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Thoughts on the Budget Council

1. Ius positivum and Economics

Farkas Heller was born in Budapest in 1877, where he deceased in 1955. Heller started his career at the Budapest Chamber of Commerce and Industry. In 1902, he got hired in the Ministry of Agriculture. From 1907, a lecturer of commerce and industrial policy at the Budapest University of Engineering, he became a professor in 1914. He was the substitute president of the Hungarian Society of Economy, the president of the Hungarian Society of Social Sciences, and also a member of the Hungarian Academy of Sciences (i.e. of the HAS). In 1943, Professor Heller wrote in his book on the *History of the Theory of Economics*: „The epoch when the *perpetuum mobile* of the economic life was created, was not at all exempt of social discrepancies and economic turbulence. England was touched by huge crises in 1815 and in 1825; then, in 1836-37, in 1857 and also in 1866 other crises followed. In 1873, the economics of the whole of Europe was shaken by a gross crisis.” („Az a korszak, melyben a gazdasági élet önműködő szerkezetének elméletét kiépítették, éppenséggel nem volt mentes rázkódásoktól és a gazdasági élet terén fellépő zavaroktól. Súlyos válságok zökkentették ki 1815-ben, majd 1825-ben rendes medréből Anglia gazdasági életét, és 1836-37-ben, valamint 1857-ben ismét válságok léptek fel; 1866-ban újabb rázkódás következett, és 1873-ban egész Európa gazdasági életét súlyos válság rendítette meg.”) (Heller, 1943, p. 500.)

The laws and their various meanings are all related to the need of mankind for a regulated world. This need is induced by the general disorder of the cosmos. Whether it is a disorder or rather an order unknown to man, we still do not know. This lack of knowledge led to the urgent necessity of creating order via laws and similar legal products. When

contemplating the cosmos, some of us try to decipher it by means of telescopes, probes, space vessels, etc. Others give name to the constellations of stars (like Great Bear, Pisces, Cancer, Leo, etc.) and animate them, thus essaying to create order.

We cannot have sure information of our world's real functioning, but we might have inspirations. We may invent laws (and discover law-type correlations), although laws, considered to be absolute and universal, will, *de facto*, only have a relative force. The laws made by man are valid within the sphere of human knowledge. So a well-made law has impact on the concerned group of humans, and this is all that we can expect from good laws. Do we really want more? Should we indeed discover and conquer the macrocosmos? Or do we have to be satisfied with controlling our microcosmos? Do the laws mark out the true and valid limits of our world?

There is a detectable evolution of law quality, and the growing number of legal products conveys a quantitative aspect of the legislation too. The contemporary man is never satisfied with the existing laws. For this reason, wars, civilisational and natural catastrophes are provoked, and all these in order to change the *status quo*, so as to have grounds for amending the former laws. New laws are made in time of armistice and peace as well. However, this does not mean that law could be made both in a peaceful and a pugnacious way, and we could choose at our free discretion which way of the two is to be followed. In fact, circumstances decide. Nowadays, we make new laws in a peaceful manner, and this is favourable for plural democracy and social market economy. Is this a passing *ius positivum* in the everlasting *lex naturalis*? Is this forever, or just for today? Does alone *lex naturalis* last forever? Future may tell it.

2. The Establishment of the Budget Council

Making law has always been a typical human answer to current social problems. Most people consider law something perfect, something that cannot be disputed. We call these people of our society the laics. This latter word, however, hurts the so-called laics, and it might make them think that lawyers and law-makers are self-appointed half-gods. On the one hand, creators, on the other hand, self-styled heroes of the society? Who is indeed a lawyer? And does he really personally make law when speaking about case law? Is there any direct relationship between lawyer and law-maker? What does a law conceal, and what can a lawyer add to the work of a law-maker? These questions arose several centuries ago, long before

