

What is Budgeting?

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Part I. Rethinking the Nature of Budgeting

1. Introduction: The Purpose of Budgeting Reconsidered

What is budgeting? This simple question posed by Key (1940) has defied all efforts to come up with a succinct intuitive answer. Key himself had expected a reasonable answer without too much delay, but this well-known question has withstood all efforts to resolve it for over 8 decades. Why?

This paper explores the possibility that an implicit but strong preconception was the culprit. Rather than a purposefully designed and developed system for some clear technical objective, perhaps budgeting was born as an incidental by-product of some historical and political development? That is indeed what the story of the origin of budgeting (Kim 2024) suggests. Instead of trying to answer Key's question by looking for this elusive technical objective, it may be wiser to take a fresh look at what historically drove on the birth of budgeting.

In this paper, I further explore that idea to infer that budgeting may be better understood when a key aspect of budgeting that had been missing is restored to the picture, i.e., when we reconceptualize what budgeting is all about. A persuasive candidate for this missing piece is the dimension of political authority, which empowers and legitimizes the budgeting process. Actualized through the constitutional and legal foundations in any country, it serves as the underlying basis that supports and complements the other aspects of budgeting: the technical (or rational) assessments and the pragmatic negotiations that are familiar to all who deal with budgeting. In order to verify that claim, I have examined practically all constitutions in the world to confirm that they universally define the principle of separated powers (checks and balances) as the framework that constrains how the budget decision shall be made.

The renewed attention on constitutions yields a further bonus. Rather than rely on indices built on subjective judgements or impressions of legislative and governmental influence in national affairs (including budgeting), we can instead obtain reasonable assessments of the relative strength of the legislature vis-à-vis the government from just several factors articulated quite unambiguously in the constitution.

However, two caveats must be admitted up front. First, I have not actually examined

the budget system in every single country, as strict proof would require. But, out of the 200-odd countries in the world today, I have inspected the constitutions of 135 countries to verify that what I call the standard budgeting paradigm of separated powers does hold for all of them. For many of them, the organic budget laws were also consulted, as well as reviews or country reports on budget systems by international organizations such as the OECD or the World Bank. The results can be carefully extended to 187 countries, arguing that the standard model is likely to hold also for unreviewed countries that are geographically located adjacent to the reviewed neighbors and share a common historical, cultural, or perhaps religious background. In particular, a common colonial experience will almost certainly result in similar constitutions and political systems among such neighbors. Overall, this allows us to argue with some confidence that the standard budgeting paradigm applies to almost 190 out of the 200-odd countries that exist today.

The second caveat is that there do exist some variations or even exceptions that may not agree with the standard model in a very strict sense. However, overall deviations from the basic division of powers dubbed in Part I as the universal framework are relatively rare and usually of such a marginal degree, at least as officially stated in the constitution and relevant laws.¹⁾ Part II provides details on such cases.²⁾

The balance of the paper is organized as follows. Part I gives a short summary discussion of the theoretical or conceptual points, necessarily stylized with a somewhat broad brush. The individual exceptions and finer points are left for Part II, which is considerably longer but still skims through concisely described specific country cases, organized by continent.

1) There are, of course, some cases where the decision process is unmistakably autocratic, but again, these are quite rare. As for possibility that the written law and actual practice may diverge, sometimes considerably so, I leave that to the reader to judge.

2) A full list of all countries reviewed is presented in Part II, along with more details of their budget systems. For a good portion of the countries examined in this paper, besides looking up constitutions, organic laws, and country reports by international organizations, I have also confirmed my findings with developing-country students in my budgeting classes over a number of years and experts or government officials in numerous budgeting conferences, from developed and developing countries.

2. A Theory of Budgeting

2.1 Mutual *Sine Qua Nons*: Democracy and Budgeting

Modern budgeting is not a technical tool; it is a political institution born from a centuries-long struggle for power. It is inseparable from the rise of democracy and the doctrine of separation of powers (Kim 2024). This means that budgeting is a radical political invention, not a natural financial evolution.³⁾ Indeed, it originated in England after centuries of political conflict and only spread globally in the last century or two as the standard, universal model for how to conduct the financial affairs of the state.⁴⁾

Democracy and budgeting are concepts that are usually not linked together, much less described as “inseparable.” But budgeting is arguably the single most important decision that is routinely made in state affairs. It renders the final decision on what the state will do and not do, i.e., whether certain activities will be funded as others are dismissed. This is simply the greatest exercise of state authority; were it to be left in the hands of one single entity, then the person is the country’s *de facto* dictator.⁵⁾ As a system designed to preclude unchecked power, democracy cannot survive such a lopsided arrangement. The only remedy is to subject budgeting itself to the same principles as democracy to prevent a monopoly on decision-making authority. That would mean separating the powers to make budgeting decisions and spreading them among different entities, allowing the principle of checks and balances to work. This is the only effective solution that collective human experience has been able to devise so far to safeguard against autocratic excess.

3) It ought to be clear from the context that “budgeting” as discussed here does not refer to some general notion of planning and decisions about the state’s finances, as was doubtlessly done in many societies throughout history. It refers to the prevailing arrangement that observes the principle of checks and balances between the government and the legislature. My excuse for insisting on such a narrowed-down definition is that this is in fact the universally adopted method of budgeting with no exceptions (Kim 2024).

4) See Maitland (1908), Stourm (1917), and Willoughby (1918) for the historical development of budgeting up to the 19th century. For worldwide propagation in the 20th century, especially after World War II, see Kim (2024). Also see Willoughby et al.(1917) for a detailed description of the British budget system around the turn of the century

5) Note that the discussion dovetails nicely with Max Weber’s definition of the state as an entity that has monopoly on violence over a territory (Weber 1919). In the sense that the decisions of the state discussed here apply with unilateral finality (coercion), they can be regarded as violence in a broader sense.

Thus, we see that modern budgeting is a *sine qua non* for democracy. Consider now why democracy is conversely the *sine qua non* for budgeting. By mirroring the separation of powers, modern budgeting establishes distinct political authorities—with the government proposing and the legislature disposing—whose interactions are governed by principles such as annuality, specificity, unity, and universality. This holds true for virtually all countries in the world today (Kim 2024).⁶⁾ Yet practically all governments still made unilateral spending decisions barely a century or two ago.⁷⁾ At the time, the government (or monarch) need not consult with the legislature to obtain their consent; most countries had yet to found this representative institution of the people. Indeed, the prevailing universal form of modern budgeting, where no single power has sole unchallenged discretion, was only recently called into being by democracy's need to define and sustain itself. Without democracy and separation of powers, budgeting and constitutions would be at best optional, not mandatory requirements for the state to be. But, for a democracy to safeguard itself, the budgeting decision *must* be made jointly by multiple entities. They are assigned mutually exclusive complementary powers by the constitution,⁸⁾ each insufficient to finalize matters by itself. The usual objectives such as efficiency, efficacy, equity, or sustainability can only be taken up after this primary reason for budgeting has been met. Actually, since those other objectives would be equally valued in an autocracy, they cannot explain why the modern budget system calls for separation of powers. Democracy is budgeting's *raison d'être*.

6) Not all countries necessarily subscribe to the Western ideal of democracy; nevertheless, even autocratic regimes have adopted the form of the democratic budget model in their constitutions. They recognized the model's power for efficient state-building, while also paying respect to the powerful global ideal of democratic accountability.

More specifically, these examples highlight the dual appeal that explains why a system born from England's unique history quickly became the universal language of public finance. As a tool of democracy, the budget system is the ultimate expression of popular sovereignty, embodying the principles of checks and balances and holding the government accountable to the people's representatives. As a tool of efficiency, it is also a highly rational and effective framework for planning, allocating, and controlling public resources to achieve national goals.

7) The notable exceptions being, of course, England and a few European countries that developed representative institutions earlier than their neighbors.

8) In order to implement separation of powers, there must be a constitution that axiomatically defines exactly how and at what specific points the features of state powers (i.e., political authorities) will be divided and then assigned to whom. Budgeting is one of the key areas covered by such constitutional declarations. Without a clear directive in the constitution, the actual interactions among budgetary powers will not keep to separate, distinct assigned areas but will quickly degenerate into a messy fray. The same holds, of course, for key state powers other than budgeting. Instead of such a constitution, as shown by numerous examples in history, absolute monarchies or autocratic regimes may proclaim a "code" of laws, which are simply a codified collection of the ruler's orders, binding upon everyone except the ruler himself.

2.2 The Universal Basic Framework

In almost every single constitution in the world today,⁹⁾ the powers (or political authorities) to make budgetary decisions are separated and assigned as follows:

- **The government's budgetary initiative:** The executive originates the budget proposal but does not possess final approval authority.
- **The legislature's power of the purse:** The legislature holds exclusive authority to approve the budget.

Without a single exception today, the executive always drafts the budget but cannot unilaterally enact it; this prerogative rests with the legislature.¹⁰⁾ In turn, the ban on spending proposals by the legislature often extends to its amendments to the government's budget bill; in principle it may not increase items in the proposed budget nor write in new projects or items not in the original bill. There are some variations and exceptions, however, which are taken up in the next section.

The simplicity of this dichotomous framework of budgeting roles has a certain appeal,¹¹⁾ especially in the basic format just described. This may explain why it has been so readily adopted by all countries, even those that do not subscribe to the Western idea of democratic statehood. This may also help us see why earlier scholars such as Key (1940) overlooked the power-regulating aspect as the essential cornerstone of budgeting. They may have glossed over what looked like so simple and obvious routine statements in constitutions as they kept on searching for a more respectable and tangible definition of budgeting.¹²⁾

9) A few countries may not necessarily fully embrace the Western notion of separation of powers, yet all have adopted this budgetary framework that calls for political authority to be split between the government and the legislature. See also Part II, which reviews well over 100 countries' constitutions and organic budget laws to see how such countries constrain the legislature's influence, even as they allocate budgeting powers among separate state entities or institutions.

10) For general legislation other than the budget, the usual practice in almost all countries is to give the legislative initiative to both the government and the legislature. The USA, the Philippines, and Liberia to my knowledge are the only countries where the government does not have the right to propose bills of law. Yet in virtually all countries, the constitution states that the budget proposal (usually itself a bill of law) may come only from the government. This is true even in the above 3 countries where the government does not have the legislative initiative, although the matter is not settled by the constitution in the US case. See Kim (2024) for more details.

11) Conversely, the question may also be raised whether the simple arrangement of banning legislative amendments could possibly end up stifling true separation of powers. This question is briefly dealt with later at the end of Section 3.

12) E.g., as did Key (1940) and subsequent authors, such as Strassman (1985), Meyers (1996-1997), Neuby (1997), Gibran & Sekwat (2009), or Kenno et al. (2018). Having overlooked the central feature of budgeting, namely the power aspect so succinctly defined in constitutions, Key and others would have

Relative to such theorists or academics, practitioners may have had better awareness, however vaguely, of the power aspect of budgeting because its influence permeates their engagements at the frontlines of budgetary skirmishes. Still, it would have been too easy to drop any further attention to such exalted matters as the constitution. Obviously, there was little if any to be had by engaging in such debates; the separation of budgeting powers as defined by the constitution was simple enough to leave hardly any room to engineer changes that could yield any appreciable gain for the practitioners.

2.3 A Different View of Budgeting

Figure 1 presents a reimagined conceptualization of budgeting that integrates the dimension of constitutional authority (*Table 1* gives a more detailed breakdown of how the three dimensions collectively interact). The traditional view of budgeting is closest to the rectangle that represents the “rational” approach. This is how Key and mostly public administration types viewed what budgeting was all about—to derive “best” solutions for allocating resources, based on objective standards and logic. At best, their idea of budgeting can be extended to encompass the other rectangle labelled “pragmatic,” which represents the political bargaining and practical compromises among practitioners (which was often addressed by Aaron Wildavsky (1961; also in Davis, Dempster, and Wildavsky, 1966)).

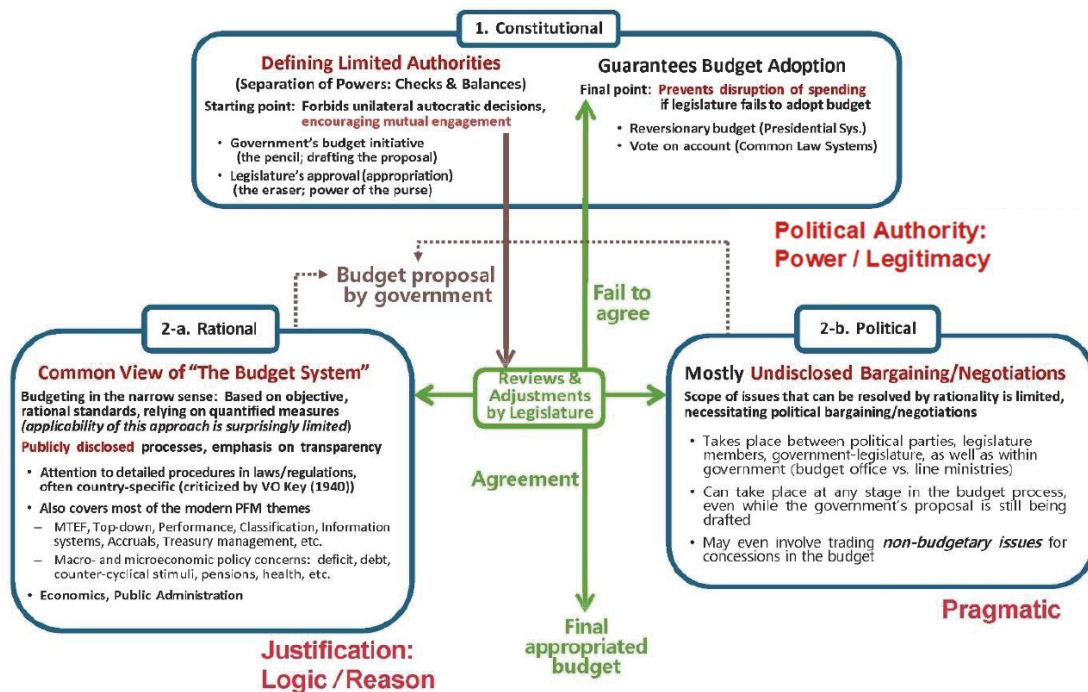
But this reflects a mindset that seeks to *justify* budgeting processes and decisions, viewed mainly as a *technical* process. The key aspect that was missing was answering what legitimized and *empowered* the final decision. As justifiable as the final budget may be from a rational perspective, it is still a decision that is being *imposed* on those who might still disagree¹³⁾ – it still needs official sanction from society to be so enforced. To be applied to all citizens, such confirmation of the decision’s validity has to come from the highest source, namely, the constitution. The new, top rectangle fills in the missing component that had Key and others stumped for so long in their quest to define a theory of budgeting. The “authority” aspect that represents state power officially *empowers* the entire process and legitimizes its final product, the budget. It is nothing less than the constitution’s imprimatur on budgeting as a key institution of the state.

found it difficult to propose a definition of budgeting that captured its essential spirit.

