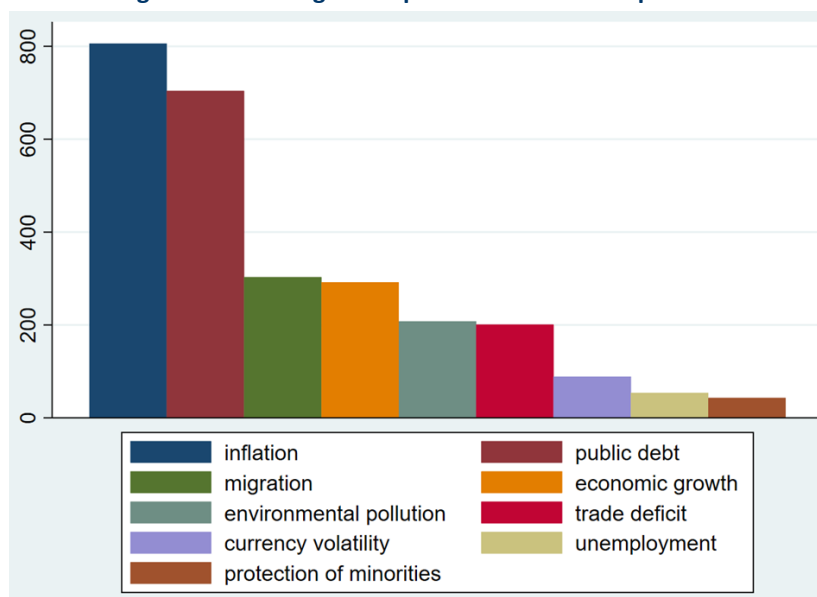
Source: Author's own work.

RESULTS

Our survey-framing experiment results shows that 78.2% of respondents consider public debt as the sec-

ond most important problem in the Czech Republic, right after inflation (Figure 1).

Figure 1: Assessing the importance of the debt problem

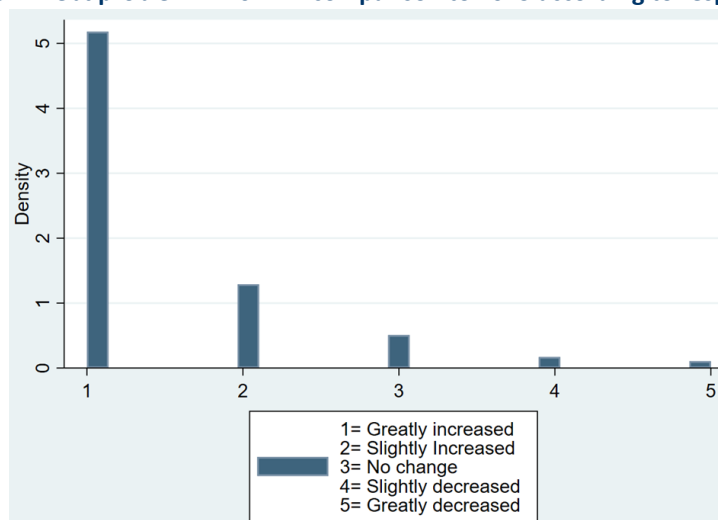


Source: Author's own work.

In addition, more than 89% of respondents said that the debt problem in 2021 had worsened (71% said significantly) compared to 2013 (Figure 2), when the debt crisis was underway in Europe. To put this in context, although there was significant increase in the

deficit, particularly in the aftermath of the pandemic, the government debt-to-GDP ratio was 44.4% in 2013 and 42% in 2021 (Eurostat, 2023). One justification for the negative assessment may be attributed to the activity of the Czech Fiscal Council.

Figure 2: Debt problem in 2021 in comparison to 2013 according to respondents



Source: Author's own work.