Christ, long before the nativity of the modern human being. In the 4th century BC, Plato wrote in his *Laws*: „We have the possibilities, as if we were architects or creators of any other structures, first to collect the material in huge masses, then to select the parcels of it suitable for the scheduled building. This selection may be carried out in a quiet manner. Let us suppose that we are architects not driven by urgency, rather we are in great abundance of time both for collecting material and for carrying out the edifice as a whole. So we can state that a certain part of our laws are already created, whereas we are still recuperating material for further laws.” (Plato, pp. 336-337.) The history of law is a moment in the history of the universe, and the history of distinguishing right from wrong occupies only a few seconds in the history of law. We ought to think of it, when underestimating the efforts of the modern legislators. A 21st century law product has almost nothing in common with a medieval royal order or even with an act of a 19th century parliament. An act of law has to tell right from wrong, and it also has to serve the interest of the whole society, not just the interest of the legislators. Our modern legislation fulfills this criterium, thus separating the modern Hungarian legislation from an autocracy of law-makers.

Establishing the institution of the Budget Council was one of the most important events of the recent past. The Hungarian public law and public life were enriched by a new institution, produced after meticulous harmonisation with social factors and tidy codificational preparations. All the social factors became enriched as well. Legality and professionalism, subjective and social justice are basic requirements of today's law making. Legality is to be matched with individual and collective justice. This is a very hard task that can be measured in practice. The double requirement of legality and professionalism escorts the procedure from early preparation up to final realisation. The legal product, i.e. the Budget Council, introduces a new aspect into budget law. It is integrated into this substructure of public law as a new element.

Similarly to a private economic organisation, even the state itself, as a special economic organisation, functions according to a financial plan. This latter financial plan is to be called a budget. However, it differs from other financial plannings not only in name, but it also includes a social programming, thus creating connection between public and private spheres. It is more than just a financial plan of redistribution, rather it is a main tool of state programming, and it may define the private sphere's profit making. And *vice versa*. When properly created and implemented, it can be the fundament of social market economy, of the

establishment of a rich state, and it may forward the financial and emotional life-equilibrium of citizens even richer than their state.

After law-technical planning and modelling, the Budget Council was introduced by the Act No. LXXV of 2008, under the auspices of a sparing state economy and of a budgetary responsibility.

The generation of a new institution is always concomitant with exaggerated expectations. It may envelop various new possibilities, meaning a new moment in the course of development, and, moreover, not only in the development of law. The new institution starts with a *tabula rasa*, so that its fruitful future may be prognosticated with a good reason. When properly organised, it may bring factual results alleviating and rationalising the functioning of the fields concerned. The law-makers are motivated mainly by a disciplined, transparent and long-lasting budgetary policy, Hungary's long-term competitiveness, the protection of forthcoming generations, and the fighting against a general social ageing.

To help legislation by the Parliament, the Budget Council:

- Prepares macroeconomic prognoses.
- Makes calculations relating to budget in- and outcomes, taking into account changes to the number and complexity of the population, changes to the decision-making of actors in the field of private sector, changes to meteorological and world-economic effects, and changes to economic factors none directly controlled by the budgetary policy, furthermore taking into account law- and justice-reforms necessitated by changes to the price level of resources.
- Prepares methodological propositions relating to budgetary planning, prognostication and impact analysis.
- Both before and after submission, makes prognostications concerning budgetary and supplementary budgetary estimates and concerning every law-proposal having impact on the in- and outcomes of the central budget.
- May prognosticate the effects of other parliamentary law-proposals.
- Answers the questions of the President of the Republic, those of the ombudsmen, of the President of the Court of Accounts and of the President of the National Bank of Hungary and those of the parliamentary committees.

- Considering the budgetary discipline and transparency of the state finances, may submit law-proposals to the Budget Committee of the Parliament and to the Government.
- Comments on law-proposals concerning budget accounts and public accountancy.

The Budget Council makes it sure that the state budget gives a real and trustful picture about Hungary's financial situation, for clear foreseeability and calculability.