13) Crudely put, the budget may come across as embodying decisions that the state will take money from you to finance activities that will benefit others.

Finally, this shift in perspectives also yields the succinct answer to how budgeting can be characterized: *it is a system designed to regulate the budgetary decision-making powers*. Specifically, budgeting can then be defined as a system that assigns decision-making authorities (the basic framework), governed by principles to safeguard the balance between those authorities: annuality, specificity, unity, and universality. Clearly the first priority is to ensure that the system conforms to democratic principles – the powers must be appropriately split to allow checks and balances. The usual objectives of budgeting (efficiency, efficacy, equity, sustainability (solvency), etc.), important as they are, can only count as distinctly secondary priorities. *The essential nature of budgeting is not technical; it is a political institution.*¹⁴⁾

Figure 1 Budgeting: A System for Decision Making: Roles, Priorities and Precedence of Several Complementary Disciplines



Source: Compiled by author.

14) Democracy, the constitution, and budgeting can all be seen as political institutions, each mutually dependent on the others to sustain the same ideal: popular sovereignty. In contrast, note that an autocrat may simply proclaim any law or budget on his own authority, although he may instead still opt to rely on a constitution introduced just for formality's sake. This is in fact how Robinson (1894) explained what underlay the Prussian budget crisis of 1862–1864.

2.3.1 The constitutional aspect

The three rectangles in *Figure 1* have different roles – the authorizing vs. justifying viewpoint can be re-sorted into a different dichotomy: setting the overall stage vs. instructions for players' actions. The rational and political aspects in the diagram mainly concern the activities and interactions among the actors of the play, or instructions to them for what to do. The constitutional aspect is different – rather than getting directly involved in the specifics of how the drama shall unfold, it limits itself to setting the stage on which the actors play out their roles, including who gets to be on stage and their basic characters. What those actors actually do among themselves is then covered by the other two rectangles.

The starting point: Setting the stage

The main role of the constitutional aspect is to define the starting point and thus set the stage for the budgeting drama to take place. It defines what the decision process shall cover (the budget, or what the government may spend), that this decision is a repetitive annual event, and the actors (who shall be involved in the decision-making). Most importantly, it assigns the authorities with clear respective limits for decision-making between the two actors (government and the legislature). It separates the rights to propose and to approve, then also specifies whether those roles may be reversed (whether and how the legislature may counter-propose amendments).

Beyond this starting point, budgeting is then left to the actors to actually play out among themselves. They propose, review, possibly modify, and then finalize through interactions with each other. Instructions for how they should do so is the concern of the rational and political domains – they specify the actors' motivation and behavior as they engage with each other – what each is to do, and why. In contrast, the function of the constitutional aspect is not so much to give instructions to the individual actors but rather to set up the stage on which they will play out the drama. This will be set up as a checks-and-balances framework that ensures the final decision may not be rendered unilaterally by a single entity.

The final point: Ensuring a solution

The constitutional aspect, having set the stage for the budget process, would appear to have made its exit for good from the drama of budgeting. But then it reappears at the very end of the decision process. It is possible that the decision process may be unable to produce a final decision, which would leave the government unable to

spend, i.e., unable to function.¹⁵⁾

To avoid this, the constitution prescribes a reversionary budget that allows government spending to continue at the previous year's rate. The constitution ensures that there will be a solution even when the decision-makers are unable to agree on one.

2.3.2 The rational aspect

Simply put, this is where the main action takes place. It is budgeting as is known to the world, or how we generally think about it as a field of social and government activity. Its most prominent defining characteristic is that in pursuing the budget decision, everything is couched in the language of effectiveness, efficiency, objectives, and procedures. In short, it is oriented toward *justification* – the ends (what should the government do or not do?), the means to achieve that end (will the proposed program or project be effective at all; is it the cheapest, most efficient way to achieve that end?), the decision process itself that produces the decision (is it fair, equitable, or partial?), must all be justifiable. This in turn necessarily ends up dictating that all discourses adhere to *logical, rational, and objective/impartial* standards. The government is being asked to answer the same question as the English Parliament asked its monarchs in the Middle Ages: “why do you want me to pay for something you want to do, which may not necessarily be to my benefit; and is your plan realistic/credible?” Fundamentally, the budget proposal is the government's answer to this question.

But this kind of justification-oriented mindset also dictates what and how the practitioner actors in the budgeting drama think and interact with one another. The focus on different ends and how to choose and allocate among them maps to topics such as multi-year budgeting, top-down budgeting, and other types of allocation decisions, e.g., welfare vs. infrastructure or technology, or even macroeconomic policy. Efficacy and efficiency map to performance-oriented budgeting. Accurate assessments in these topics motivate various issues in reporting and accounting: accruals, scope of the budget, information systems, transparency, etc. Fairness involves equitable participation by different social groups and classes, likely to pursue different, possibly partial, interests. Additionally, all of the discussions will involve some quantifiable measure of these ends and means.

Again, activities in the rational realm of budgeting probably constitute most of what

¹⁵⁾ As in the occasional government shutdowns in the USA.

budgeting is understood to be. But then again, none of this would be able to even begin without a clearly-set starting point of budgeting, the political authorities laid down by the constitution. Neither can the final call be made by the rational aspect of budgeting, although it may heavily influence the decision. The very nature of decision-making leaves that in the hands of those empowered to do so by the constitution.

2.3.3 The political aspect

Another limitation on budgeting as a rational or technical tool comes from the fact that the process is mostly open to public view. The emphasis on objective justification makes the rational part of budgeting quite amenable to public disclosure, but it may also limit the scope of practical choices, since public negotiation leaves little or no room for some compromises that may be the only practically achievable solutions. Negotiations behind closed doors remain the double-edged answer to this dilemma – it can allow adoption of practical compromises at lower cost but also risks exposing budgeting to other unjustifiable motives. Note that this kind of interaction can also take place out of the public eye well before the decisional stage of budgeting, as discussed below at the end of Section 3.

The preceding can be summarized into *Table 1* below. It expands on *Figure 1* to give a more detailed explanation of how the different aspects of budgeting interact with each other.

Table 1 Dimensions of Budgetary Decision-Making

		Rational	Legal	Political
Nature of Decision-Making	Methodology	Based on impersonal logic, objective facts.	Grounded in legal/constitutional political authority. 1. Forbids unilateral decisions, forcing players to engage in rational and political interactions. 2. At the last stage of the budget decision process, guarantees there will be a budget, even if 1 fails (reversionary budget).	Implemented through political negotiations.
	Objective	Legitimacy ("Official" aspects: Objectivity, legal empowerment, and public approvability)		Practicality (Often addresses "unofficial" aspects)
	Ultimate Criterion	"Is It Right?" (More likely to be raised if there is another power who can ask/object (democracy))	"Might Makes Right!" (Especially in the political dimension, tends to be easier the closer one is to sole, absolute power; the more powerful/influential side tends to dominate the political interaction)	
Perspective		Objective choice based on numerical measurements and formulaic assessment/comparison of alternatives.	Preset rules for determining final choice among unresolved differences (usually by majority vote of representatives of the sovereign (the people)).	"Everything's possible." Negotiated solution as result of compromise (or by coercion sometimes?) among interested parties.
Associated Disciplines		Rational public-choice theories (Economics, Public Administration, etc.)	Law (Constitutional)	Politics
Key Standards & Impartiality/Impersonality		Weberian Public Administration • Efficiency (numerically measured). • Impersonality (no room for partiality). • Objectivity (measurable & reproducible analyses).	Legal probity to ensure rules-based impartiality: Separation of powers & majority decision. Process is impersonal but recognizes proponents of each alternative (amendments proposed at the legislature) may have personal or partial interests.	Direct negotiations between participants, who often may have personal or partial interests. Generally, there are no firm preset rules – anything goes
Public Scrutiny		Everything is possibly open to scrutiny since the process and conclusions are all supposedly objective and rational. (Objective legitimacy)	Chooses and enforces final decision from a set of unresolved alternatives – entire process takes place in public view. (Procedural legitimacy)	Public scrutiny of process is generally limited, allowing greater flexibility in negotiations, which by their very nature tend to be somewhat unstructured and ill-defined.
Timing of Application/Relevance		Usually, the early stage of budgetary process.	Usually, the mid to final stage of budgetary decisions, to make sure there will be a formal conclusion to the budgetary adjustments, by force of majority, if necessary.	Officially, middle stage of budgetary process. But may project its anticipated influence backward, so the first-stage budget proposal may already incorporate results of extensive political negotiations, deflecting public attention away from them. (Government negotiates with legislature before submitting its proposal and often amends the budget on own initiative to satisfy the latter.)
Limitations		Objective measurement of input costs is possible, but not so for valuation of "ends" (outcomes); therefore, in many cases cannot give decisive/objective cost-benefit assessments on comparative merits of alternatives. Agreement on objectives may be difficult in the first place, if there is too much social/political/economic divergence among population. This severely limits the practical applicability of this approach.	"Might" is the decisive factor, but more extreme or blatant conclusions will still tend to be discouraged since the process takes place in public view. Therefore, can possibly override, but cannot totally ignore, the rational approach. This approach can come into play only when there remain unresolved alternatives which rational or political approaches could not eliminate. Possible to subvert separation of powers by having constitution limit legislature's authority or allow autocratic leader to appoint significant portion of legislature's members.	Most opaque among the different approaches involved in budgetary decision-making. At one extreme, may have flexible negotiations produce compromise that best reflects diverse public demands, but, depending on the country, also runs greater risk of improprieties. At the other extreme, a strong leader may be powerful enough to secure effective autocracy despite all the trappings of compliance with rational and legal criteria.

Source: Compiled by author.

3. Raising the Frontline Stakes

3.1 Variations on the Framework: Amendments by the Legislature

The preceding discussion may be a nice morsel of intellectual curiosity, which means it can also come across as idle armchair theorizing. Note, however, that introducing even minor modifications to the framework of budgetary authorities can attract great attention from stakeholders directly involved in budget processes. For example, allowing legislatures to amend government budget proposals opens up new possibilities, which can substantially stir up the motivation to leverage such additional opportunities for maximum gain, especially for those from the legislative side. In terms of the previous schematic diagram, the constitutional starting block will allow more room for the political dimension to operate. There is now both opportunity and motivation to glean tangible gains from the frontline skirmishes with the “enemy,” be they increases for favored projects, slipping new items into the government’s proposal, or perhaps even bartering for non-budgetary issues with concessions in the budget.

This is in fact the principal area of interest to the budgeting world as far as budgetary roles and privileges are concerned, much more so than the basic division of political authorities discussed above. The majority of constitutions actually allow some kind of amendment after the government’s budget bill has been introduced, motivating a vast literature describing the different caveats and conditions that limit the scope and procedures of the legislature’s modifications. Although the specifics differ considerably across countries, permissible amendments are typically alternative spending initiatives subject to the constraint that a total sum in the original bill not be increased. This target sum can be the total size of the entire budget or instead the subtotals of major categories therein. Therefore, the proposed changes would be allowed to augment certain items only by specifying offsetting reductions in other items. Sometimes the legislature is allowed to squeeze in a new item, also by identifying compensatory cuts to maintain fiscal discipline.¹⁶⁾

16) Note the discussion of decisions in this paper deals exclusively with budgeting in the approval phase, possibly incorporating some aspects of the formulation phase, too. For changes in the finalized budget during the execution phase, see Saxena and Yläoutinen (2016) for a succinct discussion of virements.

Those of an academic inclination, however, will be drawn instead to different questions. The practitioner asks how to leverage the extra budgeting elbow room so marvelously allowed by the constitution, i.e., his inquiries will be raised and answered within the context of one country, his own. But the academic's questions will be typically directed towards more generalized issues that span across the differences among numerous countries. Summarized by very broad strokes, the academic who probes data on many countries' systems will end up asking two questions: first, a comparative discussion of how to characterize and possibly rank the relative strength of the legislature vis-à-vis the government in budgeting, also asking how the differences in amendment processes could explain those results; and second, identifying features or principles that are invariant in the sense that they can still be found to hold in most countries despite all the differences in the details of their budget systems.

3.2 Do Political Systems Matter?

Turning to the first question – a comparative analysis of the relative strength of the legislature – allowing the budget to be amended opens more room for the legislature to voice opinions that are different from the government's. Furthermore, compared to just cutting from the government's proposal, legislators are likely to have more motivation when pushing for increases in items they favor.¹⁷⁾ With greater odds and possibly more intense disagreement between the two sides, the question becomes more relevant: which side is more likely to prevail when a contest of wills erupts between the government and the legislature? Does the system systematically favor either one of them?

