

THE ROLE OF FINANCIAL STANDARDS IN THE CONSTITUTIONS OF THE COUNTRIES OF THE VISEGRAD GROUP

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Abstract: The regional cooperation between the Czech Republic, Hungary, Poland and Slovakia goes back far in the past. One of the main goals of this cooperation is to link these countries on the score of economic development. The study argues that in order to achieve this goal, these four countries, first of all, need transparent, efficient and predictable public funds management. In the author's opinion, this objective could be realized if all the members of the Visegrad Group had a separate chapter in their constitutions concerning public finance, which would contain the fundamental principles of financial law. It is also important to fulfill the requirements of the rule of law in that particular field of law. The study seeks to sketch a model suitable for the specific purposes of the V4 countries and especially for Hungary.

Key words: public funds management, constitutional regulation, Visegrad Group

„Money speaks sense in a language all nations understand.”

/Aphra Behn/

Cooperation between people and nations is one of the oldest and most important things in the world. Many kinds of cooperations came into existence in the course of years, for example domesticities, economic, political, social and professional collaboration. Nevertheless, what does a state explicitly need to establish relations of this kind? In this highly globalised world, one of the most simple answer is money. We know naturally that common interest is the ground of every cooperation, but in general, these cannot work for a long time without money, moreover, they cannot start to work at all. That could be one reason why states cannot help or support each other, or why they cannot cooperate. However, we also know that in order to preserve and develop competitiveness in our days it is a must.

On the grounds of what I have mentioned above, the first standpoint in my research was that all states have to manage their public finance with extraordinary diligence, which is not only a remarkable thing in a state's life, but a challenge at the same time, as well.

In my essay, I focused on the Visegrad Group's economic cooperation¹, and especially on their constitutional framework concerning public finance. The reason for this is that I think it is important to have a comprehensive constitutional regulation concerning public finance in every democratic country, just like in the countries I did my research on.

My first question was: „What are the actualities?“ As a result of my research my statements are the following ones:

1. Poland has the most of public financial principles among the countries that I have studied. Poland has only two deficiencies, namely, its Constitution does not contain the rules concerning the equilibrium of budget and the referendum relative to budget.
2. Poland and Slovakia both have a separate chapter in their constitutions relating public finance (however the contents are not the same):
 - Poland: Chapter X.:Public Finances, and Section I, Chapter IX.: The Supreme Chamber of Control,
 - Slovakia: Chapter III.: The Economy of the Slovak Republic.
3. Regarding the Czech Republic and Hungary, we can tell that they only have partial constitutional chapters, which only include the organizations of public finance:
 - Czech Republic: Chapter V.: The Supreme Inspection Office, and Chapter VI.: The Czech National Bank,
 - Hungary: Chapter VI.: The State Audit Office and the National Bank of Hungary.

On the score of contents, I can tell that the common regulations are as follows:

1. The draft law on the state budget and the draft law on the state annual account is presented by the Government.² It is important because the state budget rests on the programme of the government, and it is also the government that has the most information and means concerning the budget implementation.
2. It is always the Parliament that shall adopt the state budget.³ It is a crucial regulation too, because the Parliament's decisions can predominate the representation of people supremely.⁴

¹ Czech Republic, Hungary, Poland and Slovakia.

² Paragraph 1, Article 42, Constitution of the Czech Republic; Paragraph 1, Article 35, Constitution of Hungary; Article 222, Constitution of Poland; Article 119, Constitution of Slovakia.

³ Paragraph 2, Article 42, Constitution of the Czech Republic; Paragraph 3, Article 19, Constitution of Hungary, Paragraph 1, Article 219, Constitution of Poland; Article 86, Constitution of Slovakia.

⁴ It is obvious that citizens elect their representatives in the legislative and executive branches of state's to make decisions on behalf of them.