According to the „Rules of Procedure” (i.e. Decision No. 46/1994. of the Parliament), the Budget Committee of the Parliament, on request of the President of the Parliament, on that of the designated committee or *ex officio*, files proposals to every law-proposal and to every draft resolution having a deep effect on the central budget. The Budget Committee decides, whether the law-proposal or the draft resolution:

- is in accordance with the regulations concerning the budget,
- can be carried out from the view of the budget,
- if so, how it can be put to reality.

The President of the Parliament forwards the budget proposals, the supplementary budget proposals, the final accounts proposals and the budget modifying proposals to the Budget Committee. Every committee of the Parliament evaluates all those proposals; the Budget Committee sums it up and submits to the Parliament.

The Court of Accounts controls the administration of public revenue. Within the framework of it, the Court of Accounts controls the correctness of the budget proposal and that of the supplementary budget proposal, the possibility to realise the income previsions and, *inter alia*, the correctness of the final accounts.

The Minister of Finances prepares the laws concerning the central budget, and issues relating ministerial decrees. He also helps the development of economy on the grounds of Private Public Partnership.

3.The Central Budget is not an Everyday Financial Plan

The Budget Council is authorized to request information, in relation with its work, from any person or legal entity. Though elected by the Parliament, the three members of the Council are previously designated by the President of the Republic, by that of the Court of Accounts and by that of the National Bank of Hungary. The member designated by the

President of the Republic has additional authority, as compared to the other two members. His salary is double of that of the other members, equal to the salary of the President of the Court of Accounts. This member also has additional labour rights. This member of the Council bears liability for the correctness of the estimates made by the Council to the Parliament. The individual moral responsibility of the members does not allow them to be dismissed, rather to leave their position on deliberate decision.

The central budget, is not an everyday financial plan; it has always been in the focus of the public attention. The state budget is a pillar of the economic order, so it has to go through several filters to get a proper legitimacy. Professor Farkas Heller put down in his book on *Finances (Pénzügytan)* in 1921: „If we speak about a real parliamentarism, the budget cannot be negated, since the ministry is forced to leave long before, if having lost confidence of the Parliament.” („Igazi parlamentarismus mellett a költségvetés megtagadására nem is kerülhet sor, mert a ministerium már sokkal korábban kénytelen elhagyni helyét, ha az országgyűlés bizalmát elvesztette.”) (Heller, 1921, p. 259.) I feel it important to mention that Professor Heller was a great follower of Keynes, as it can be picked out in the above quoted text. And back to now: the Hungarian Prime Minister declared the voting on the State Budget 2009 to be a voting on confidence. The facts speak for themselves, even in politics.

According to Subsection (4) of Section 9 of the Act No. LXXV of 2008, those individuals may become members of the Budget Council who possess a special diploma in the field and outstanding practical and theoretical professional skills, furthermore at least five years of experience as a leader. The members of the Council are elected for nine years. As regards the priorities of the Budget Council, the Council is impartial and stands above the political parties. Members may only be reelected if they had been members for less than three years before the termination of the Council's mandate. Age limit: seventy years.

Several professions may be involved:

- financial economist,
- statistical economist,
- stock exchange and banking lawyer,
- tax lawyer,
- mathematician, etc.

4. Facts and Opinions

György Kopits, the first president of the Budget Council, received the prize named after Farkas Heller in 2004. He is an economist, born in Budapest in 1943, educated in Switzerland, as well as in the United States of America. From 1969, he worked for the Ministry of Finances of the USA, from 1975, for the International Monetary Fund, and, from 2004, for the Monetary Council of the National Bank of Hungary. Ádám Török, born in 1952, is a member of the Budget Council and a professor of economics, also the president of the Division of Law and Economics of the Hungarian Academy of Sciences. Gábor Oblath, born in 1952, is a professor of economics at the Corvinus University of Budapest, and a specialist of macroeconomics and economic policy. Both Kopits and Oblath resigned their membership in the Monetary Council of the National Bank of Hungary in order to prevent incompatibility. The Parliament elected the first members of the Budget Council on February 16th, 2009 almost unanimously. (That is only one Member of the Parliament abstained from beans).

After the day of the members' election by the Parliament, on February 17th, 2009, the four most renowned newspapers of Hungary expressed four different reactions.