This asks what is the relative strength of the legislature vis-à-vis the government? Besides practitioners, the question also becomes more interesting to scholars of public budgeting. The space of possible answers has suddenly expanded from a simple binary or dichotomous setting between the legislature and the government into a continuum of possible permutations that the “minor” caveats and exceptions to the basic framework may allow.

A number of studies, such as those by Wehner (2004, 2006) or Stapenhurst et al.

17) See Stourm, pp. 53-63, for an interesting summary, along with his critiques, of legislative amendments to the budget in the early 1900s in the UK, France, Italy, Belgium, and the United States. He is quite critical of the abuse by the legislatures in France, Italy, and Belgium of their powers to initiate increases of expenditures and reductions of revenues.

(2008), have bravely taken on this challenge. Knowing fully well that the results cannot be conclusive,¹⁸⁾ these efforts to their credit have still produced important useful insights. I will not be offering any incontrovertible conclusion, either, but I do aim to contribute some additional insights. Specifically, I aim to show that the question can be addressed without any reference to the political system at hand or much other information but instead by focusing only on several features that are stated clearly in the constitution. In that sense, the political system can be treated as even irrelevant to the question, especially as the several constitutional features will be shown to deliver, logically speaking, a strictly superior analysis – its results will be more discerning than those based on types of political systems.

This approach has the advantage that more countries can be brought in for analysis because the information required is much easier to obtain. Most developing countries can now be incorporated into a direct comparison with their developed counterparts by applying the same framework and yardstick of measurement to them. Furthermore, the variables of interest tend to give results that straightforwardly favor either the government or the legislature, minimizing the burden of justifying the subjective interpretation of an intermediate rating from a composite index. In this sense, the approach I take can be considered complementary to Wehner's (2006) analysis of OECD countries. There is a tradeoff between a) much more diverse and numerous countries, measured by simpler if rougher criteria and b) a group with less variation (OECD countries) subjected to a more nuanced assessment. This may not add very much to the discussion of budgeting among OECD countries but allows many more countries to be brought in for comparative analysis despite the relative scarcity of information on them, using just a small number of clearly stated factors to deliver reasonable results.

The three constitutional factors of interest to us are: a) whether there is a reversionary budget;¹⁹⁾ b) whether partial (line-item) vetoes are allowed; and c) whether and how amendments are subject to the government's objection before the legislature's vote. Note that these factors by their nature must each be clearly proclaimed by the constitution, as they define fundamental authorities to make or influence important

18) This question is challenging to resolve, as it requires reducing a number of characteristics, measured in multiple categories, into a singular ranking of the legislature's influence. Mapping a multi-dimensional measurement into an undisputable scalar outcome is clearly a logical impossibility.

19) I am not the first to use this terminology, but some readers may still be unfamiliar with it. The name refers to the principle that the previous year's budget is to be repeated when there is an emergency need to secure at least a temporary basis for uninterrupted spending – the budget *reverts* to the same contents, amounts, and associated terms and conditions as the previous budget.

decisions in state affairs. Furthermore, what the constitution says about them will be found upon examination to be independent of the type of political system. Putting it differently, the three factors among themselves will be able to replicate any result that an explanation based on political systems can deliver. What they can tell us may still leave much unanswered, but adding political systems will not yield further results.

The popular impression that political systems can shed light on the question may have been influenced by what amounts to selective sampling. Until recently, most of the developed countries, say, as counted by OECD membership, happened to be parliamentary systems. With the US as the most conspicuously prominent presidential system in the OECD, it would have been easy, if somewhat loose, to take the behavior of its budget system as representative of budgeting in presidential systems. In fact the USA is a very strong exception that contrasts with literally all other presidential countries in the world.

A similar sort of bias may also color the perception of parliamentary systems. The larger and at times more visible parliamentary countries in the OECD happen to be those that follow the Westminster system. As noted by von Hagen (1992), Blondal (2001), and Wehner (2006), the government dominates the budget decision in this system²⁰) because of the “confidence convention.” Even knowing that the political and budgetary dynamics may differ for the other kind of parliamentary countries – i.e., non-Westminster coalition systems, not a few of which have also been OECD members – this may have promoted the casual impression that budgeting would tend to be dominated by the government in most or all parliamentary systems.

The answer to the question in the title of this sub-section is therefore negative; somewhat surprisingly, we may safely dismiss the type of political system as a determinant of the relative strength of the legislature in budgeting. It may ultimately matter somehow, but the behavior of budget systems can be still be reliably analyzed without any reference to it. The following sub-sections delve into a more detailed explanation of that claim.

20) Any change to the executive’s draft budget is by convention considered a vote of no confidence in the government, which acts as a strong deterrent against amendments by the legislature. The latter is thus left with a simple up or down vote on the government’s budget bill, with no room for adjustments. However, as will be brought up below, note that Standing Order 66 (currently 48) of the UK House of Commons (regarded as part of the UK’s unwritten constitution) accomplishes exactly the same result on its own without any help from the confidence convention (although that may also have a reinforcing effect). In similar language to the UK, the constitutions of Canada, Australia, and New Zealand all ban spending initiatives by the legislature. Similar results are obtained for other Commonwealth countries, too (see Part II).

3.3 The Reversionary Budget²¹⁾

Constitutions in practically all presidential systems specify both the reversionary budget and the partial veto or sometimes preempt the need for them by disallowing budget amendments by the legislature.²²⁾ The prominent and even unique exception here is the USA – on all three counts, it has chosen to differ from everyone else. The US legislature’s dominance in budgeting comes not from any innate property of the presidential system itself but can be attributed solely to how these several factors are handled by the US constitution. These are not inherent parts of the presidential system but independently made choices in the constitution. The USA just happens to have made, perhaps to a large degree intentionally, all the “right” choices that collectively confer exceptional authority in budgeting to the legislature.²³⁾ Virtually all other presidential systems have made their own, different choices, with consequences for budgeting that are very different from the US system.

The reversionary budget comes up at the last stage in the budgeting process. It is invoked only when an official budget has not been adopted for whatever reason by the time the new budget year opens. It is a last-ditch measure to ensure that the government can continue to make payments and thus operate uninterrupted even without the annual appropriation. This is done by means of temporarily authorized payments (including incurring obligations to do so, known as contract authority) at the previous year’s rate. It also takes off any unduly severe political pressure on stakeholders by allowing more time to everyone to iron out the differences that are holding up agreement on the budget. This is true of almost all countries in the world.

The sole exception is the USA. Virtually all other presidential systems have reversionary budgets that are activated automatically, i.e., without the need for the legislature’s approval. In parliamentary systems, explicit action (the vote on account) is usually required to allow the government to continue spending when the official budget has been delayed. However, parliaments adopt this temporary permission as a matter of routine convention in the budget cycle. Its terms, that the government may spend on existing items at the previous year’s rates, means that it also *reverts* to the previous year’s budget. In that sense, the vote on account is also a reversionary budget, although it formally requires action by the parliament to come into effect.

21) See earlier footnote.

22) Even when amendments are not allowed, most presidential systems still have reversionary budgets and partial vetoes. See Part II for details.

23) See further elaboration on this in the context of impoundments at the end of this section.

But not so in the USA. It does have *continuing resolutions* by Congress, which is similar to the vote on account in that the legislature explicitly grants government temporary limited authority to spend. The key difference from the vote on account is that passage of the continuing resolution cannot be taken for granted, and its terms and durations (often given successively by just days) are nowhere near as generous, either. This means that unlike the vote on account, continuing resolutions can be, and sometimes are, used by Congress to pressure the government for budgetary or political concessions. It can do so because a shutdown affects Congress and the government differently – a shutdown puts greater, immediate public pressure on the latter. In comparison, the vote on account is more or less neutral in the tug of war between government and parliament as it is usually more of a routine matter of convenience to avoid any undue rush to wrap up the official budget. Uniquely so in the USA, the absence of a reversionary budget gives Congress the upper hand in a contest of wills with the government. In other presidential systems, the constitution explicitly provides for a reversionary budget that requires no approval from the legislature, giving it no such advantage.

The reversionary budget may be easily discounted because it is ubiquitously found in constitutions in a form that may read as a mere afterthought added on. Some may ascribe some practical significance to this constitutional feature (or solid convention) because it guarantees the government's core services to citizens will continue uninterrupted. But its true significance may lie on the higher, more abstract dimension that concerns the state's political identity: its presence or absence directly signals which side political advantage defaults to in a budgetary final standoff between the government and the legislature.

3.4 Package vs. Partial Vetoes

Not having a reversionary budget would still not matter that much in practical terms if the US government were to have recourse to other tactics to avoid finding itself left wishing for one. But with only a package veto allowed to it, the government can only accept or reject the legislature's vote in its entirety without being able to selectively challenge the amendments that it finds unacceptable.²⁴⁾ A veto will therefore leave the government with no budget, and hence a need for a reversionary budget, which,

²⁴⁾ The Clinton presidency enjoyed two years of partial veto rights, granted by the Line Item Veto Act of 1996. Although a statute agreed to by Congress, this act was still struck down by the Supreme Court as unconstitutional.

again, the US constitution does not recognize.

But what if instead of a package veto, the government were allowed to veto just those parts that it finds objectionable? Only the partially vetoed items would need to go back to Congress for reconsideration, with the main body of the budget bill passing immediately into law, allowing the government to commence spending whatever has been approved in the budget. This would not only erase the advantage of Congress in the budgetary standoff but actually shift the balance in favor of the government, which will comfortably find itself free to spend on items it agrees to, coming from its own proposal in the first place. For the legislature to repass the items vetoed by the president, most countries require a supermajority revote (usually 2/3 in presidential systems), giving the effective final decision to the president's veto. But in the US budget system Congress has the clear upper hand against the government. It bears repeating that it is the unique combination of having no reversionary budget and no partial vetoes that gives the US Congress this exceptional influence – it is not an intrinsic feature or innate property of the presidential system, as attested to by virtually all other presidential systems.

This contrasts with almost all other presidential systems – even countries whose constitutions emulate the US model have taken care to adopt partial vetoes and reversionary budgets.²⁵⁾ Their budget systems, unlike the USA, therefore concede no constitutionally built-in advantage to the legislature.²⁶⁾ As for parliamentary systems, some countries (e.g., Singapore) give the government strong veto rights for the budget and other legislation, but there are also many countries that do not explicitly recognize the executive's veto. Instead, they have other features that empower the government to push for its agenda against the legislature.²⁷⁾

3.5 The Ex-Ante Veto: Consents and Requests for Reconsideration

We now turn to objections against amendments that come earlier in the legislature's budget process, specifically, *before* the budget vote. In the sense that they involve the

25) Namely, the Philippines and Liberia. Although it has a parliamentary system, Thailand's budget system was also modelled after the US system. However, the government still retains the ultimate say in budgetary disagreements.

26) For a different viewpoint (friendlier to Congress) on how the US Constitution's principles guide its budget system, see Kogan's explanation (2025) of the US Supreme Court's views on rescissions and impoundments in the budget.

27) Including the right to consent to parliament's proposals, to dissolve parliament, etc. Some of these are taken up in the discussion below. Also see Part II for further details.

government's explicit objections to amendments proposed by legislators, but take place before the latter's vote, they can be described as the government's *ex ante veto* of amendments, although it is never worded in such terms in actual statutes or constitutions.²⁸⁾

These restrictions can be broadly classified into two categories: the government's consent and its right to request reconsideration. The former is the stronger measure, for it gives the government the right to block any amendment from being even introduced, much less tabled for an actual vote. This amounts to a final veto or a censoring of any proposal not to the government's liking. The well-known precedent for this comes from the UK, usually referred to as Standing Order 66 (currently SO 48) of the House of Commons,²⁹⁾ considered part of the uncodified UK constitution. It bans any initiative by Parliament for any kind of spending unless it has the Crown's consent. It is also found in most of the Commonwealth constitutions.

Government consent deserves special emphasis here because it completely subsumes the confidence convention, effectively obviating it as an indicator or marker of the government's dominance in the budgeting process. It also offers some clear advantages. Instead of relying on unwritten convention or practice, the requirement for government consent is easier to identify because it is invariably stated explicitly in the constitution. Moreover, it is not automatically tied to a particular political system – it is usually associated with Westminster-type parliamentary systems, but can easily be found in some presidential systems, too. In short, government consent is a more convenient and superior indicator in every sense to the confidence convention as a means of identifying budget systems that decisively favor the government. Most importantly, it shows that the manner and nature of budgeting decisions are independent of the type of government. This supports the assertion that the political system can be safely left out in analyzing the relative strength of the legislature vis-à-vis the government in budgeting decisions.

The other *ex ante veto*, namely, the government's right to request reconsideration, is

28) Neither is the "ex post" or the usual veto, for that matter. Surveying the constitutions of the world, I have noticed that the official wording in statutes or constitutions markedly avoids any confrontational connotation as much as possible when it comes to matters of power or authority. The word "veto" rarely appears in any constitution – instead, one "objects" or "requests a reconsideration."

29) Originally adopted as a resolution of Commons in 1706, it later became a Standing Order (SO). A much later renumbering redesignated it as SO 48. See Kim (2024) for further details. The UK's requirement for "consent" from the Crown is effectively a total ban on any spending initiatives from Commons, i.e., it is a much stronger restriction than other ways of registering the government's objections to the legislature's amendments.

similar but somewhat less decisive than government consent. This is also specified in the constitution and can be found across different types of political systems. The key difference from required consent is that it is less potent because in and of itself it cannot dismiss the legislature's amendment with the same kind of finality. Nevertheless, it can pose a significant hurdle to legislators' attempts at amendments. The strongest example is probably given by the "vote bloqué (blocked vote)," specified by Article 44.3 of the French constitution. It is stronger than merely asking the legislature to reconsider because the government may demand that the National Assembly immediately proceed to a single up or down vote on a preferred version selected by the government, i.e., the original proposal or an amended version it favors. But then again, an even stronger measure is provided for by the constitution, which likewise comes even with its own, but literally bloodier moniker: the "guillotine," or instead often referred to simply by the article number, "49.3." This allows the French government to cut short any legislative debate by declaring the budget (or other legislation) to be enacted without a vote unless the Assembly tables a motion of censure (vote of no confidence³⁰) within 24 hours.

