

FINANCIAL AND FISCAL POLICY OR POLITICAL CLIENTELISM

Dumitru Popovici, Professor PhD

Keywords: financial policy, fiscal policy, political clientelism, financial discipline

Abstract

This paper is based on the current economic-financial situation within administrative divisions in Romania, a situation that is creating major issues for them, given the increasingly numerous tasks that they have assumed or have been assigned to them by the Romanian Parliament and, implicitly, by the executive body.

If we take a look at the definition of the financial policy, we observe that it can be expressed, in a few words, as a component of the general policy of a state, which plays an important role in implementing the economic development program.

According to the definition given by Acad. Julian Vacarel in the book entitled *Public Finance, Didactica si Pedagogica* Publishing House, Bucharest, 2006, pp. 108-126 and p. 645, financial policy can be viewed as "a combination of tangible means and methods, as well as instruments of institutions and legal regulations regarding the purchase and distribution of financial resources used by the state to influence economic processes and social relations in order to achieve macroeconomic goals and accomplish the general balance suitable for the economy, at a given stage. "

According to the same author, fiscal policy is defined "as being the policy establishing the public funds, by means of setting the volume and the origin of sources of funding, which can be obtained by the state from its own funds, namely out of budget revenues. '

Political clientelism can be defined as a set of practices that politically instrument certain types of relationships, which, very often, are coupled with corruption.

"Political clientelism, namely the articulation of clientele relations within the political scene, is the leading factor in associating with corruption". (Jean-Francois Medard, *Clientelism Politique et Corruption*. In: *Tiers Monde*, 2000, tome 41, no.161, pp. 75-87.

Based on these theoretical notions, we consider that an analysis of how this is reflected in Timis County, in what concerns administrative divisions, is appropriate and beneficial.

In the current development stage of the Romanian economy, when the demands for financial resources, both public and private, are increasing and the possibilities to cover these requirements are

dwindling, we consider that an adequate financial policy is absolutely necessary.

If we take a look at the definition of the financial policy, we observe that it can be expressed, in a few words, as a component of the general policy of a state, which plays an important role in implementing the economic development program.

Proceeding from this concept, financial policy can be viewed as "a combination of tangible means and methods, as well as instruments of institutions and legal regulations regarding the purchase and distribution of financial resources used by the state to influence economic processes and social relations in order to achieve macroeconomic goals and accomplish the general balance suitable for the economy, at a given stage"¹.

From the content of the definition, one can notice that the ultimate goal of the financial policy is to identify, by means of specific methods and tools, the financial resources necessary in the distribution process in order to achieve the finality that the party or the ruling coalition aims at, in a well-defined development stage.

It is necessary to make an express clarification that the financial policy does not deal with finances and it should not to be assigned any additional financial features or responsibilities; it is true that there is an interconnection and a mutual assumption between these, but, in no case, an overlap. Finance, by their essence, imply taking into consideration the general desideratum of distribution of financial reserves, but also entail a subcomponent of training resources, while the financial policy points at, through a set of principles, methods and financial rules, a concrete stage, with punctual impact in defusing a conflict of a financial nature, emerged during the budget execution.

If we consider that the budget execution represents all the means of efficient use of financial resources, meaning the commitment, validation, authorization and payment of sums on legal destinations, we can easily refer to the gaps that the financial policy is required to reduce or liquidate within the budget process.

The fact that the legislative aspect is largely provided by laws, emergency ordinance, ordinances and resolutions, practice proves that without a minimum financial background of those designated to ensure finality in the use of financial resources is far from the desired goal (scope).

Given that, at present, administrative divisions are funded, at a rate of at least 90% of the budget resources, from the state budget, the

¹ Acad.Iulian Vacarel – Finantele publice, Editura Didactica si Pedagogica, Bucuresti, 2006 Pag.108-126

existing loan officers should have at least minimal financial knowledge. Hiring public financial resources, without having regard to the terms of opportunity, economical and legal aspects as well as reality, has no place in the business activity of any officer at the level of these entities. Although the need for the mandatory step is carried out, if there is no harmonization between the other four conditions (opportunity, economical and legal aspects as well as marketing), the use of public financial resources in the local community is not possible and is rejected from the start.