3. The National Bank is the central bank in each state that, first of all, is responsible for the currency stability.⁵ Every country needs careful monetary policy and the best way to reach this is to establish a separate organization especially in order to complete this task.
4. The State Audit Office is an independent organization, which executes inspections of the management of state property and the fulfillment of the state budget.⁶

This content is needed but, in my opinion, is not enough. I think that some other regulations must be inserted too. My proposals are the following.

1. The Parliament shall adopt, as a law, a budget **for all state income and expenditure and for each year**. On the one hand, it is important that the budget law should contain all incomes and expenditures, in a way that ensures long-term sustainability, by reason of the discipline of completeness. On the other hand, a one-year budget is recommended because it makes regular comparisons possible and in this case the competence of the Parliament is not reduced.⁷
2. The Parliament may adopt a **supplementary budget**, on the proposal by the Government, during the budget year. The reason of this rule is that there are some special circumstances when additional financial measures are needed.
3. Proposed amendments to the national budget or to its draft, which require a decrease in income, an increase of expenditures, or a re-distribution of expenditures, (as prescribed in the draft national budget), must be accompanied by the **necessary financial calculations**, prepared by the initiators, which indicate the sources of income to cover the proposed expenditures.
4. It is obvious that the national budget shall enter into force from the beginning of each budget year. However, if the Parliament does not adopt the national budget by the beginning of the budget year, it is better to adopt a **transitional budget law** for some months, but if it is not possible, at least, it shall be permitted to make expenditures each month up to one-twelfth of the expenditures of the previous budget year. My opinion is that it could not be allowed to govern without the authorization of people. Furthermore there is another substantial regulation beside this one:

⁵ Paragraph 1, Article 98, Constitution of the Czech Republic; 1 Paragraph, Article 32/D, Constitution of Hungary; Paragraph 1, Article 227, Constitution of Poland; Article 56, Constitution of Slovakia.

⁶ Paragraph 1, Article 97, Constitution of the Czech Republic, Paragraph 1, Article 32/C, Constitution of Hungary; Article 202 and 203, Constitution of Poland; Paragraph 1, Article 60, Constitution of Slovakia.

⁷ These two disciplines are very significant principles concerning public finance management, especially concerning accountancy.

5. If the Parliament has not adopted the proper budget within some (two or three) months of the beginning of the budget year, for example, the President of the Republic shall declare early elections for the Parliament.⁸ I think it could be instrumental in political cooperation in the Parliament.
6. Another issue that is very actual in our days is **public debt**.⁹ It should be the Parliament again that must have the right to decide on this question because it is concerned to the whole nation.
7. The most neglected part of budget law is the role of the **appropriation accounts**. It is true that every country shall adopt the law on the state's national account, but in my opinion it does not fulfill the function that it should. There must be a right (fiscal) control over the function of the government, and if it is appropriate, the government should get exculpation. I think that nowadays the Parliament only accepts the execution of the budget, and it does not approve it.
8. Last but not least, the **referendum concerning public finances** also has to be inserted into the Constitutions. The referendum must be prohibited in these topics, because as I have mentioned above, it is always the Parliament (the supreme body of the state power and popular representation) that decides upon these questions. I believe that one national-level decision is enough, a second acceptance not necessary, what is more, it is not possible. Namely, if the law gave the possibility to vote on this question, it would probably come true, that a statute which is appropriate for everyone, would never be accepted. The Hungarian Constitutional Court has also declared, concerning this question, that the constitution of a democratic country generally protects, for example, economic constitutionality and the right of the Parliament to accept the budget law.

In my opinion, having viable international relationships among states, one of the most important things is to have a stable constitutional framework. However, in the member states of the Visegrad Group, this condition needs amendments concerning public finances.

Namely, I believe that there are some essential regulations concerning the field of financial law that should be deemed fundamental in every democratic country to have appropriate public funds management. That is why, in my research, my aim was to make an

⁸ This regulation is in the Constitution of Estonia (Article 119.) and it is unique in the European Union.

⁹ It is important because of the EU, that monitor the public debt in the course of its excessive deficit procedure.

international survey relative to the Central-European region, and as a result of this, to make a proposal concerning this topic.

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