A similar but more gentle system can be found in France's immediate neighbor, Germany. The constitution states in the first clause of Article 113 that the Federal Government's consent is required for laws that entail new expenditures or decrease revenues. It may ask that the Bundestag postpone its vote on such bills. The next clause of the same article gives the government the right to demand a second vote within four weeks after passage of such bills.³¹ Note that this allows the government to object both before and after the legislature's vote. Similarly, the French constitution also allows both *ex ante* and *ex post* objections, although the former right is to be exercised by the Prime Minister (blocked vote and the guillotine) and the latter by the President (suspensive veto as per Article 10).

30) This applies to the Prime Minister and more broadly to the cabinet. The constitution (Article 10) also gives the President the right to object to the voted, final bill. This makes it an "ex post" veto, but also a "suspensive" veto (à la the 1791 French Constitution). The Assembly may not refuse his request to "reopen debate" on "the Act or any sections thereof" but may still override the objection by a simple majority vote – the President's veto cannot dismiss the bill but only suspend it temporarily in this case. This does not appear to be very significant, thanks to more powerful measures available to the government, including the blocked vote and the guillotine. Note also that this is a partial veto. Besides the constitution, the organic budget law (the 1959 Ordonnance and the 2001 LOLF) laid down further restrictions on the scope and procedures of the Assembly's budgetary decisions.

31) A further, third clause also specifies veto rights for laws passed by the Bundestag without active concurrence on the part of the Bundesrat, the upper house. Notwithstanding the overall gentler impression compared to the French system, acquaintances at the German Finance Ministry assure the author that government interjections are quite effective.

In contrast, the US budget system gives the legislature a definite edge over the government. Having no precedent for the new country to refer to in 1787 as it drafted the first modern written constitution to embody Montesquieu's (1748) ideas, the US system specifies a very strong separation of powers, especially for the legislative process. The government is strictly and pointedly excluded from the budget process within Congress. This leaves the USA the only country where the government may not propose bills of law, including the budget.³²⁾ Neither is the government allowed to object or otherwise intervene during the legislature's budget process. Only after the budget has been voted by Congress may the government voice its objection by means of the president's veto. This last and only opportunity for the government to intervene in the budget decision does appear to formally satisfy the tenet of checks and balances. But, as explained above, as far as the budget is concerned, the lack of a partial veto and a reversionary budget effectively leaves the final decision with the legislature.³³⁾ At least in terms of the formal procedures and relevant rules, the US government has minimal if any opportunity to participate in the budget decision, save for the initial input it gives in the form of the President's Budget (the budget initiative of the government).

3.6 A Synergetic Synthesis

The whole is sometimes greater than the sum of its parts. This holds also for the three constitutional features discussed. Putting them together reveals a simpler, more intuitive answer to the primary question: for budgeting, what determines the relative strength of the legislature vis-à-vis the government?³⁴⁾

Two tables are presented here to demonstrate that claim. They show that among presidential systems the combined effect of two of the three constitutional factors – the ex ante and ex post veto – can give an intuitive answer to the question. The other factor, the reversionary budget, is omitted – the tables can be read as all countries having it except for the USA.

32) This forces the US budget proposal to be split into two parts, uniquely among all countries. The contents are proposed by the President's Budget, as required by law, but it is still formally introduced as a bill of law by the House.

Differently from the US, even countries whose constitutions emulate the US model have chosen to adopt partial vetoes and reversionary budgets, as noted earlier.

33) This means that even rules against increases by the legislature, usually specified in constitutions in other countries, come not from statutes but the internal rules of each chamber in the US, enforced by their respective points of order (cf. Saturno 2015, Saturno and Yeh 2016) and then often bypassed. See Part II for further details.

34) The reasoning presented below can often be extended beyond budgeting to legislation of statutes.

Table 2 Ex Ante and Ex Post Restrictions on Budget Amendments in Latin American Countries

Country	Ex post constraint		Ex ante constraint
	President's veto power		
	Package veto	Partial veto	Item increases or creation by legislature (constitutions, organization laws, and other laws)
Argentina	○	○	Possible if balance-neutral; cannot create new items
Bolivia	○	○	No restrictions
Brazil	○	○	Possible if balance-neutral
Chile (OECD)	○	○	No
Columbia (OECD)	○	×	No (item increases or new items need government consent)
Costa Rica (OECD)	No veto power		No
Ecuador	○	○	No
Guatemala	○	×	No restrictions
Mexico (OECD)	○	○	Possible if balance-neutral
Nicaragua	○	○	Possible if balance-neutral
Panama	○	×	No (item increases or new items need government consent)
Paraguay	○	○	Possible if balance-neutral
Peru	○	×	No
Uruguay	○	×	No
Venezuela	No veto power (may ask Supreme Court to rule on constitutionality)		Adjustments allowed within the revenue cap

Sources: Compiled by author from constitutions of countries in the table. Further information taken from Blondal et al., Blondal & Curristine, Curristine & Bas, Curristine et al., Santiso (2004, 2005), and Vammalle and Rivadeneira.

Notes: The shaded cells indicate greater freedom by the legislature to amend the budget, which can still be curtailed by the unshaded constraints in other columns.

Except for Guatemala (and possibly Venezuela), all governments have effective constitutional means to object to decisions initiated by the legislature, in the form of either ex ante restrictions or ex post veto rights, or both (as in Chile and Ecuador).

The shaded cells denote instances where the government is at a disadvantage – the system does not ensure it can have its way against the legislature's proposed amendments. For the ex ante veto, this would be when it does not have the right of consent – the other right, to ask the legislature to reconsider, is given to most governments but cannot dismiss the legislature's amendments with the same kind of finality. Obviously, the ex ante veto would be moot if the constitution does not permit

amendments by the legislature in the first place. Regarding the ex post veto, the government needs the partial or line-item version for it to be effective, for reasons explained above. Between the two veto rights, it suffices to have just one – only when both of the ex ante and ex post columns are shaded will the government be unable to block the amendment with reasonable certainty.

Table 3 Ex Ante and Ex Post Restraints in Other Countries with Presidential Governments

Country	Ex post constraint		Ex ante constraint
	President’s veto power		Item increases or creation by legislature (constitutions, organization laws, and other laws)
	Package veto	Partial veto	
United States	○	×	No restrictions (some standing rules in Congress, often bypassed)
France (before 2005)	○	○	No
France (after 2005)	○	○	Can adjust within mission total (there are 30-odd missions)
Korea	Not applicable (budget is not a law)		No (item increases or creation need government consent)
Chinese Taipei	Budget is not a law, either, but constitution was amended (2005) to explicitly recognize partial vetoes for the budget bill		No (Article 70 of Constitution)
Philippines	○	○	No
Liberia	○	○	Requires consultation with the Minister in charge
Indonesia	Government and the legislature “must agree” (de facto mutual vetoes)		No restrictions
East Timor	Government and the legislature “must agree” (de facto mutual vetoes)		No restrictions

Sources: Compiled by author from constitutions and organic budget laws of countries in the table.

Notes: The shaded cells indicate greater freedom by the legislature to amend the budget, which can still be curtailed by the unshaded constraints in other columns.

The current French organic budget law, the *LOLF (la loi organique relative aux lois de finances)* was adopted in 2001, but its main terms took effect on 2005. It replaced the 1959 *Ordonnance*.

Korea and Chinese Taipei have a shared history of Japanese occupation in the earlier half of the 20th century. Their constitutions and legal systems therefore show traces of the model of statehood of the Japanese Meiji Empire, which in turn was modelled after the Prussian constitution of 1850. This holds true especially for budget systems (Kim 2024). One feature common to the three countries is the legal status of the budget – it is not a law, merely a special decision by the legislature.

The constitutions of the Philippines and Liberia had strong influence from the US constitution, but took care to adopt partial vetoes, unlike the package veto of the US system. The stipulation for agreement in Indonesia and East Timor comes from an older Portuguese constitution.

As for the reversionary budget, even without it, the government's disadvantage would still not be decisive, although the situation would be much less favorable – the absence of a reversionary budget matters more in the US budget system because it works in conjunction with the government's dissent being rendered ineffective by having neither the partial veto nor the ex ante opportunity to object. The results from these tables make it clear that most presidential systems structurally favor the government in a budgetary contest of wills against the legislature. The US budget system is a notable exception.

In *Table 2*, only two countries in Latin America (Guatemala and Venezuela) deny the government the authority to dismiss unwanted budget amendments. *Table 3* lists some other presidential systems, including some that can be classified as semi-presidential. The US is the clear exception here, the result of having neither the ex ante nor the ex post veto. The lack of a reversionary budget only adds more pressure on the government not to prolong a confrontation with Congress.

Other presidential systems are not shown here but also align with these findings. The majority broadly fall into two groups: former French colonies in Africa and the Caribbean, and former Soviet bloc nations. The first group has constitutions that mirror the French model, including the blocked vote and the guillotine – the dominance of government in budgetary conflicts is likewise unquestionable. Similarly, another group, Spanish-speaking countries in the Caribbean, do not differ substantively from their continental kinfolk in Latin America and the mother country in Europe.

In like manner, the model of statehood in Eastern Europe and other former Soviet bloc countries is more authoritarian than their Western counterparts. Their more centrally organized, state-led notion of nationhood can ultimately be linked back to the Prussian dirigiste³⁵⁾ model, which in Asia was also adopted in Meiji-era Japan and subsequently propagated to Korea, Chinese Taipei, and China. Traces of this influence can also be found in all of these countries' legal systems, which also follow the Germanic flavor of civil law rather than the more prevalent French (Napoleonic) version.³⁶⁾

35) I.e., strong state leadership.

36) Note that it is the Prussian constitution of 1848/1850 that served as the model of statehood and legal system for other countries, not the current German version adopted in 1949. This model was readily embraced by some countries not necessarily through colonial influence, but because it was the most favorable toward strong government leadership even as it took on the semblance of separated powers. Meiji Japan was one of the early examples of this, which also influenced China's attempts to modernize around the turn of the century; through Japanese occupation, the Prussian influence was passed on also

Having covered presidential systems, it remains to ask whether this approach applies also to parliamentary countries. Fortunately for our inquiry, 56 of them belong to the Commonwealth, spread across all six continents. Despite differences in how it is phrased, their constitutions invariably deny the legislature the right to propose new spending or reduce revenues without the consent of the executive, echoing the UK model. The two tables analyzing presidential countries can then be applied straightforwardly to these Westminster-type cases. The exercise will yield tables with strong *ex ante* constraints, sufficient to give us an unambiguous answer that favors the government. More importantly for our purposes, we can do so without recourse to the confidence convention.

This leaves us with just a handful of European non-Westminster parliamentary countries, characterized as coalition systems. Most of them are the smaller OECD members whose balance of budgeting powers have been more thoroughly discussed elsewhere, as noted at the beginning of this section. For these countries, I defer to those more detailed studies.

3.7 The Last Resort: Impoundments vs. Rescissions

The annual budget is the final culminating product of the drafting (formulation) and approval phases in the budget cycle. All decisions have now been finalized upon completion of those first two phases of budgeting. It remains only to execute this budget and then wrap things up by settling accounts; there are no more decisions to be made. Or are there? And how?

The world is not so conveniently black and white – some parts are gray, often coming in many different shades as well. So, too, with the budget decisions. The “final” decisions, so given in the annual budget, by their very nature cannot be final – they are not definite amounts that must actually be expended exactly as given in the budget. Rather, those numbers are limits on how much may be spent on the specified budget items. Outlays may not exceed that limit, but nothing compels the government to spend every last penny it is authorized to do so. Formally, the budget entries are understood to be the *budget authorities* that are approved as the maximal amounts that can be expended for the items’ indicated purposes.

Usually the government will direct its spending in faithful conformity with the

to Korea and Chinese Taipei. The Prussian model of statehood was also adopted by Eastern European countries and, later, the former Soviet-bloc communist countries.

legislature's decisions. The flexibility accorded by the concept of budget authority will be used mainly to achieve better results or lower costs. But what if relations are not so amicable but adversarial instead? Or when the government finds some items in the budget so objectionable but chooses not to invoke its right of veto because, as in the US, the constitution does not recognize the partial, line-item version that can selectively target problematic items?

The flexibility allowed by budget authority could then be exploited by the government to thwart the legislature's directives as embedded in the budget. Simply by silently withholding the execution of spending on items it disagrees with, known as *impoundments*, the government has effective veto powers of the last resort.³⁷⁾ It may selectively veto certain items during the budget's execution phase even if the constitution does not give it the right of partial veto at the end of the approval stage.

This was a tactic favored by the Nixon administration, actively utilized to stymie spending not to its liking. Congress had a very different view on the matter, however, expressed and enacted in the Congressional Budget and Impoundment Control Act of 1974. The Act reasserted Congress's "power of the purse" by introducing new procedures and institutions. In particular the Act prohibits the president from unilaterally impounding funds and created a new process: in order to cancel budget authority, the president must send a special message to Congress proposing a *rescission*. The funds are withheld for up to 45 days, but for the requested cancellation to be approved, Congress must pass a new law. If not, the funds must be released. But Congress is not even compelled to reply to the president's request, much less consider and vote on the issue. As the matter of impoundments vs. rescissions ultimately involves the division of rights (and the resulting shift in the balance of powers) between the legislature and the government, it appears to be a constitutional issue. Some fifty-odd years since the 1974 Act, the US government has recently re-opened this issue by strongly reasserting its right to impound funds. A decisive resolution of the conflicting contentions will probably require a Supreme Court ruling.³⁸⁾

In fact, the seeds of this dispute can be traced back to the beginning of the nation, right in the USA's founding constitution. But then, the matter can be traced even

37) There still remains available to the US government one further means of impeding spending during the execution phase of budgeting. This involves the use of instructions or conditions in apportionments, which are the prerequisite for funds to be actually released to recipients. Further details would lie beyond the scope of this paper.