We assess that the public funds made available to administrative divisions, as deducted from the income tax rates, i.e. 41.75%, 18.5%, 11.25% of the income tax collected to the state budget and the amounts and rates deducted from the VAT, must be a permanent concern and care of the government, by means of its specialized organs, namely the Ministry of Finance and the General Directorate of Public Finance, as well through the activities of the Treasury and the Public Accounting.

Sadly and unfortunately, the injection of public financial resources allocated during March 2012 - 31 December 2014 from the budgetary reserve fund and through budget amendments available to the government, cannot be equated with the principles, methods and financial rules as operative instruments of the financial policy, but especially by means of political clientelism.

Regarding political clientelism as a set of political practices, which generate certain types of relationships that, very often, are coupled with corruption, one can specifically state that we find ourselves in this position: the Implementation of the budget for the year 2012 - 2014 is coming to support this statement. The high-level objectives set by the loan officers engaged in administrative divisions, without the financial support provided, has led to a volume of overdue payments, which gave rise to some serious question marks from the financial bodies within the Economic Community, namely if the Romanian economy can still function or if the administrative divisions that are financially unstable, ultimately, should be liquidated.

There have been numerous projects, especially within the local infrastructure, sometimes without minimal caution in what regards the possibilities of financial coverage or payment capacity, which created numerous suspicions regarding contractor selection, the quality of the work executed by them, the assessment of those projects, etc. "Discipline" in what concerns the budget execution has suffered greatly from this behavior, thus revealing a series of malfunctions in terms of the taxation of those who had tax obligations and were not able to attend due to not cashing from the executed jobs.

A real story and mentality have been created around the idea that the delivery of the value of the work performed by the administrative divisions can be achieved only if there are "connections" among financial bodies of the state. This is a false and also damaging feedback, as the solely responsible for this state of affairs is the loan officer of that administrative division, who performed financial and budgetary expenditures without any coverage whatsoever, as well as with, very often, hilarious motivations, such as: "Although I was promised now, I am told that there is nothing for me" or " This is how it should be, because I was promised that I will not be required payment of the job immediately after writing the bill, now I have been reported, as being the guilty party in their not being able to pay tax liabilities " and so on.

In this state of affairs, the executive intervention was needed, by means of its "affiliation", through issued resolutions, ordinances or emergency ordinance and legal grounds, which have largely "unlocked" the budgetary system and, consequently, the taxation system, in the sense that "the amounts allocated" by means of a certain methodology for administrative divisions were automatically directed towards job and service providers, who registered overdue payments to their tax obligations, so that, by this "state intervention in the economy" (a third function of public finance), to somehow unlock the budget process (its execution) and also providing "a more professional image" of the financial activity within the Romanian administrative divisions.

Between 1 January 2012 - 31 December 2014, on a national level, the amount of 4,785,235 thousand lei was dismissed from the reserve fund of the government budget and the budget amendment, for the payment of arrears, overdue payments, the coverage of the price difference in the thermal energy supplied to the population, hospital liabilities, etc..

In Timis County, the situation with the amounts allocated by type of "debt" for arrears, overdue payments, price differences, hospital liabilities, broken down by administrative divisions, is as follows:

Thousand lei

Nr.crt.	Name of administrative division	Total amounts received in the period 2012-2014	From which:				
			Arrears	Overdue payments	Price differences	Hospital liabilities	Cash payment loan rates
1	BALINT	0	0	0	0	0	0
2	BANLOC	802	802	0	0	0	0