- In the *Népszava*, it was mentioned on the 3rd page that the three members of the Budget Council had been elected with only one MP, József Alajos Gécz, not voting for, nor against. It was also detailed that the Budget Committee of the Parliament voted unanimously for the future members of the Council.
- In the *Népszabadság*, the newsreaders were informed, on the 17th page, that the Parliament elected the members of the Budget Council „with a large majority and without any countervote”. The abstaining MP Gécz's name did not show up in the newspaper. The resignation of György Kopits and Gábor Oblath from the Monetary Council of the National Bank of Hungary was, however, stressed.
- On the 3rd page of the *Magyar Nemzet*, it was made known to the readers that László Sólyom, President of the Republic, had designated György Kopits, the President of the Budget Council; that Árpád Kovács, President of the Court of Accounts, had proposed Ádám Török; and that András Simor, President of the National Bank of Hungary, had proposed Gábor Oblath. It was accentuated that „the establishment of a Budget Council had already been drafted by the opposition party FIDESZ in 2006, though,

according to the plans of the FIDESZ, the President of the Bank of Accounts and the President of the National Bank of Hungary should have been the two members conducted by a theoretician of economics nominated by the President of the Republic for a mandate of only six years". It was also mentioned that „the members of the Council were originally planned to work *pro bono*".

- In the *Magyar Hírlap*, general comments were made on the state of Hungary's economy. For example, on the 13th page, it was written that the author of the article was astonished why Hillary Clinton had told that „this country is a land of restricted abilities and of a deep corruption" on Afganistan, instead of Hungary. On the 7th page of the *Magyar Hírlap*, the author formulated his opinion that „the International Monetary Fund still likes us, though even the IMF has expressed its negative feelings about the Hungarian Government's insufficiency on managing the crisis".

6. Extra legem intra iurem

As the following quotation shows us, this study deals with new-old phenomena. Zoltán Magyary was born in the town of Tata in 1888, and passed away in the town of Héreg in 1945. He started his professional career in the Ministry of Culture in 1910. He became a lecturer, then a professor of public and administrative law at the Pázmány Péter University of Budapest. A founder of the Hungarian Institute of Administrative Sciences, he was renowned in Hungary and abroad alike. Professor Zoltán Magyary wrote in his monography, *The Budget Law of Hungary (A magyar állami költségvetés joga)*, published in 1923: „The state needs some financial assets, so if we consider the right to negate the budget as a legal tool, and not just a political one, it ends up in the desorganisation of the state, in the breaking of the continuity of state functions; so the aim (i.e. the state) would thus be sacrificed for the means (i.e. the Parliament). In contrast, the political negation of the budget would deprive not the whole state but only a concrete Government of the financial assets.” („Az államnak fennmaradásához nélkülözhetetlenül szüksége van bizonyos szükségleteinek kielégítésére, és így azok ellátásához szükséges anyagi eszközökre, így ha a költségvetés megtagadásának jogát nemcsak mint politikai, hanem mint jogi lehetőséget fogjuk fel, az egyértelműen az állam dezorganizálásával, az állami funkciók folytonosságának megszakításával, a célnak (az

államnak) az eszközért (parlament), az egésznek a részért való feláldozásával jár. Míg politikai eszköz gyanánt a költségvetés megtagadása az anyagi eszközöknek nem az államtól, hanem csak egy kormánytól való megtagadását jelenti.”) (Magyary, p. 192.)

According to Hungary’s Act on the Administration of Public Revenue, if the Act on the National Budget had not been passed by the Parliament as latest as January 1st of the concerned budgetary year, and no Act had been passed on the interim economy, or this latter one is not in force any more, the Government is authorized to act up to the previous budget rules. Thus the Government is *extra legem*, but, according to the Act No. XXXVIII of 1992, still *intra iurem*. An interim lack of parliamentary legitimacy should not lead to a situation without any law, since it would hurt the interest relating to national economy.