38) The constitutionality of impoundments has not come up for a Supreme Court decision yet. A related ruling in 1975 (*Train v. City of New York*), often cited by the Congressional side as supportive of their viewpoint, was based on a statutory interpretation of the Clean Water Act, rather than the constitution.

further back to the beginning of budgeting itself in the English middle ages, where the phrase “power of the purse” was first coined. The original context and underlying motivation of this phrase embodies a *passive* interpretation: the focus was, and remains, in the originating England as well as most other countries, on restricting the state’s intended (and publicly pronounced so, in the budget proposal) spending. This in turn affects what the state can tax or impose otherwise on its citizens, which was the focal point of attention for citizens that sparked the creation of the budget system (Kim 2024). The concept or principle is passive in the sense that the legislature is only to *react* to the Crown’s initiative or demands. This principle was explicitly affirmed in 1706 as Parliament’s resolution not to initiate any spending on its own. The resolution subsequently became SO 66, redesignated later as SO 48, and part of the UK’s unwritten constitution. Further spelling out its significance, SO 66 forms the basis for the standard model of budgeting presented in the second section of this paper – it is none other than the virtually universal government’s exclusive right of budgetary initiative. The US government’s recent contention that it has the right to impound is ultimately grounded in this passive interpretation of the power of the purse.

In contrast, the Congressional argument takes on a much more active, encompassing stance on what the power of the purse means. Going beyond merely restricting what the government would like to do, Congress contends that the Constitution gives it the right to tell government what to do through the enacted annual budget. Furthermore, aside from exercising its veto over the budget, government would not be free to not carry out the directives from Congress as embodied in the final budget. In short, according to this viewpoint, impoundments are not only illegal (violating the 1974 Act), but also unconstitutional. However, it happens that Article 1, Section 9 of the 1787 Constitution is not stated in language that is unambiguous enough to preempt any other possible interpretation. It still requires an interpretation, i.e., still remains open to challenge.

In the end, the current dispute in the US over impoundments boils down to the discrepancy between the standard budgeting model and the US Constitution regarding how to interpret the power of the purse. But, neither the standard model nor the Constitution are stating intrinsic truths that must be upheld – both state important principles, each ultimately a matter of choice. Any discrepancy between them can thus be sorted out by *selecting* which shall take precedence over the other. In the end, that decision is clearly a constitutional matter, probably to be determined by the Supreme Court on behalf of the sovereign, i.e., the American people. Furthermore, that choice is not necessarily compelled to follow the prevailing global practice

among other countries, important as it may be to consider that information.

Besides the US, impoundments are easily found in Latin American countries, too, although seldom referred to in those terms. Instead, the unilateral cuts are usually packaged as presidential decrees serving an important objective such as keeping the fiscal deficit and government debt below reasonable ceilings (Blondal et al. (2003, 2004), Santiso (2004, 2005)). But inasmuch as being unilateral presidential decisions to reduce legislature-approved spending, the decrees amount to the same thing as impoundments. Furthermore, in contrast to the US case, the constitutionality of impoundments is not questioned in these countries. This leaves such unilateral impoundments by the president comfortably within the boundaries of legality. They are often sanctioned by statutes that empower the proclamation of such decrees for fiscal soundness,³⁹⁾ in effect stylizing them as an additional feature in the annual budget process.

This section concludes by dwelling briefly on a different but related question, as it also concerns the constitutional relation between the legislature and the government. Can separation of powers still be said to hold if the legislature is not able to amend the government's proposal?

On a theoretical level, my answer to this somewhat philosophical question would be a qualified yes. Relative to countries that allow amendments, the balance of powers will be more in favor of the government since the constitution clearly gives the legislature less powers to assert its wishes. Nonetheless, it can still check the government's intentions by imposing cuts to items or rejecting the budget in total. At least in theory, the government is still denied the freedom to do whatever it wishes to do.

In practice, however, the question may actually remain just philosophical. Regardless of how the constitution may choose to split hairs on budgetary authorities, the presence or absence of amendment rights may possibly matter not as much as the legal wording will have us think. Relations between the legislature and government are often more reasonable than antagonistic, so it is quite possible that serious negotiations and compromises could take place well before the proposal even comes to the legislature, i.e., while being formulated by the government. Thus it is not

39) Note also, that in the majority of Latin American countries, the constitution recognizes partial vetoes by the government, unlike the USA (cf. Tables 2 and 3 above). Technically, this would appear to obviate the need for impoundments, as the government may selectively veto (including reducing, rather than just wholly striking out the items in question) questionable or excessive spending earlier in the budget process. Impoundments, however, will give the president a much more "frictionless" alternative to the partial veto to shape spending to his or her will.

uncommon for the draft budget to already incorporate earmarked spending to appease legislators, relieving pressure on the public deliberations and final vote to resolve all issues at the later stage in the legislature.⁴⁰⁾ Such anticipatory drafting is quite possible – shown in *Figure 1* as the input from technical expertise and political interests that are pre-factored into the budget proposal, represented by the dotted arrows – even when the constitution does not allow amendments, especially if the legislature has recourse to additional ways to pressure the government in areas other than budgeting. Pushing this train of thought one step further, one might even say that, more than the actual terms of amendment rights, the government will probably find that the real problem lies in the very existence itself of a legislature it has to contend with, evoking fond memories of the good old bygone days of unopposed monarchic authority. But that is precisely why the budget system was born as an integral part of the democratic model of statehood.

40) As a simple means of forcing its will, Parliament has the option of threatening to cut solely to bring government to the negotiating table, even when it has no constitutional amendment powers. The extreme version of this tactic would be to hint at a vote of no confidence or rejecting the proposed budget, which often mean the same thing in many countries. The reverse can also be true, with a government that is strong enough not to take constitutional restrictions very seriously.

4. Concluding Remarks

4.1 Recapitulation

This paper offers two contributions to the budgeting discourse. First, it identifies the constitutional aspect as a key factor that has been missing from the concept of what we had understood budgeting to be. This fills in the omitted dimension of empowerment and legitimacy to give us a fuller conceptualization of budgeting. This also allows us to suggest a plausible answer to the well-known question by Key (1940): is there a theory of budgeting?

Next, we have shown that the balance of powers between the legislature and the government can be reliably determined from only three factors that are explicitly stated in constitutions. Although this method is rougher than previous attempts to rank countries by the influence of legislatures, its simplicity allows almost all countries to be brought into the analysis, not just developed countries with ample information on their budget systems.

4.2 Relevance of the Standard Budgeting Model

Nearing the end of Part I, which presents a theoretical exposition of a standard model of budgeting, some practitioners may still remain not wholly convinced of this stylized model's relevance other than as a conceptual curiosity. In response, I would like to point out that the standard model's usefulness lies in the fact that it constitutes the very anchor or sole beginning reference point for practically all of the major reforms and issues that usually command the practitioner's attention.

An easy way to convince readers of this claim is to note that each of the familiar major reforms is motivated or justified as a counterpoint or juxtaposition to one of the standard model's features. The most prominent and even fashionable reform themes of the last several decades, multi-year budgeting (MTEF) and performance or results-oriented budgeting, are direct counterpoints to the central features of the standard model, annuality and specificity (control of inputs). Separation of powers has its own conspicuous counterpoints in the historical examples that diverged from this fundamental setting of budgeting's political authorities: the *dirigiste* approach favored

by most of the successful instances in the last century or so. These were the late starters that were trying to catch up with the frontrunners: namely, Prussia, Japan, the Asian tigers, post-war France, and more recently, China.

Some of the key reforms can be characterized instead as attempts to fulfil, rather than counter, the ideal, if not idealistic, objectives of the standard model. Notably, this would concern the principles of unity and universality. Issues such as introducing IFMIS, realigning the scope of the budget and accounting standards, etc., are all attempts to bring budgeting up to the standards demanded by those principles. That is, instead of working to justify exceptions that diverge from the standard model, these are reforms that push changes to conform with the model. A related issue that deals with more or less permanently established exceptions instead of correcting them would be the matter of EBFs (Extra-Budgetary Funds).

Again, practically all of the advocated modern reforms find their significance ultimately grounded in the standard model, relative to which they seek to introduce some flexibility or conversely stricter compliance. It is trivial to confirm that this model is indeed the *standard* that anchors the variations or exceptions proposed by the reforms – nobody takes the counterpoints or exceptions as substitutes that are supposed to supersede and overwrite the standard model. They are universally understood to be only complementary adjustments at best – the standard model is clearly the irreplaceable backbone of the budgeting framework. In this sense, the model does qualify as the solution to Key’s long-unanswered question, “what is budgeting?” The missing answer had lain in plain sight for over 8 decades, but unnoticed because it happened to be a blank spot still not written out, yet one that singly held together all the myriad topics that budgeting wrestled with. The spot was not filled in, i.e., remained invisible, because the various reforms somehow forgot to specify exactly what they were wrestling against to emend. Or perhaps they were each only focusing marginally on a small, particular feature instead of imagining what kind of big picture the missing parts could collectively render as an entire system.

4.3 Prototypes of Statehood

I will conclude by sharing a couple of thoughts from having waded my way around scores of constitutions over some years in my research. They are at best only embryonic ideas but may hopefully still serve as food for further thought for some readers.

The first idea is that despite all the variation and peculiarities, constitutions of the world's countries can still be categorized into just several groups.⁴¹⁾ This fits nicely with the realization that the representative examples given throughout the paper are drawn mainly from four countries: the UK, the US, France, and Germany (Prussia). The constitution, legal and budget systems, and idea or spirit of the state go together to collectively form a brand of statehood that embodies a notion of sovereignty and state leadership – among these four countries there are some variations in these factors, possibly somewhat conflicting among the four.

In this group of four countries we can find the typical types of political structures represented: presidential or parliamentary, semi-presidential, or presidential vs. (constitutional) monarchy. In terms of state leadership: emphasis on private initiatives (free markets and free trade) vs. dirigisme (Prussia/Germany and, later, France). In legal systems: common law vs. civil law (further differentiated into the French and German traditions).

As a result, these countries can be broadly seen as the four main prototypical models that to this day influence how numerous other countries throughout the world have set up and run their own systems of nationhood, including budgeting.⁴²⁾ This is perhaps not unrelated to the fact that the four were the most successful in the race for imperialistic domination in the late 19th and early 20th centuries. Having firmed up their own, varying identities of statehood by the early to mid-19th century, the subsequent conquests enabled them to spread their influence throughout the world, to long-lasting impact.⁴³⁾ Since the majority of today's nations gained independence after World War II from imperialistic domination by one of the four countries, their constitutions and legal systems, possibly also their budget systems, can be roughly grouped by similarity to one of the four prototypes. Such political and historical influence on their systems can be quite persistently ingrained and more resistant to

41) This is a different explication of the similarities found among countries throughout the world, but perhaps reflecting almost the same insight as Watson's (1974) theory of legal transplants.

42) Somewhat weaker French influence can also be found throughout Spanish and Portuguese-speaking nations, also for historical reasons. Similarly, the Prussian system influenced Meiji-era Japan and through it, Korea, China, and Chinese Taipei later on. It also influenced Eastern Europe as well as the former Soviet bloc countries. See also the cases of individual countries in Part II.

43) In fact, as the main competitors to one another and having run out of still-unclaimed territories to fight over, the four countries inevitably ended up forming two groups to clash among themselves as major adversaries in the two World Wars. The two successive global conflicts could possibly be viewed as contests on a worldwide stage to determine which of the different, competing norms and systems would prevail, not unlike the Cold War in more recent memory. One wonders whether there can be an end of history – or does it keep on recycling itself?

rapid change than one might expect. This point is easier to see when budgeting is viewed as a political institution rather than regarded as simply a technical tool for optimization.

4.4 *Nemo Judex in Causa Sua*

In contrast to the international perspective sketched out above, the other observation I have concerns the status of budgeting *within* a country. In most countries, the budget is a law⁴⁴) but all constitutions give it special treatment – why? Separate procedures and conditions are given in addition to the rules that govern most legislation. Mostly these just repeat the rules of the decision process for law-making. In itself such reconfirmation of rules and procedures for laws recognizes that the budget – itself a law – is special enough to call for such emphasis.

But beyond mere repetition and redundancy, the constitution does put additional substantive restrictions on budgeting. They still remain articulations of the same principle – to separate roles and authorities in order to ensure effective checks and balances. The difference lies in the additional points in the decision process where this principle is reiterated, sometimes adding clarification or even substantive variations, compared to standard law-making. The most obvious example of this is that the budget proposal must originate from the government, whereas bills of law generally may be introduced by either the government or the legislature. Similarly, many constitutions also specify procedures that enable the government to raise objections to legislative amendments to the budget.

This observation brings closure to a loose end left hanging open from an earlier question. Despite all the differences in the specifics of budget systems the world over, can we identify a common, constant feature? We have found our answer: it is not a specific expression or a procedure, but the principle that the initiating proposer and the final decision-maker cannot be the same. Constitutions universally take care to enforce this principle more rigorously for budgeting than for law-making. To ensure unbiased decisions or even guard against autocratic excesses, no entity may be allowed to make the final decision on its own proposal, *especially when the taxpayers' money is involved* – when the proposal for budget amendments comes from

44) To the best of my knowledge, all but six countries recognize their annual budgets as each enacted as a law. The exceptions are Japan, Korea, Norway, Sweden, Switzerland, and Chinese Taipei, where the budget needs final approval from the legislature but is not recognized as a law. Interestingly, none of their constitutions take the trouble to explicitly declare this fact.

the legislature, the usual roles are often reversed so that the government now becomes the decision-maker. Putting it differently, no one should be allowed to judge his own case: *nemo iudex in causa sua*.⁴⁵⁾

Wrapping up the loose end in this manner also brings us full circle to contemplate the paper's main thesis once more: *budgeting is democracy*. Paraphrasing Churchill's comment on democracy, it is neither perfect or all-wise. It is merely the worst form of decision-making except for all other systems that have been tried from time to time.