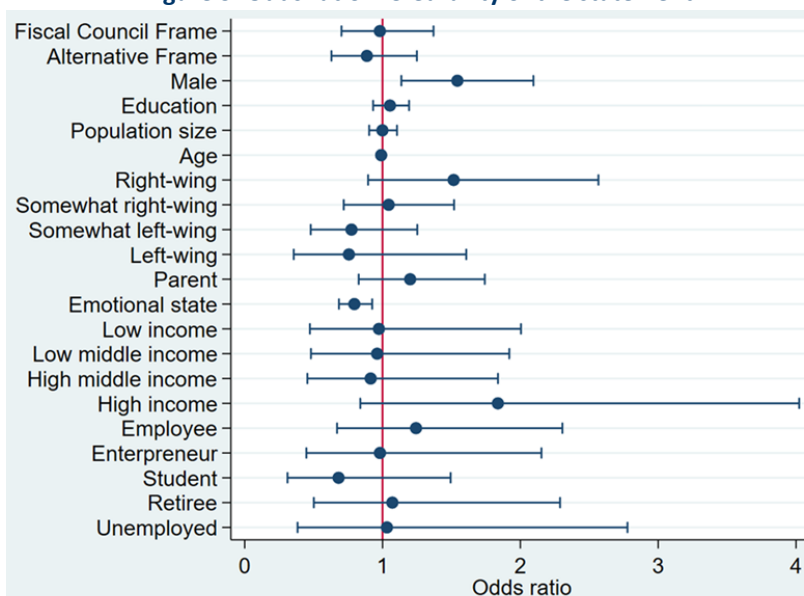
Our main result is that the frame emphasizing the Czech Fiscal Council as the author of the prediction of negative future fiscal developments did not significantly increase the agreement or credibility of the tested proposition (Table 3). Respondents exposed to this frame did not show a higher willingness to self-tax in response to the stated situation.

There was no significant difference between how respondents in the control group and Fiscal Council Frame group rated credibility (Wilcoxon rank-sum test, $p = 0.899$), nor between the control group and Alternative Frame group (Wilcoxon rank-sum test, $p = 0.484$). However, it is possible that some groups rated the statements as more credible, particularly men, parents, and those who identify as right-wing voters (Figure 3, 4

& 5). We also did not observe a significant difference between the groups of respondents in the assessment of agreement with the statement. Unsurprisingly, the results show that voters on the right and center-right, men and respondents with one or more children are more likely to agree with the statement in comparison to voters on the left, women and respondents without children.

We also surveyed willingness for higher self-taxation. 60.2% of respondents expressed a willingness to be taxed more under the modeled circumstances. However, the statement using fiscal council as a trustworthy source of information did not improve willingness to be taxed in comparison with the control group (Wilcoxon rank-sum test, $p = 0.521$).

Figure 3: Odds ratio – Credibility of the statement



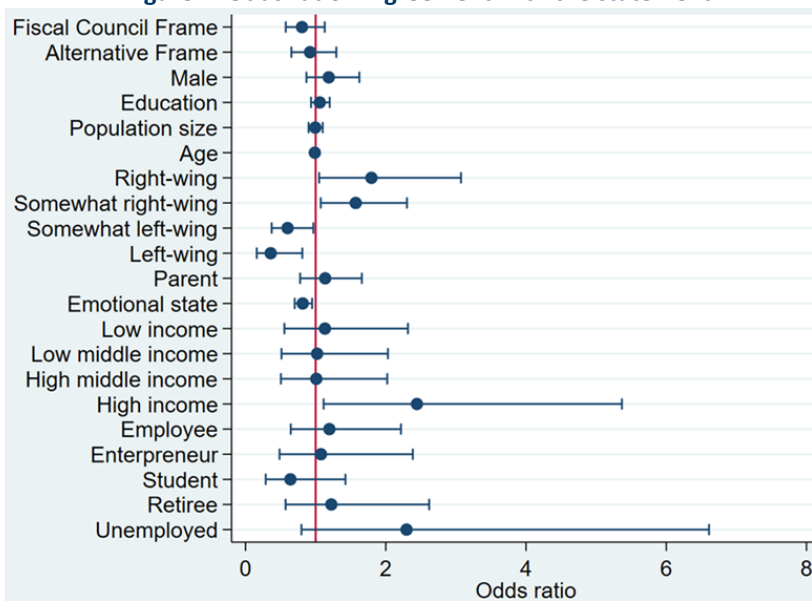
Source: Author's own work.

Figures 3-5 illustrate odds ratios, which signify the ratio between two probabilities. Values greater than 1 indicate an elevated likelihood of a specific event, while values lower than 1 imply the opposite.