Politics and law are in close relationship. In weaker democracies, politics usually overwhelm the rule of law, and those political systems are doomed to fail. In countries like today’s Hungary, politics does not corrupt the laws. Politicians are obliged to strictly abide by law, and no political institution has the possibility to subject Hungary’s law-based economy to private interests. Politicians have their sphere of authority to act upon the international norms and national rules to be found in both economically and socially developed countries; and these norms are conceived and prescribed in a way not allowing politics to sweep aside law. Finally, we must declare that Hungary is one of the lands of the *rule of law*, in the human rights meaning of this expression.

7. Expectations

The serving state makes a web of legal protection for the citizens and for the private-public existential relations of the inhabitants of Hungary from the fabric of law and justice. It is anyway a positive deed, as the directing state power has been asking for the authorisation of people since only a few centuries. It is a major step after thousands of years of darkness.

Citizens become consumers, starting from police affairs, through data protection, up to the sphere of commerce. Their needs are respected more than before. The citizen (better to say, the inhabitant), as a consumer, enjoys an extra protection from the professionals. The *individuum* thus obtains new traits. The rule of law is step by step transformed and constitutionalised. In a society made of consumers, the basic rights of the consumers determine the tendencies of legal evolution. Everything becomes more human, and all that seems to act in synergy with postmaterialism. Today’s people wish to touch and possess

everything what is intangible, even if it is the state budget or something else that, up to now, has been kept as a secret for the everyday's human being.

The poetical achievements are materialised by royalties and art prizes; „knowing how” is translated into money; keeping the air clear is consistent not only with ecological profit; and nonprofit organisations make social profit expressed by banknotes. The budget has visible winners and losers, let it be the budget of the country, that of a municipality or that of an economic organisation. And so on, and so forth... Not only citizens become consumers, but public law is also under extension, and gets enriched with private law tools. Nowadays, we assist to the settlement of private relations by public law, and this happens not by means of a total state, but by means of the rule of law. Arthur Schopenhauer wrote in his „The World as Will and Representation” („Die Welt als Wille und Vorstellung”), in 1818: „Unjustice in individual cases may be comfortable, however, it simultaneously correlates with the suffering of the others. The reason quit the individual who had beared it, and, liberated for a moment, the reason saw that the suffering was much greater than the feeling of comfort of the counterpart. As everything was bound by chance, everybody was afraid of much more suffering than comfort. (...) *Law or state contract* is found out by egoism having given up its narrowness, and it undergoes a gradual perfectualisation.” (Schopenhauer, p. 413.)

Expectations towards the Budget Council sometimes certainly pass over the level of realities. Each and every functioneer of public life expresses his or her pretentions. Similarly to larger economic organisations, even families, as economic households directed by their own family budgets, also express expectations towards this institution established at their cost (i.e. at their taxes). Section (3) of Article 16 of the Universal Declaration of Human Rights says: „The family is the natural and fundamental group unit of society and is entitled to protection by society and the State.” (See Article 15 of the Hungarian Constitution.) Section 578/G of the Hungarian Civil Code defines family as an economic unit. A family is a hotbed for survival of empirically founded traditions. Naturally, a laic view tends to omit many important professional agents, although, it counts with emotionally conducted factors which can, but too often, overwrite professional aspects in practice. The formation of a laic view is influenced by historical reminiscences, emotionalised world outlook, passing scepticism, momentary euphory, personal and mass mood, feeling of satisfaction and by other feelings and emotions. Whereas, a professional view may be directed by a holistic outlook, positive or negative professional preferences, abiding by the professional rules, precision, scientific approach, macro- and microeconomic calculations and measurements. This is an ancient

dualism that can be traced back to the 1st Book of Kings (12,18): „Then king Rehoboam sent Adoram, who was over the tribute; and all Israel stoned him with stones, that he died. Therefore king Rehoboam made speed to enter his chariot, to flee to Jerusalem.” People may have different opinions of the public finance, and, at times, they refuse to pay tax. Mainly, when they qualify the tax collector as a *persona non grata*.