45) This maxim is similar in spirit to the phrase, "checks and balances," but precedes the latter expression (variously attributed to Montesquieu or John Adams, both from the 18th century), having been stated earlier in the 17th century by the famed jurist Sir Coke as a tenet of natural justice, together with *audi alteram partem* (listen also to the other side). Its roots can be traced back in legal history to similar statements in Roman law. While sharing the same roots as what was enunciated later in more refined form as "separation of powers," the phrase conveys a somewhat more primitive sense of justice and fairness.



Part II. Budget Systems throughout the World

Part II takes a closer look at individual countries' budget systems. The focus is on the legal dimension of budgeting,⁴⁶⁾ i.e., on the budgeting framework of the standard model discussed in Part I. For each country, the priority is on confirming that the budget system follows the familiar dichotomous configuration that divides political authority between the government and the legislature. After that, any peculiarities that may affect the balance between government and the legislature are noted. The overall aim is to show that the budget system as characterized by the standard model is indeed universally found in virtually all countries.

The contents that follow rely on the constitutions of the reviewed countries and, where available, on their organic budget laws and reviews of their budget systems by international organizations. I have also confirmed my findings with feedback from developing-country officials who have attended my graduate-level budgeting classes over a number of years, and from experts or government officials in international conferences, especially from Asian or Latin American countries.

Again, the reviews below focus mainly on separation of powers as officially stated in the constitution or organic law, with the understanding that in some countries the actual decision-making may possibly diverge, in varying degrees, from that officially stated democratic ideal. Usually, this is more likely to occur in former Eastern Bloc countries and developing countries, most of which have had relatively little time or experience in their histories to develop robust social and political institutions to support that ideal.

⁴⁶⁾ That is to say, rather than the political or even cultural (legalistic) dimensions. The reader is alerted by footnotes or other comments when such other dimensions may be particularly relevant.

1. Europe (34/42 countries reviewed)

- Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, Italy, Ireland, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Spain, Sweden, Switzerland, Ukraine, United Kingdom
- Not reviewed (8): Albania, Bosnia and Herzegovina, Kosovo, Lichtenstein, Moldova, Monaco, Montenegro, North Macedonia

All these countries, except for the UK, have the constitution clearly assign mutually exclusive budgeting roles and authorities between the government and the legislature. The UK does not have a codified constitution, so the relevant legal statement is Standing Order (SO) 48 of the House of Commons,⁴⁷⁾ better known in budgeting history by its former numbering as SO 66, first adopted as a resolution in 1706. As the UK case shows, the language may sometimes not be very explicit, but it is still clear that the authority to propose spending belongs exclusively to the government, not shared with the legislature or any member thereof. In the original (and shortest) version of 1706, the resolution reads as follows:

Resolved, That this House will receive no Petition for any Sum of Money relating to publick [sic] Service, but what is recommended from the Crown.

In contrast to the UK case, the French constitution is unambiguous because it uses different words for proposed bills of law: *proposition* or *projet*, depending on whether it is initiated, respectively, by the National Assembly or the government (Article 39: budgets and social security budgets are covered in Articles 47 and 47-1 as *projects*). The German Basic Law does not explicitly say that only the government may propose spending, but similarly to the UK standing order, Article 113 says any *law that*

⁴⁷⁾ Note, however, this particular Standing Order is considered part of the uncodified constitution.

increases, entails or brings about new spending shall require the consent of the government. The Swedish constitution employs more straightforward language: Articles 2 and 3 of Chapter 9 (*Financial Power in The Instrument of Power*) say that *the Government submits a budget bill, and the Riksdag approves a national budget.* The Spanish constitution appears to be one of the most succinct in stating the basic division of powers: Article 134.1 in its entirety says: *“It is incumbent upon the Government to prepare the State Budget and upon the Cortes Generales to examine, amend and approve it.”*

Turning to Russia and formerly Eastern Bloc countries, a few sampled examples should suffice to affirm the same type of division of budgeting powers. Article 106.a of the Russian constitution lists the *“federal budget”* as one of the *“federal laws adopted by the State Duma,”* while Article 114.1.a states the *“Government of the Russian Federation shall [...] develop and submit to the State Duma a federal budget.”* Similarly, the Lithuanian constitution is also quite clear in the assignment of authorities: Article 94.4 states *“The Government [...] shall prepare a draft State Budget,”* which *“The Seimas [...] shall approve”* (Article 67.14). In the Czech constitution, Article 42 addresses the matter in a very clear manner: *“(1) Bills on the state budget and the final state accounting shall be introduced by the government. (2) These bills shall be debated at a public meeting, and only the Chamber of Deputies may adopt resolutions concerning them.”* Similarly, the Polish constitution addresses the issue directly: *“The right to introduce legislation concerning a Budget, an interim budget, amendments to the Budget, a statute on the contracting of public debt, as well as a statute granting financial guarantees by the State, shall belong exclusively to the Council of Ministers.”* (Article 221); and *“The Sejm shall adopt the State budget for a fiscal year by means of a Budget [ustawa budżetowa - budgetary statute].”* (Article 219).

2. North and South America (21/33 countries reviewed)

- North America (2): Canada, United States
- North (Central) America (8): Mexico, Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, Panama
- South America (10): Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela
- Caribbean countries (1/13 reviewed⁴⁸): Antigua and Barbuda, Bahamas, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Saint Kitts and Nevis, St Lucia, St Vincent and the Grenadines, **Trinidad and Tobago**

In this list, the US case surely calls for the greatest attention. Aside from the Philippines,⁴⁹ it is the only country in the world where the government cannot propose bills of law. But besides this uniquely strict separation of the legislative and executive powers of government that denies the legislative initiative to the government,⁵⁰ the US constitution is also unambiguous in saying that: “*No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law*” (Section 9, Article 1). This means the budget (or any expenditure that may be otherwise approved by Congress) is a law; as a law, it can only be proposed by the legislature and not the government. Is this an exception to the worldwide rule that

48) Among the Caribbean countries, Trinidad and Tobago is the only country whose budget system I have reviewed in detail.

49) The Filipino constitution (from the first version in 1935 to the later versions) resembles the US constitution rather closely, including the strict separation of state powers. However, coming much later than the US constitution, several crucial points were addressed: specifically, the budget is proposed by the President (Section 22, Article VII), and Congress may not increase appropriations recommended by the President (Section 25(1), Article VI). The Filipino President, unlike his US counterpart, also enjoys the right of partial veto, not for general legislation but for the budget (appropriations, revenue or tariff bills; Section 27(2), Article VI).

50) Section 1, Article I states: “All legislative Powers herein granted shall be vested in a Congress of the United States,” but Section 1, Article II only confers executive Power in a President, without any amelioration of the denial of the right to propose legislation. All other countries’ constitutions, with the exception of the Philippines, give the legislative initiative to both branches of government, although approval of bills of law is universally solely the right of the legislature, again with some very rare exceptions (in some autocratic systems).

only the government may propose the budget?

Technically, or at least formally in the literal sense, the answer appears to be in the affirmative. However, a more reasonable interpretation would be that the budget is drafted and proposed by the government as in other countries, but following a peculiarity in the US constitution, the legal or formal initiation of the draft as a bill of law is separated from the proposal as a draft budget.⁵¹⁾ Following this interpretation, we may then say that the budget is still proposed by the government in the US, but Congress enjoys and occasionally exercises great power, compared to other countries, to modify the budget proposed by the government. A point in favor of this interpretation would be the 1921 Budget and Accounts Act, which requires to this day that the *President must draft a budget and send it to Congress.*⁵²⁾ It is only upon receipt of the President's budget that Congress may begin the process of legislation. It will draft the first bill of law for the budget process within Congress then, which, incidentally, does not rule out the possibility of adding its own modifications to the President's budget draft. However, there are rules in both houses with clauses to prohibit increases in the budget bill, using wording that is similar to the UK Commons Standing Order discussed above – this would imply that the first draft as proposed by the President does carry considerable weight and should not be regarded as open to easy modification by Congress.⁵³⁾ Thus, we can say that arguably the US case still fits within our definition of the standard budget system model, which separates the powers of proposal and approval in budgeting.

What about the other countries in the Americas? A detailed review of Belize, Canada, and Trinidad and Tobago will be skipped with the excusing explanation that these are Commonwealth countries with legal and government systems that are modelled after the UK, the main difference being that they do have codified constitutions. Indeed, many of the pertinent clauses governing budgeting powers and responsibilities are

51) Otherwise, introduction of the 1921 Act would have required a constitutional amendment that granted the legislative initiative to the President, at least for the budget bill.

52) The current organic law for the US, the 1974 Congressional Budget and Impoundment Control Act, almost exclusively concerns the congressional budget process. Therefore, for the government's part of budgeting, the 1921 Act should be understood as still being the relevant law in force under the common law system, except for any parts that have been explicitly overwritten by a later law. Specifically, currently 31 US Code § 1104 (a), originating from the 1921 Act, requires that "The President shall prepare budgets of the United States Government," while 31 U.S. Code § 1105 says he "shall submit [to Congress] a budget of the United States Government for the following fiscal year."

53) Rule XXI of the Standing Rules in the House of Representatives and Rule XVI of the Standing Rules of the Senate. Contrary to the ostensible intention of these rules, there are significant loopholes that are well known and often exploited by the House and the Senate to introduce increases or new spending not originally in the President's budget (Schick 1984, CRS 84-106).

quite similar to those that can be found in the UK, and the constitutions are clear about roles and authorities concerning the proposal and approval of budgets and expenditures. Note that I have not examined budget systems in the Caribbean, which number over a dozen countries. Yet the majority are also English-speaking Commonwealth members, the others, of Spanish heritage. Their budgeting and governmental structures are therefore not very likely to differ from the cases of either the 3 Commonwealth members or the Latin American countries covered in this section.

The remaining nations from the above list, although quite numerous, all share a common cultural heritage as Latin American countries, where the meaning of the word cultural can be extended to its broadest extent to cover legal and political systems, as well as common historical backgrounds. In languages, 17 speak Spanish, while Brazil alone uses Portuguese. But the two languages are still close to each other, as both are Romance languages derived from Latin, and thus form a common linguistic foundation for a shared cultural identity. All 18 countries considered here have distinctly presidential systems with the standard division of powers proposed by Montesquieu (1748). Compared to English-speaking cultures, these Latin cultures are characterized by a strong preference for extensively and precisely formulated rules and regulations that values *ex ante* completeness⁵⁴⁾ in the civil law tradition, a trait that is often referred to as *legalistic*. It is therefore not surprising that the division of powers is clearly and explicitly stated in these countries' constitutions; in particular, those concerning the proposal and approval of the annual budget. Regarding these basic competences, there is no exception or even the slightest ambiguity among the 18 countries.⁵⁵⁾

There is some variation, however, when it comes to the legislature's authority to modify the government's proposed budget, and in the government's powers to veto the final budget bill as approved (with modifications, presumably) by the legislature.

54) This refers to the idea that the law should cover all cases that may arise, even those that were not foreseeable at the time of its legislation. In contrast, the common law tradition recognizes that new cases may be decided by the court's judgement, effectively allowing judicial participation in legislation through precedents so set.

In such legalistic cultures, there is more room for discrepancies between the law as written and the law as observed in practice. Some caution is warranted in interpreting how the officially proclaimed legal environment can be mapped to actual implementation. The discussion in the text pertains only to the official aspect of laws or constitutions as written. For a fuller picture of how budgeting works in these countries, see Curristine and Bas (2007) or Santiso (2004, 2005).

55) .As per the preceding footnote, some caution is advised when interpreting the legal environment in legalistic countries, as those in Latin American are usually considered to be.

Eight countries —Chile, Colombia, Costa Rica, Ecuador, El Salvador, Panama, Peru, and Uruguay—prohibit the legislature from introducing any increases or adding new items to the budget.⁵⁶⁾ In most of the other countries, individual items in the budget may be increased by the legislature, subject to certain conditions – this is usually the proviso that the totals will not be affected, by making an offsetting reduction in some other items; or specifying a new revenue source so that the addition is neutral with respect to the budget balance. However, Argentina, while allowing this kind of balance-neutral adjustments by the legislature, still does not permit the addition of new projects or programs not in the government’s budget proposal. In distinct contrast, a rather unique case can be seen in the budget systems of Bolivia and Guatemala. There are no restrictions at all on how the legislature may modify the budget bill before voting it. Experience shows that such unlimited freedom in the legislature’s budget process is seldom conducive to the health of government finances.

This raises a related issue, that of veto rights by the government. Should questionable additions be made to the budget by the legislature, the Bolivian government still has the political authority to check such motions and thus safeguard the balance of powers between the legislature and government. Furthermore, the government will be able to pinpoint its checks that counter the questionable additions, as the constitution confers both partial and full veto rights. The Guatemalan government is not so fortunate, though. The constitution recognizes only full vetoes, which means the government may find a veto of the entire budget too costly in relation to some minor items inserted by the legislature that it finds problematic.

For many of the other Latin American countries besides Bolivia and Guatemala,⁵⁷⁾ the government has the right of partial veto in addition to the full veto, as in the Bolivian case. Thus, whatever limited latitude the constitution may grant the legislature for modifying the budget bill is subject to a final, ex-post constitutional check in the form of a governmental partial veto. The few exceptions, or countries that recognize only the full veto, are Colombia, El Salvador, Panama, Peru, and Uruguay. Yet for these five countries, the partial veto appears to be a theoretically irrelevant issue, as the constitution simply bans any increase by the legislature – at least in theory, there can be no modification that the government would post facto want to object to. Finally, there are three countries where the government has no veto rights at all over the

56) Such modifications are still possible, however, in Colombia and Panama, provided that the legislature’s proposal has secured the prior consent of the government, i.e., not as a unilateral initiative.