3	BARA	738	606	35	0	0	97
4	BARNA	928	720	208	0	0	0
5	BEBA VECHE	1.223	350	724	0	0	149
6	BECICHERECU MIC	1.804	405	1.123	0	0	277
7	BELINT	26	26	0	0	0	0
8	BETHAUSEN	0	0	0	0	0	0
9	BILED	137	137	0	0	0	0
10	BIRDA	80	80	0	0	0	0
11	BOGDA	0	0	0	0	0	0
12	BOLDUR	279	67	100	0	0	112
13	BRESTOVAT	120	25	95	0	0	0
14	BUCOVAT	0	0	0	0	0	0
15	BUZIAS	110	50	60	0	0	0
16	CARPINIS	0	0	0	0	0	0
17	CENAD	445	445	0	0	0	0
18	CENEI	214	174	40	0	0	0
19	CHECEA	293	293	0	0	0	0
20	CHEVERESU MARE	285	285	0	0	0	0
21	CIACOVA	1.604	1.279	80	0	0	245
22	COMLOSU MARE	1.076	500	401	0	0	175
23	COSTEIU	0	0	0	0	0	0
24	CRICIOVA	188	0	0	0	0	188
25	CURTEA	320	320	0	0	0	0
26	DAROVA	0	0	0	0	0	0
27	DENTA	0	0	0	0	0	0
28	DETA	5	0	5	0	0	0
29	DUDESTII VECHI	1.020	829	50	0	0	141
30	DUDESTII NOI	637	405	194	0	0	38
31	DUMBRAVA	0	0	0	0	0	0
32	DUMBRAVITA	586	298	117	0	0	170
33	FAGET	400	320	80	0	0	0
34	FARDEA	496	258	70	0	0	168
35	FIBIS	0	0	0	0	0	0
36	FOIENI	336	0	336	0	0	0
37	GATAIA	1.099	899	30	0	0	170
38	GAVOJDIA	651	290	90	0	0	271
39	GHILAD	251	251	0	0	0	0
40	GHIRODA	2.147	0	2.147	0	0	0
41	GHIZELA	44	0	44	0	0	0
42	GIARMATA	819	719	100	0	0	0
43	GIERA	0	0	0	0	0	0
44	GIROC	0	0	0	0	0	0

45	GIULVAZ	0	0	0	0	0	0
46	GOTLOB	744	340	119	0	0	285
47	IECEA MARE	529	258	213	0	0	58
48	JAMU MARE	347	320	0	0	0	27
49	JEBEL	1.007	675	143	0	0	188
50	JIMBOLIA	3.643	3.033	610	0	0	0
51	LEMAUHEIM	390	320	70	0	0	0
52	LIEBLING	3.497	678	2.519	0	0	300
53	LIVEZILE	40	0	40	0	0	0
54	LOVRIN	5.141	3.997	707	0	0	437
55	LUGOJ	3.786	2.066	1.589	0	131	0
56	MANASTUR	70	0	70	0	0	0
57	MARGINA	0	0	0	0	0	0
58	MASLOC	257	257	0	0	0	0
59	MORAVITA	1.413	667	538	0	0	208
60	MOSNITA NOUA	3.325	22	3.303	0	0	0
61	NADRAG	311	241	70	0	0	0
62	NITCHIDORF	13	0	13	0	0	0
63	OHABA LUNGA	0	0	0	0	0	0
64	ORTISOARA	571	374	197	0	0	0
65	OTELEC	279	219	60	0	0	0
66	PADURENI	622	491	60	0	0	71
67	PARTA	0	0	0	0	0	0
68	PECIU NOU	1.356	403	953	0	0	0
69	PERIAM	1.978	1.018	890	0	0	70
70	PESAC	0	0	0	0	0	0
71	PIETROASA	0	0	0	0	0	0
72	PISCHIA	336	0	336	0	0	0
73	RACOVITA	4.636	3.072	1.564	0	0	0
74	RECS	819	819	0	0	0	0
75	REMETEA MARE	0	0	0	0	0	0
76	SACALAZ	3.074	465	2.090	0	0	520
77	SACOSU TURCESC	512	284	57	0	0	171
78	SAG	0	0	0	0	0	0
79	SAMPETRU MARE	152	49	104	0	0	0
80	SANANDREI	659	0	384	0	0	275
81	SANDRA	670	274	396	0	0	0
82	SANICOLAU MARE	320	220	100	0	0	0
83	SANMIHAIU ROMAN	309	239	70	0	0	0
84	SARVALE	0	0	0	0	0	0
85	SATCHINEZ	1.665	636	357	0	0	672