The Budget Council should be:

- professional,
- politically neutral,
- cheap,
- profitable (i.e. the Council is supposed to produce results),
- scientific, but easy to understand,
- conceptive and calculable,
- initiative and acceptive,
- consequent as for its practice,
- financially influative,
- favouring professionalism, rather than appearances,
- controlling and controlled,
- press-friendly, but avoiding publicity,
- directed and represented by one person, although acting as a college,
- prestigious,
- respectful, nevertheless, freely criticisable,
- innovative and collision avoiding.

This is not an exhaustive taxation; expectations might be further modified. Some of the above-mentioned expectations are in contrast with each other, although, they can be balanced by a proper operation. Expectations are always more or less idealistic.

Trends and ways should be determined, first of all, by the social participants who are directly touched by the central budget and by those who affect the central budget. Of course, they do not have a legal right to do so, but politically, morally (etc.), they might have a voice. According to Section 2 of the Act No. II of 1986 (Act on Press), and, according to Subsection (3) of Section 8 of the Act No. I of 1996 (Act on Radio and Television), the public is to be informed about the functioning of the Budget Council. The functioning of the Council will certainly be mediatised. According to Paragraph b) of Subsection (2) of Section 29 of the Act on Radio and Television, the news service must be „impartial, balanced and factual”,

however, they also give background explanations, thus influencing the work of the Budget Council.

After the so-called „green revolution”, it is natural that climate change and other environmental effects are to be expressed in numbers. The main stream is numerising everything, so as to make easier the calculation of the budget.

The Act No LXXV of 2008 seems to connect ecological and economic aspects in the field of the central budget policy. To tell the truth, ubiquity of the spirit of environmental protection is today a need and must in legislation. In fact, the protection of the environment is to be found both in the central budget and in local budgets alike. Economy and ecology are coercitive factors. Sparing and economising is not only a financial activity – it is also implied in „green thinking”. „Green money” means:

- the sum turned to environmental protection,
- a sum spared by protecting the environment.

„Green money” shows up even in the „smallest budgets of our society. The consumers’ green activity is expressed by purchasing recycled products, products with a deposit on them to be refunded, services marked by EMAS (i.e. Environmental Management and Auditing System), etc. The greener and cheaper services and products lessen the daily expenses of the households. This is true at higher levels of the society too, as for economic organisations, municipal or state activities. The trend of connecting economy and ecology in the central budget can be detected even in the microsystems of the families.

It is important that the environmental protection is not a passion of the few, but concomitant with the activities of the society’s majority, aiming that environment-consciousness could be exactly measured and that it could be generally accepted. The national ecological footprint, as well as the environment-consciousness are to be represented in the budget law, and especially in the planning of the budget.

Environmentalist expectations from the Budget Council are rooted in the fabric of deep ecology. The construction of a national budget should be preceded by a tidy analysis of the social web and that of its effect on nature and environment. There is a close correlation between the civilisational environment and the natural environment. Natural resources may be extinguished when mankind does not pay attention to preserve these resources. We should see that we do not own but simply make use of the natural resources, and that our descendents will also have the right to them. So we must give up some of our selfishness, and not consume up the natural heritage of the following generations. All these sound a bit like moralising,

however, these are the mere facts, and these facts are to be taken into account when planning the national budget. An accentuated aim of the environmentalist thinkers is to attain a sustainable development, but there are radicalist green thinkers who wish to go much further. Naturally, radicalism is a kind of utopism, so we ought to stay rather in the realm of an ethical reality. Eventually, green thinking is welcome in the Budget Council, as well as in national planning and programming.

