

Home ► All Journals ► Economics, Finance & Business ► International Journal of Public Administration ► List of Issues ► Volume 42, Issue 12 ► Hardening Budget Constraints: A Cross-Na ....

Q

International Journal of Public Administration > Volume 42, 2019 - <u>Issue 12</u>

81515ViewsCrossRef citations to dateAltmetric

**Original Articles** 

## Hardening Budget Constraints: A Cross-National Study of Fiscal Sustainability and Subnational Debt

Heidi Jane Smith 🔽 🕩, Sanghee Park 🕩 & Liguang Liu 🕩 Pages 1055-1067 | Published online: 21 Feb 2019



## ABSTRACT

This study explores the financial sustainability of subnational governments in four different countries. Scholars argue that subnational fiscal capacity helps local governments deliver better public services and provide public goods, which in turn helps to promote economic growth. While administrative control by the central governments contributes to reducing moral hazard from the soft budget constraints, bottom-up strategies to manage fiscal profligacy also need attention. The study first provides understanding about the characteristics of central-local governance and management of subnational government debt of each country. Then, we test our hypotheses regarding local fiscal capacity and administrative control, including political-economic factors that may affect debt spending by local governments. Our findings show that subnational fiscal sustainability improves when the central governments have clear rules to intergovernmental transfers in place and more (market) liberal policies, meanwhile when subnational governments have a more fiscal capacity and less intergovernmental transfers they are able to manage their debt more soundly.

KEYWORDS:



## Related research 1

People also read Recommended and	rticles Cited by 15
----------------------------------	---------------------

Information for	Open access
Authors	Overview
R&D professionals	Open journals
Editors	Open Select
Librarians	Dove Medical Press
Societies	F1000Research
Opportunities	Help and information
Reprints and e-prints	Help and contact
Advertising solutions	Newsroom
Accelerated publication	All journals
Corporate access solutions	Books

## Keep up to date

Register to receive personalised research and resources by email





Copyright © 2025 Informa UK Limited Privacy policy Cookies Terms & conditions

Taylor & Francis Group an informa business



Registered in England & Wales No. 01072954 5 Howick Place | London | SW1P 1WG