57) Specifically, the list includes 8 countries: Argentina, Brazil, Chile, Costa Rica, Ecuador, Mexico, Nicaragua, and Paraguay.

budget approved by the legislature. In Costa Rica and Honduras, the issue is again moot since the legislature may not introduce any increases to the budget before it votes – the government can have no reason to object to a budget that is essentially an intact copy of its own proposal. The remaining case is Venezuela, where the legislature may introduce increases insofar as the budget expenditure total stays within the forecast revenue sum. Although denied any veto rights over the budget, the government may refer the issue to the Supreme Court to adjudicate, which is a quite exceptional method even among all country cases, not just Latin America, for handling budgetary disputes.

Recapitulating, all countries in the Americas also adhere to the principle that budgetary powers are divided so that the government proposes, and the legislature approves the budget. Over the legislature's freedom to modify the budget bill before voting on it, there are variations in the ex-ante restrictions or rules and the ex-post veto rights specified in the constitutions.⁵⁸⁾ However, in no country, including the USA, does the legislature enjoy complete, unfettered freedom in how it may make changes to the government's proposed budget. With different degrees of effectiveness, the overarching principle guiding the budget system can be seen to be the division of powers designed to uphold checks and balances.

⁵⁸⁾ See Section 5 in Part I for why ex ante and ex post restrictions ought to be considered together as a combination, rather than individually, for their effectiveness.

3. Asia (27 countries)

- East Asia (15): Brunei, Cambodia, Chinese Taipei, East Timor, Indonesia, Japan, Korea, Laos, Malaysia, Mongolia, Myanmar, the Philippines, Singapore, Thailand, Vietnam
- Indian Sub-continent (6): Bangladesh, Bhutan, India, Nepal, Pakistan, Sri Lanka
- Central Asia (6): Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan

Omitted from this list are China and MENA countries,⁵⁹⁾ which will be given special attention separately below, as most of them are outright or implicit adherents to monolithic state powers. These autocratic systems beg a question that warrants more careful consideration: will the budget system still specify a separation of powers between the legislature and the government, and how would that be reconciled with autocracy?

In all the countries above, the constitution clearly states that the budget shall be prepared annually by the government for approval by the legislature. This allows us to focus on other features of their budget systems, mainly the extent to which the legislature may amend the budget bill, and what kind of powers are given to the government to counter any amendments not to its liking. All except Japan, Korea, and Chinese Taipei, recognize that the budget is a law.

3.1 East Asian Countries

The first bulleted list, consisting of 15 East Asian countries, shows countries that can be grouped by a diverse range of historical or cultural influences. This contrasts with the European and American countries reviewed above, where countries tend to have a common historical or cultural background shared among members in the same region. This shared background extends to similarities also in their political and

⁵⁹⁾ Azerbaijan and Georgia were included among the countries examined for the European region.

budgetary systems, permitting relatively compact broad characterizations of their budgeting frameworks. Unfortunately, the same kind of compact stylizing does not seem to work very well for Asian countries. There is considerably greater diversity in the different external historical influences. Furthermore, even grouping countries with similar experiences together does not always help, as some groups do have members that are indeed similar to one another, but others comprise countries whose similarities at first glance prove to be only somewhat superficial.

Therefore, our review of the legislature's powers of amending the budget and the government's veto powers will be less detailed than in the European or Latin American cases, since it would be difficult to provide an in-depth country-by-country analysis for each individual Asian country. The main confounding factor here is that some countries have leaders or even parties that are obviously dominant or even autocratic, but at the same time have governments set up as cabinet systems with a prime minister. Therefore, the constitution often omits or has only somewhat unclear specifications on the legislature's authority to amend the budget and the government's veto powers, if any. Inquiries into the actual balance of budgetary powers in some of these governments would therefore require more effort than would be possible through documentary review of evidence given by constitutions and statutes.⁶⁰ In any case, as mentioned above, all countries do satisfy the basic features of budgetary separation of powers – the government proposes, and the legislature approves the annual budget, which is a law (except in Japan, Korea, and Chinese Taipei). It is only regarding the finer aspects of the power balance that there remains some ambiguity.

Among countries listed as East Asian, consider as the first group those that show Japanese influence: Japan itself, Korea, and Chinese Taipei. The Japanese constitution has the Prussian constitution of 1850 as its strongest influence, integrated into its first constitution of 1889, known as the Meiji constitution,⁶¹ and subsequently recast in its current form in 1947 after World War II, possibly incorporating elements from a wider

60) My own impression gained through the experience of regularly organizing conferences and workshops throughout the year among top budgeting officials in the region for a number of years, is that in most countries in the region, the legislature does not amend the budget bill to any significant extent, obviating the necessity of a precisely and extensively elaborated veto procedure.

61) Although proclaimed in Ito Hirobumi's name on behalf of the Emperor, numerous sources attest that the Meiji constitution was drafted by a committee of 5 members, including Ito. This committee also included a German constitutional scholar, Hermann Rössler, who is reputed to have written the first complete draft (copies of which survive), which was then subjected to numerous revisions by the committee. The committee's revisions are reported to have left untouched the part that concerns "Finance" (Chapter VI, regarding the national revenues and budget) as Rössler first drafted it.

range of Western ideas. The first Korean constitution of 1948 was naturally heavily influenced by the Meiji constitution, and through it, by the Prussian system of a century ago. However, there are also traces of American or French elements, especially in last-minute changes in the draft from a parliamentary to a presidential system, together with a crucial clause from the French fourth republic's constitution of 1946 (Article 17.2), that in the legislature *"no proposal to increase planned spending or to create new expenditure may be presented during the discussion of the budget, provisional and additional appropriations."*⁶²⁾ The Korean constitution has gone through 9 revisions since then, but the basic framework for budgeting has never changed. The Chinese Taipei constitution, although inheriting ideals and principles from the provisional constitution of the Republic of China in 1912, shows strong resemblance to the Japanese system, especially when it comes to the budget system. As in Korea, the legislature may only propose cuts and not increases or new additions to the budget bill.⁶³⁾

Interestingly, none of these 3 Far-Eastern countries regard the budget as a law. This makes the government veto a non-issue – the budget is finalized when approved by the legislature, and need not be proclaimed as would a general act of law. Although it is not a law, in all 3 countries, the constitution stipulates that the annual budget be proposed by the government and approved by the legislature. It should also be noted that the legislature may not increase or add new items, at least according to the constitution or the organic law.⁶⁴⁾ This restriction can in fact be argued as a logical consequence required by the budget not being a law. Should the legislature introduce significant alterations to the budget bill, the principle of checks and balances demands that any such motions initiated by the legislature ought to be subject to a final check by a possible government veto. But then, the veto normally applies only to bills of law, as it does in all 3 countries. Therefore, the budget, not being a law, may not be vetoed by the government,⁶⁵⁾ leaving the legislature to propose and adopt

62) The latter restriction on increases by the legislature remains the central point of contention for the Korean legislature to this day. Note that the French clause categorically bans any kind of increase to the budget bill, whereas the Korean version from its original adoption in 1948 has allowed the possibility of increases or the addition of new spending items if the government's formal consent is secured.

63) As already noted, increases or new items of spending are still possible, however, provided they have the government's formal consent, as required by the constitution.

64) In Japan, the constitution and organic law do not explicitly disallow increases or new items and allows for amendments by the Diet. However, being a parliamentary government, the executive's draft budget is conventionally accepted without any serious amendments or modifications. Indeed, since World War II, there have been only four modifications to the budget (Lienert & Jung, 2004).

65) The budget may still be vetoed in Chinese Taipei: Article 3(2) of the *Additional Articles of the*

increases or new items free of any checks. Hence the constitution must specify for the budget, separately from bills of law, explicit prohibitions against increases or new items introduced by the legislature.

For other countries in the East Asian list, most of them likewise have budget frameworks with characteristics that dovetail with their past historical ties. For instance, Part I has already described how the Filipino budgeting framework has similarities to the US budget system. Malaysia's constitution shows strong traces of British influence. So do the constitutions of Myanmar, Singapore, and Thailand, but with more specific restrictions limiting the legislature's powers to modify the budget bill. In Myanmar, the constitution has multiple clauses (Article 103) that forbid refusal or curtailing certain categories of expenditure in the government's proposal. Similarly, the Malaysian and Thai constitutions do not allow money bills to be initiated or amended by the legislature (Article 67 and Section 144, respectively). The constitution of Brunei reads similarly to that of Malaysia in the clauses that govern budgeting (Articles 56 – 65), except that it assigns final veto and amendment rights to the head of the state⁶⁶⁾ without the possibility of the legislature overriding them: Article 45 states that the "*if His Majesty the Sultan ... amends the Bill after it has been passed by the Legislative Council, [he] shall not be required to refer the Bill back to the Legislative Council.*"⁶⁷⁾ Even with such strong deterrents against legislative modifications, the Singaporean constitution additionally places ex ante restrictions on any bills on taxes or spending. For ex post restrictions against the budget as approved by the legislature, the President may veto the budget approved by the legislature (Article 148A).⁶⁸⁾ However, Article 37IF says the President's decision may yet be overridden by the legislature *at the request of the government*. Overall, all the constitutions discussed in this paragraph give the impression that the legislature is not given much room to modify the government's draft budget.

Constitution (2005) explicitly lists the budget (along with statutory and treaty bills) as bills that are subject to a veto.

66) Malaysia and Brunei being Muslim Malay states, the monarch is the head of the state, recognized in the constitution with the title "Yang di-Pertuan." There are also other notable similarities in the content and language of the two constitutions.

67) The same is also implied in Articles 42 and 43.

68) One may wonder why there would be a need to veto the budget bill approved by the legislature, when the ex-ante restrictions practically guarantee that the approved bill will be exactly what the government had proposed, possibly including later changes that are allowed, again, only to the government to request. But note that the government is effectively led by the Prime Minister, but the veto comes from the President, who is normally not involved in the affairs of government. The veto is arguably the sole substantive political authority granted to him by the constitution.

Indonesia deals with interactions between the legislature and executive in a unique way that obviates any need for procedures that restrict amendments by the legislature or any executive vetoes. The constitution simply states that bills of law, including the budget, must have joint approval by the legislature (DPR; House of Representatives) and the President (Article 20). Timor-Leste and Mongolia provide an interesting contrast. Both have constitutions that are relatively new but come from very different historical backgrounds. Timor-Leste gained independence in 2002, while Mongolia's government and constitution underwent a dramatic change in 1992, from its former constitution of 1924, 1940, and 1960.⁶⁹⁾ The constitution in Timor-Leste forbids the introduction or amendment of bills by the legislature that may increase spending or reduce revenue (Article 97), while Article 85 specifies details for Presidential veto of bills and the subsequent responses allowed to the legislature. The Mongolian constitution is relatively compact, especially concerning the budget. However, it does explicitly grant partial, in addition to full, veto rights on bills of law to the President, which is uncommon among Asian countries. Both countries allow the legislature to override the President's veto with a supermajority of two thirds of its members.

There are 3 countries that remain on the East Asian list: Cambodia, Laos, and Vietnam. As neighbors in the Indochinese region, one might expect them to have close similarities in government and budgeting, based on their historical and cultural backgrounds. All three share a Buddhist culture and have been exposed to French rule in the past, although in the more recent past their constitutions have gone through Soviet or socialist influences, with further amendments yet after the end of the Cold War ca. 1988. But despite the similar backgrounds, there is some unexpected variation in budgeting provisions, at least as specified in their constitutions. In veto rights over the budget, there are some significant differences, at least in what the constitutions say. Cambodia, for instance, has a constitutional monarchy and is silent on modifications or vetoes regarding bills of law (including the budget). These are interactions that usually take place between the legislature and government. But interestingly, Article 113 (newly adopted in 1999) specifies procedures governing these kinds of interactions between the Senate and the National Assembly, i.e., *within* the

69) Mongolia was the first country after the USSR to adopt a Soviet-style constitution, when it broke free of its historical monarchy in 1924. Its two subsequent constitutions continued in a similar vein, until the sudden transition to a more Western style of democracy after the end of the Cold War. However, a peculiar feature that survives to this day is the dominance of the legislature, the Great Khural (still associated with Genghis Khan's rule), relative to the executive, which can be seen in the constitution (Article 25. Competences [of the Legislature]) as well as in popular perception.

legislature: Article 112 stipulates that *“The Senate has the duties to coordinate the work between the Assembly and the Government.”* Laos has a President as head of state (Article 56), but the government is led by the Prime Minister (Article 53). Both are appointed by the National Assembly, but Article 60 does specify veto rights of the President and procedures for the Assembly to override it. However, the constitution does not specify any ex-ante restrictions against modifications to the government’s budget proposal. Vietnam’s constitution accords sovereignty to the people (Article 2), but also specifies that the Communist Party of Vietnam “is the leading force of the State and Society” (Article 4).⁷⁰⁾ Similarly to Laos, the President and Prime Minister are appointed by the unicameral legislature (National Assembly). The President has quite limited veto rights, only over ordinances, but not over the constitution and laws (Article 88). In practice, however, despite the apparent variation among these 3 neighbors in how budget modifications and vetoes are formally specified, the budget as proposed by the government is approved with little or no modification.

3.2 Indian Sub-continent

Six countries are found in this list: Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. Although the list is quite short, there is remarkable diversity both between and within each country regarding ethnicities and languages, as well as cultural and religious influences from Buddhist, Hindu, and Muslim faiths. Fortunately, their governments and budget systems can be succinctly summarized because they all follow the Westminster model; except for Sri Lanka,⁷¹⁾ they all happen to drive on the left as well.