8. Payback of the Expenses

Expenses must be payed back - it is a basic principle of any activities where investments have been made. The Budget Council has been brought about in order to a better functioning of Hungary's social market economy. Not exclusively the people of Hungary, but also the international community look forward to better achievements. The invested time, money and confidence have to be payed back. Of course, mainly not in money transferred directly to the everyday citizens' bank accounts, but in a properly maintained cashflow. Payback is not supposed to be immediate. Patience on the side of the voters (citizens and inhabitants) is required by the state. Thinking in longer periods of time is inherent in a country's financial planning. On the other side, the governing and the legislating organs are pushed to show us quick results. These two aspects might balance the *commodum publicum* and the *commodum privatum*. Plato wrote in his *Laws*: „The work of the legislator, just like a painting, is never ended; the chance to perfectualise it only exists when there will be certain members of the forthcoming generations who will also be able to implement this work.” (Plato, p. 544.) Visibly, the Platonic idealism are not individualists. The legislators' collective work can form and transform our society. It is true, though the man of today might tell that he is not interested in the future of his homeland. In such a case, the platonic idealism would fall down.

The Budget Council is answerable to the Parliament. The Council has to count with hardly measurable data relating to climate change, world economy, private sector, population, demographic changes, etc., and this might make the Council's work even harder. New possibilities emerge to remake the budget; new perspectives open to reform the state market economy, and also to restructure the public administration on a financial basis.

From the aspect of national economy, it would be a significant result if, helped by the professionalism of the Budget Council, the national economy could leave the role of a

„problem child”. It would also be relevant to come through the interim period of „stardom” as soon as possible, and to reach a final stability. For all these purposes, reasonable and foreseeable outcomes are to be defined, along with proper ways of solution.

The Budget Council is answerable solely to the Parliament, whilst the auditing of the Council’s activities is carried out by a whole country. A visible payback of the invested tax money is supposed to be mirrored by this audit. A social audit has something in common with an economic audit, since both of them aim at a transparent and legal operation. In a social audit, besides others, difficultly traceable socio-psychological and other hardly materialisable factors are to be taken into account, whereas, in an economic audit, only precisely measurable facts are inspected. The social audit of the Budget Council is a must, and, as for the budget, an economic audit is also to be accomplished.

Anyway, the Hungarian history of politology has been enriched by the institution of the Budget Council, and a new chapter opened in the theoretical science of budget law. Perhaps the Council will once be mentioned as the predecessor of a public organ with a broader sphere of authority. Maybe other organisations, led according to financial plans, will also be accompanied by similar budget councils, with a micro-authority and a micro-competence: municipal budget councils, councils of financial planning, etc.

9. Summary

In 2008, the IMF, together with the World Bank and the European Union, reached an agreement with Hungary on assuring a credit of 25.1 billion dollars for Hungary in exchange of a stricter budgetary policy. The establishment of the Budget Council was one of those criteria of creating a stricter budgetary policy. In the 1920s, Professor Farkas Heller laid down in his *Is the Economics an Ethical Science?*: „Economic policy necessitates a special area where the economic viewpoint rules over the ethical one. All that is only a consequence of the specialisation of the science of economics, and ethics is still needed for a proper conduction of the economics. This statement has never been so righteous as today when collisions of the interests can be seen mainly in the life of economics. Only following the ethical aspect of the economics may let us leave the field of battle of the social classes turned against each other; only the ethical economics may help us flee the fanned flames of sentiments.” („A gazdaságpolitika nem fér már meg az etika körében, külön létet kíván, melyben a gazdasági az uralkodó nézőpont. De ez csak a tudomány specializálódásának következménye, és nem

azt jelenti, mint ha egy percig is azt hihetnők, hogy a gazdasági élet etikai tartalom nélkül helyesen irányítható volna. Soha ennek megállapítására olyan nagy szükség nem volt, mint ma, midőn az érdek-összeütközések oly nagyok és annyira a gazdasági térre esnek. Abból az útvesztőből, melybe a szenvedélyek felkorbácsolása és az osztályok egymásra uszítása juttatott, csak akkor vezethet ki bennünket a közgazdaságtan, ha etikai jellegét minél jobban megóvjá és kidomborítja.”) (Heller, 2006, p. 152.)