Table 3 illustrates the coefficients for the variables capturing the impact of different frames on respondents' perceptions of agreement, credibility and willingness to increase self-taxation. Interestingly, the coefficient for the Fiscal Council Frame variable was consistently lower than 1 across all models. This suggests a potential paradox: exposure to this frame may decrease the likelihood that respondents agree with it, perceive it as credible, and show willingness to increase

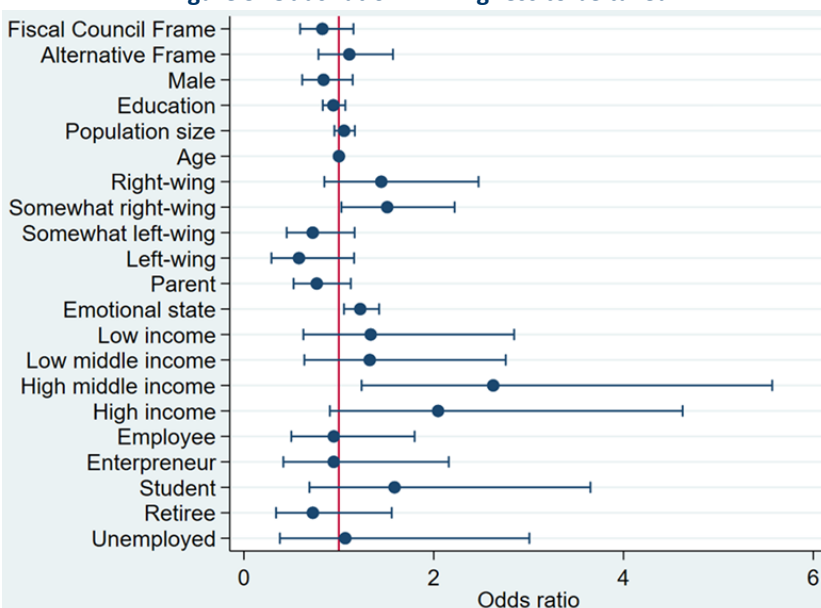
self-taxation. This contradicts our assumption regarding the positive influence of the Fiscal Council's "brand" on public perception. This phenomenon could stem from public skepticism towards governmental authorities (Hvidman & Andersen, 2016), potentially exacerbated in our sample by historical experiences of Czech respondents with the communist regime in the former Czechoslovakia. However, it's important to note that these results were not statistically significant, indicating that we cannot confidently reject the null hypothesis of no effect of the independent variable on the dependent variable.

Figure 4: Odds ratio – Agreement with the statement



Source: Author's own work.

Figure 5: Odds ratio – Willingness to be taxed



Source: Author's own work.

Conversely, the Alternative Frame variable received minimal response, with coefficients close to 1 across all models. However, the high p-values indicate statistical insignificance, warranting cautious interpretation of these results.

As indicated below, examining the coefficients of other control variables reveals interesting patterns. Right-leaning respondents and those from higher middle-income groups were more likely to agree with the presented statement on unsustainable finances and express willingness for increased taxation. However, it's

crucial to acknowledge that expressing agreement with increased taxation in surveys may not necessarily translate to real-life behavior, as respondents may not actually choose to increase their taxes.

Furthermore, respondents' current mood significantly influenced their responses, with those in better moods less likely to agree with the rather grim statements but more likely to express willingness for increased taxation. Additionally, men were more inclined to label the statement as credible compared to women.

Table 3: Logistic regression results

Dep. variable	(1)	(2)	(3)
	Agreeable	Credible	Taxable
Fiscal Council Frame	0.810 (0.140)	0.980 (0.170)	0.830 (0.140)
Alternative Frame	0.920 (0.160)	0.890 (0.160)	1.110 (0.200)
Male	1.190 (0.190)	1.540 (0.240)***	0.840 (0.130)
Education	1.060 (0.070)	1.050 (0.070)	0.940 (0.060)
Population size	0.990 (0.050)	1.000 (0.050)	1.060 (0.050)
Age	0.990 (0.010)	0.990 (0.010)	1.000 (0.010)
Right-wing	1.800 (0.490)**	1.520 (0.410)	1.450 (0.400)
Somewhat right-wing	1.570 (0.310)**	1.040 (0.200)	1.510 (0.300)**
Somewhat left-wing	0.600 (0.150)**	0.770 (0.190)	0.720 (0.180)
Left-wing	0.360 (0.150)**	0.760 (0.290)	0.580 (0.210)
Parent	1.140 (0.220)	1.200 (0.230)	0.770 (0.150)
Emotional state	0.820 (0.060)***	0.800 (0.060)***	1.230 (0.090)***
Low income	1.130 (0.410)	0.970 (0.360)	1.340 (0.520)
Low middle income	1.020 (0.360)	0.960 (0.340)	1.330 (0.500)
High middle income	1.010 (0.360)	0.910 (0.330)	2.630 (1.010)**
High income	2.440 (0.980)**	1.840 (0.730)	2.050 (0.850)*
Employee	1.200 (0.380)	1.240 (0.390)	0.950 (0.310)
Entrepreneur	1.080 (0.440)	0.980 (0.390)	0.950 (0.400)
Student	0.640 (0.260)	0.680 (0.270)	1.590 (0.670)
Retiree	1.220 (0.480)	1.070 (0.410)	0.730 (0.280)
Unemployed	2.300 (1.240)	1.030 (0.520)	1.070 (0.560)
Constant	2.380 (1.650)	2.380 (1.660)	0.600 (0.420)
Observations	900.000	900.000	900.000
R-squared	0.059	0.041	0.048