86	SECAS	283	253	30	0	0	0
87	STIUCA	0	0	0	0	0	0
88	TEREMIA MARE	320	280	40	0	0	0
89	TIMISOARA	198.396	14.682	72.583	108.833	0	2.298
90	TOMESTI	147	107	40	0	0	0
91	TOMNATIC	90	0	90	0	0	0
92	TOPOLOVATU MARE	80	0	80	0	0	0
93	TORMAC	698	301	125	0	0	272
94	TRAIAN VUIA	0	0	0	0	0	0
95	UIVAR	0	0	0	0	0	0
96	V.V.DELAMARI NA	0	0	0	0	0	0
97	VALCANI	0	0	0	0	0	0
98	VARIAS	0	0	0	0	0	0
99	VOITEG	0	0	0	0	0	0
100	CJ TIMIS	0	0	0	0	0	0
	TOTAL TIMIS COUNTY	261.647	47.891	96.739	108.833	131	8.053

It is obvious that the amount allocated for the entire country of 4,785,235 thousand lei, Timis County actually used, on the destinations set, the amount of 261,647 thousand lei, i.e. 5.47%. One must acknowledge the fact that in this county, there have been cases where loan officers, in certain administrative divisions, have had an appropriate type of management, but there are also divisions that have not used any of the amount made available thereof. This is the case of the 28 administrative divisions of the total 100 in the county.

From the immediate perspective of the way to perform financial and fiscal policy or political clientelism, we appreciate that some conclusions are required, which aim to:

- stop enabling the people who are employed by the officer, to exercise preventive financial control, because it proves ineffective, and the officer who very often ignores the one that has such ability, but more serious is the fact this officer does not have the minimum knowledge in this field;

- extend the duties of the tax consultants (liberal profession) carrying out an activity aiming at the budget process and execution, because not only consultancy on tax compliance is important (identification of financial resources), but also how these collected resources are used in the budget process.

- if funding administrative divisions is done in proportion of minimum 90% from the state budget related incomes (income tax, VAT, etc.) it is mandatory for the loan officer to attend certain training courses in local

finance, accounting, taxation, etc., at least yearly, finishing with a graduation exam and with the appropriate qualifications;

-stop, at least for now, to give local councilors discriminatory power, which, in some cases, without knowing the specifics of the budget execution, can make some gestures that do not take account of any logic of practice, questioning the management of City Hall, with subsequent unexpected consequences;

-last, but not least, a coherent and consistent legislation in the field of budgetary projections and its execution, namely giving up the so-called emergency measures to unlock a system that, in many cases, was generated by the Romanian legislature and executive.

REFERENCES

1.-Vacarel Iulian (coord) Finante publice –Editura Didactica si Pedagogica pag.108-126

2.Medard Jean Francais – Clientelisme politique et conception in % . Tiers Monde 2000 pag.75-87

3.-Legea nr.293 /2011 –Legea bugetului de stat pe anul 2012 publicata in Monitorul Oficial nr.914 din 22.12.2011;

4.-HG nr.255/2012 –Hotarare privind alocarea unei sume din Fondul de rezerva bugetara la dispozitia Guvernului , prevazut in bugetul de stat pe anul 2012, pentru unele unitati administrativ-teritoriale, publicata in Monitorul Oficial nr.235 din 06.04.2012

5.-OG nr.13/2012 –Ordonanta cu privire la rectificarea bugetului de stat pe anul 2012 , publicata in Monitorul Oficial nr.6/27.08.2012