For good reasons, I allowed myself a philosophical experiment. And who else could accomplish such an experiment, if not a theoretician? Experimenting can be dangerous, even if it happens in mind, and not in retorts. *Res publica non plus iuris habet, quam ipsa creat*, says the modified axiom of Ulpian in the universal *espace-temps*. (See *Digesta Iustiniani* 50.17.54.) I.e. the republic has no more law than what herself creates. Law is made by humans and for humans, so it can be useful only when adjusted to their needs. Some law is received ready-made, but every community has or should have the opportunity to transform it for its own purposes. Law, made by a creator-man, has appeared at a relatively developed period of human life, thus reflecting the human evolution.

At the table of law, there is no place for self-service. The legislator, the government and the jurisdiction portion out rights and duties in the kitchen of law. This is true for public and private law alike, even if sometimes unproportionally. The nation exercises her power mostly indirectly, through her representatives. Every advanced code on basic law constitutionalises the principle of people’s sovereignty. There is no public life without politics, and there is no public law without public life, furthermore, society and state cannot form a community without public law. Every point of the social web may be connected to each other, and they are usually connected, indeed. These relations point at the place of Hungary on the geopolitical map. Public and private spheres are equally important, though not acting in the same way. A precise tool of measurement is needed to decide the true significance of those two spheres, and to be able to calculate with them. In today’s Hungary, having a private sphere is not a prerogative anymore. (See *maszek = magánszektor*).

The above enumerated expectations towards the Budget Council are realistic, though there still have to be invested:

- money,
- capital of confidence,
- professional skills
- and, particularly, social solidarity.

Without these factors, no expectations could come true. A social cooperation is necessitated. Those entitled by public law need a mass of those truly considering themselves obliged and behaving as obliged. The *modus* of our society may vary, but the system of institutions should be long-lasting.

Explicit norms, like the Act No. LXXV of 2008, transform the peak of the iceberg of implicit norms into explicit ones. All that up to the present legal semantics and according to the symbolics of historical „now”. So when we distanciate ourselves from the present of the explicit norms, the law of past becomes less understandable from the aspect of the new present. The linkage between past and present laws is the mass of implicit norms. Etiology of the functioning, the successes and the failures of the past centuries can be understood by detecting, describing and explaining those implicit norms. Only in this way, our new-born institution might be regarded, commencing from the past and retrospecting the present from the future.

The Budget Council is one of the legal institutions recently introduced into Hungary’s political system. Criticism and questions must accompany the existence of any legal institutions, especially that of a socially highly valuable and powerful legal entity. Legal entities are normally conducted by natural persons. Both the social and the political behaviour of these natural persons determine Hungary’s image broadcast within and over the borders of our country. Therefore, it was complicated to find the proper persons for this three-member *collegium*. Practice demonstrates the correctness of theory. Operating the Budget Council requires a deep knowledge of Hungary’s borders and limits, that of the limits of Hungary’s economic capacity and socio-political tolerance.

On the whole, the Council means more than the three members of it. The individual knowledge of the members is cumulated, and this cumulation furnishes something special and unique, something more than „three times one”. We have expectations, and reality might bring us even more than expected.

As we could see in the quoted passages of the late authors, budget has always been a central element of the political systems. Therefore, it was a great moment in history when larger masses of poor people obtained access to detailed information about the methods how they were governed, and the preferences implied in the state budget. Informing the society was a first step; giving people votes and voices in shaping their national budget was a second step; then a professional control of the civil society was the last step leading to a true and effective democracy.

The importance of the existence of laws may be questioned. Do we really need laws? If yes, what kind of laws could be satisfactory? If not, how could we live without those crutches? We have not yet arrived at a level of social development where our community could subsist in a rightful but lawless manner. Until we shall not be mature enough to decide on our problems without selfishness, mankind will not be able to sustain itself, unless backed by the common knowledge manifested in laws. Questions and answers can be numerous, though only one answer fits properly to every single question. We have not found all the answers to all our questions yet. Moreover, we have not yet asked all the relevant questions that should be asked for a better understanding of our legally (i.e. by law) directed individualism and collectivism. There is still a lot to do, a lot of phenomena to be examined. Our understanding is, of course, limited. Limited by the nature that we tend to subjugate. Is it not contradictory?

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