Cutback management practices in Czech state administration after 2023

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Abstract

The current state of public finances and public organizations in many countries is critical, marked by the global COVID-19 pandemic and the subsequent expansive fiscal responses. These challenges were soon compounded by global security tensions and volatile energy markets. Governments' efforts to shield households and businesses from the impact of high energy prices often led to further fiscal expansion. It is necessary to take a step back and reduce public finance deficits in order to return to pre-crisis normality.

Cutback management, first defined by Charles Levine in the late 1970s, has profoundly influenced discussions and strategies within public finance management for decades. Interest in cutback management, along with its associated challenges and strategies, tends to resurface during times of crisis or when financial stress is anticipated as documented by previous research for example by extensive literature review done by Ringa Raudla.

This paper aims to enlarge current knowledge about cutback management by presenting current insights and discussions on cutback management and the challenges related to addressing excessive budgetary deficits. It includes a literature review of recent studies and debates, complemented by a detailed case study of cutback management in Czechia.

The case study examines strategies proposed and implemented by Czechia's administration and public organizations to curb the excessive deficit through the 2023 fiscal consolidation package.

The Czechia case study will explore whether strategic intentions or irrational approaches (such as the predictions of the garbage-can theory) prevailed.

This study relies on publicly available open data related to budget and budgeting.

Keywords: *budgeting, public finance management, austerity, fiscal consolidation, cutback management.*