Note: Logistic regression is presented with a coefficient, its robust standard error in parentheses, and potentially with stars denoting statistical significance *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Dependent variables are Agreeable, Credible - marked as 1 if the original Likert scale ratings were 1-3 and 0 if the original ratings were 4-7 and Taxable - marked as 1 if the respondent proposed to raise their taxes and 0 otherwise.

Source: Author's own work.

The robustness of these results was tested in two ways. Firstly, alternative models such as probit were employed, which did not significantly alter the direction or significance of the variables' effects (therefore, we do not present their results here). Secondly, different definitions of binary dependent variables were considered. While changes in the definition of the "Agreeable" variable did not alter the direction of the coefficient's impact, the definition of the "Credible" variable did, indicating some instability in the results. This instability could be attributed to the complexity of the phenomenon under study, data noise, or other errors.

As part of the post-estimation testing, we examined the risks of specification error, goodness-of-fit, and multicollinearity. The specification link test did not detect any specification errors for any of the three models: Agreeable (hat: $p < 0.001$; hatsq: $p = 0.149$), Credible (hat: $p < 0.001$; hatsq: $p = 0.242$), and Taxable (hat: $p < 0.001$; hatsq: $p = 0.303$). Additionally, the Hosmer and Lemeshow goodness-of-fit test indicated that the model fits the data well for all three models. We also conducted a multicollinearity test for all explanatory variables used in the models, which revealed an average variance inflation factor of 2.51 and a maximum value of 5.74, indicating moderate multicollinearity.

When comparing our findings with the literature already published, we found that similar research in recent years has been conducted by Barnes and Hicks (2018). In their study, they explore the relationship between media coverage and public attitudes towards fiscal policy, focusing on the popularity of austerity measures. The study utilizes data from the UK for the years 2010 to 2015 and demonstrates that attitudes towards public finance deficits systematically vary depending on the source of news information. Respondents exposed to negative interpretations of austerity policies displayed a distinct attitude towards deficits compared to a control group and a group encouraged to contemplate the adverse consequences of high debt. These results align with our conclusions in that it is crucial for fiscal councils to gain media attention for public finance issues.

CONCLUSION

In conclusion, our research contributes significantly to the literature on fiscal institutions and their role in

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promoting fiscal discipline. Fiscal councils are designed to enhance the transparency and accountability of public finances by providing independent and objective analyses. Our findings suggest that while respondents in the Czech Republic consider public debt a pressing problem, they do not necessarily view the statements published by fiscal councils as more credible or trustworthy. This lack of societal willingness to heed the recommendations of public institutions could be particularly pronounced in countries with a communist history, such as the Czech Republic.

According to our findings, fiscal councils should not primarily focus on persuading the public about their viewpoints on public finance issues, but rather utilize the knowledge of agenda-setting theory to gain media attention for fiscal issues. To enhance their effectiveness, fiscal councils must develop robust communication strategies to engage the public and policymakers more effectively. This could involve leveraging modern digital platforms, conducting public debates, and ensuring their analyses are accessible and understandable to a broader audience.

Furthermore, the establishment of fiscal councils should not be viewed as a panacea for fiscal indiscipline. While they play a critical role in monitoring and advising on fiscal policies, their success depends heavily on the political commitment to adhere to medium-term fiscal objectives and the overall strength of public financial management. Future research should focus on identifying the specific conditions under which fiscal councils can be most effective, including examining their interactions with other fiscal institutions and the broader political environment.

Lastly, it is crucial for fiscal councils to continuously evolve and adapt to changing economic conditions and public expectations. This includes being transparent about their methodologies, actively seeking feedback from various stakeholders, and being willing to refine their approaches based on empirical evidence and best practices. By doing so, fiscal councils can strengthen their role as key players in maintaining fiscal discipline and ensuring sustainable public finances.

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