Bangladesh, India, and Pakistan have constitutions that strongly resemble one another in both structure and wording, especially in provisions concerning the budget. They are also quite lengthy and detailed⁷²⁾ but can still be summarized as similar to the UK in that the legislature is not allowed to introduce bills that entail spending, nor increase spending amounts without the assent of the government.⁷³⁾ Any request for

70) This suggests there may be similarities to China, examined below, regarding the roles and authorities conferred on the legislature and the government.

71) All have prime ministers leading the government, except for Sri Lanka, where the president has enough effective political authority for the government to be considered semi-presidential. Interestingly, all have presidents as well as the prime minister, except for Bhutan, which is a constitutional monarchy.

72) With a preamble and 470 articles, most of which tend to be quite elaborative, the Indian constitution is reputed to be the longest for any sovereign nation. The original version adopted in 1947 had 395 articles, with over 100 subsequent amendments.

73) Parliaments in all 3 countries are still allowed to reduce or “omit” any item during reviews of the grants,

increases must be moved by a Minister, who in turn requires the consent of the Cabinet of Ministers. Once the government's request for "grants" is approved in this manner, an appropriation bill for the approved funds is introduced in Parliament, which it may not amend. Another feature common to the three countries is that the budget consists of two components: expenses that are constitutionally protected, and "grants," which covers all other spending. Although both must be appropriated, the former is automatically included, while grants must be voted on by the legislature. This is similar to the UK budget's distinction between Consolidated Fund Services and Supply Services – in fact, the review of anglophone countries in Africa below shows that their budgets are also structured in the same way. One may safely assume that this feature, probably along with other parts of the system, were taken from the English budget system.

The Sri Lankan constitution is in marked contrast to its neighbors, or for that matter, to almost any other country, in that it is noticeably silent on budgetary provisions. The sole constitutional provision is Article 152, which says that only a Minister may introduce a bill for spending from the Consolidated Fund.⁷⁴⁾ Yet the same kind of restrictions as in its neighbors also apply to Sri Lanka, but imposed in a manner that is like the UK: through standing orders of the legislature, rather than the constitution. Standing Order articles 133(1) and 133(9) allow the introduction of motions to reduce or omit amounts allocated to any item in the budget. Increases are also allowed by SO 133(7), which, however, are subject to the same conditions as its neighbors. Only a Minister may make the motion, and only with the approval of the Cabinet of Ministers.

The constitutions of Bhutan and Nepal affirm the basic framework of budgeting: the roles and authorities of the legislative and executive branches of government, and that spending must be approved annually by law. Beyond that, however, neither gives further directives on whether or how the legislature may amend the money bill or financial bill introduced by government. Both constitutions recognize that the government may veto bills of law, but explicitly exclude the finance bill (the budget) from the veto.

but not so once the appropriation bill based on the grants has been introduced.

74) Standing Order 136 of Parliament forbids Parliament from "*consideration of any motion, Bill or amendment thereto authorizing disposal or imposition of charges upon the Consolidated Fund or other funds of the Republic [or any changes to an existing tax].*"

3.3 Central Asian Countries

As suggested by the common suffix,⁷⁵⁾ these 6 countries share a common cultural and historical heritage. All of them are Muslim countries and except for Afghanistan have been part of the USSR before gaining independence in the 1990s. They are also presidential republics, although 4 of them have prime ministers as well.⁷⁶⁾ Indeed, the constitutions of these countries all bear resemblance to each other, especially in matters regarding budgeting.

Reviewing the constitutions of the 6 countries, one may quickly confirm that the annual budget is a law that is proposed by the government and approved by the legislature, thus fully conforming with our notion of the basic framework for separation of powers in budgeting. On other matters, such as amendments or vetoes, there is some variation.

Having presidential systems of government, all recognize the president's veto for general legislation, which may be overridden by a 2/3 supermajority by the legislature. Usually, the presidential veto is allowed to return the bill to the legislature together with his objections to all or part of the bill, which can have the effect of a partial veto. None of the constitutions separately address the issue of vetoing a budget bill, except for Kyrgyzstan. Interestingly, Article 81 does so, but only to single out the Kyrgyz budget bill as not being subject to the veto, which is allowed for all other legislation. Two countries have a rather idiosyncratic system of vetoes – the veto is defined not only between the legislature and the president, but also within the legislature between the two chambers. In Kazakhstan and Uzbekistan, the upper chamber may veto bills as passed by the lower chamber of legislature. Similarly to the presidential veto, the lower chamber may then override this veto with the usual 2/3 supermajority, which the upper chamber must then accept.

On whether or how the legislature may amend the budget proposal from the government, three countries' constitutions are silent (Tajikistan, Turkmenistan, and Uzbekistan). For the other three, Afghanistan (Article 97) says the legislature must approve or reject the proposed budget, without allowing the option of modifying it.⁷⁷⁾ Kyrgyzstan (Article 80) allows the legislature to increase expenditures, but only after

75) The suffix "stan" is Persian for "land." For the reader's convenience, the 6 countries are, again: Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan Turkmenistan, and Uzbekistan.

76) Afghanistan and Turkmenistan do not have prime ministers.

77) In case Parliament's final decision is to reject the budget bill, it is sent back to the ministry of finance to resubmit an amended bill that incorporates Parliament's comments.

the government identifies a corresponding funding source. This may explain why Article 81 excludes the budget bill from the presidential veto (as superfluous). Likewise, Kazakhstan (Article 61.6) allows the legislature to decrease revenue or increase spending, but only with the consent of the government.

Some additional information not in the constitutions can be gleaned from the organic laws for budgeting or other statutes.⁷⁸⁾ In Kazakhstan, as a further elaboration of the constitution's Article 61.6 regarding governmental consent, Article 76 of the Budget Code requires that the legislature comply with the principle of reasonableness and the principle of maintaining balance-neutral amendments. The former principle specifically requires that any proposals of deputies to introduce amendments or additions to the draft budget must be accompanied by a written statement of the need to introduce these amendments, their compliance with the priorities of socio-economic development – accompanied by appropriate calculations – and proposals for adjusting the indicators of development plans for the region, city of republican significance, the capital, as well as indicators provided for in budget programs. This requirement would probably be considered beyond the competence of most legislatures, let alone the Kazakh Parliament. But it does have the effect of technically allowing the legislature to increase spending or even introduce a new project not in the Government's proposal, provided that such initiatives can satisfy the daunting requirements.

Compliance with the second principle of balance-neutral amendments requires that any changes or additions to the draft budget must identify additional sources of revenue or reduced costs so that the budget balance in the draft budget remains untouched. This opens the possibility for the legislature to redistribute spending between certain sectors or reduce spending on certain areas.

Uzbekistan is the other country where more information than the constitution was available. The procedure for amending the draft budget is not clearly spelled out either in the Constitution or in the Budget Code. This issue is defined in the Law on the Regulations of the Legislative Chamber of the Oliy Majlis. Article 20 of this Law says the legislature cannot unilaterally change the draft state budget. In the Oliy Majlis, all proposals of its committees and factions on the draft budget shall be discussed with the Government, pertinent members of which are invited to the Oliy Majlis for that purpose. The upshot is that amendments and additions can be made to

78) Other than Kazakhstan and Uzbekistan, I have not been able to obtain such additional information. Note that these two countries have the highest per capita income among the six Central Asian countries, although Kazakhstan's is about 3 times that of Uzbekistan.

the draft State Budget after the discussion if the government and the legislature both approve of the proposed modification. In effect, this is like requiring the government's consent for the legislature to adopt any changes to the budget proposal, perhaps obviating the president's veto, which the constitution still accords him, however.

4. Africa (22/54 countries reviewed)

- Anglophone countries (10/22 reviewed)
 - Botswana, Eritrea, **Ethiopia**, Eswatini, Gambia, **Ghana**, Lesotho, **Liberia**, **Kenya**, Malawi, Mauritius, Namibia, **Nigeria**, Sierra Leone, Somalia, **South Africa**, South Sudan, **Sudan**, **Tanzania**, **Uganda**, Zambia, **Zimbabwe**
- Francophone countries (8/21 reviewed)
 - ▶ *French as only official language (4/11 reviewed)*
 - Benin, Burkina Faso, Congo (Brazzaville), Côte d'Ivoire, **Democratic Republic of Congo (DRC)**, **Gabon**, Guinea, Mali, **Niger**, **Senegal**, Togo
 - ▶ *French as one of official languages (4/10 reviewed)⁷⁹⁾*
 - **Burundi**, **Cameroon**, **Central African Republic**, Chad, Comoros, Djibouti, Equatorial Guinea, Madagascar, **Rwanda**, Seychelles
- Countries with French and Muslim influence (3/6 reviewed)⁸⁰⁾
 - Algeria, **Egypt**, Libya, Mauritania, **Morocco**, **Tunisia**
- Lusophone countries (1/5 reviewed)
 - Angola, Cape Verde, Guinea Bissau, **Mozambique**, Sao Tome & Principe

79) Cameroon, Rwanda, and the Seychelles also count English as an official language. The primary language for Comoros and Djibouti is Arabic, while Equatorial Guinea mainly speaks Spanish.

80) In all 6 countries, Arabic is the official language. The 5 countries other than Egypt comprise the Maghreb region, where French is widely spoken. Egypt is familiar with both English and French.

Africa seemingly poses the greatest difficulty for this review. As the continent with the largest land mass, it also has the largest number of countries, 54 as the United Nations counts. With this also comes great diversity in ethnicities and cultures. Supplementary material beyond the constitution, such as organic budget laws or similar statutes are also harder to secure for review. Fortunately, a grouping mainly by languages yields a rather small number of categories, within which countries are relatively homogeneous in terms of constitutional and political systems that reflect their colonial experiences. The most useful classification for our purposes gives 4 groups: 3 by language, anglophone, francophone, and lusophone (Portuguese-speaking), plus the North African countries as a separate group.⁸¹⁾

Earlier, the Latin American countries and those in the Indian sub-continent also showed strong likenesses among the member states within each group, at least in saying how the government and legislation (including budgeting) should work. Hopefully, the reader will accept this as a reasonable excuse for presenting a greatly abbreviated review for Africa (and also Oceania in the next section) – I have examined the budget systems in only about a third of the many African countries (those marked above in boldface), but, within each group, the strong similarities in not just the content but frequently the specific wording as well leaves not much doubt that the other, unreviewed countries will be very similar, too.

Consider first the basic framework of budgeting powers. For all 22 countries I have examined, it can be verified without much trouble from the constitutions that the government proposes and the legislature approves the annual budget, which is a law. For the sake of brevity, this section will therefore omit a discussion of the basic separation of budgeting powers. Instead, it will focus on features where slight variations may exist among countries: whether the legislature may amend the proposed budget, and possible vetoes against such by the government.

Further simplifying our task, we note that almost all of the 22 African countries reviewed here have presidential systems of government, even though roughly 2/5 of them are anglophone countries with constitutions in the British tradition. All 12 countries reviewed in the francophone and lusophone groups have presidential systems; among the anglophone countries, 9 have presidential systems, Ethiopia being the sole exception.⁸²⁾ This means that the veto rights of the president or leader of

81) A number of countries speak both English and French: Cameroon, Egypt, Rwanda, and the Seychelles. I have classified them as francophone because their constitutions bear clear resemblances to the French constitution (1958) and each other's in how they treat form of government and matters of legislation.

82) Strictly speaking, there are several countries in this group that can be seen as semi-presidential or even

government is explicitly stated in the constitution. Similarly, the Northern African countries, grouped as those with French and Muslim influence, have presidential systems with clearly specified veto powers.⁸³⁾ Indeed, many of these countries' constitutions state a relatively strong version of the president's veto: they allow not only full but also partial vetoes. Furthermore, in most of the African countries reviewed, overriding the presidential veto will take a supermajority of 2/3 of votes in the legislature, which is much more difficult to achieve than a simple majority. The following discussion will therefore focus exclusively on the only remaining issue: to what extent is the legislature allowed to amend the budget proposal before giving its approval?

Before delving into the details, it is worth noting that the power of partial veto granted to the president will have the effect of substantially deflating the significance of any amending powers allowed to the legislature. Should any amendments be introduced by the legislature, the president will have the means of checking any such initiatives by exercising his constitutional right of partial, selective veto. This may help to understand why some African constitutions or organic laws omit or are not very clear on the legislature's authority to introduce amendments to the proposed budget bill.

4.1 Anglophone Countries

There are 3 countries from the western region of Africa and 7 in the contiguous anglophone region in the east. The choice of countries reviewed here reflects both the size (population) and geographical dispersion, especially in the eastern contiguous group. Therefore, any country not reviewed here should be adjacent to a reviewed country, and presumably not very different from its neighbor in its budgeting arrangement.

In this western group of countries, Liberia may merit special attention because, unlike other anglophone countries, its history has close ties to the United States rather than the UK. Indeed, its constitution has distinct similarities to the US constitution: there is no mention of a budget, but only a provision that forbids *"[any] money [to be] drawn from the treasury except in consequence of appropriations made by legislative*

under the control of a military junta (Sudan and South Sudan), but for simplicity's sake I have described them as presidential systems because the president or leader plays a dominant role in the government.

83) Morocco is an exception, as it has a monarch, who has even stronger veto powers than usually given to a president.

enactment” (Article 34.d.ii, in identical wording to Section 9.7, Article 1 of the US constitution). A key difference from the US constitution can be found in Article 35, which states veto rights similar to the US case, but says *“the President may disapprove of the entire bill or resolution or any item or items thereof.”* The addition of partial vetoes puts the Liberian President in a stronger position in dealing with the legislature than his US counterpart.

The Liberian constitution is silent on whether or how the legislature may amend the budget proposed by the government. The relevant regulation can be found in Section 16 of the organic law, the PFM Act (2009), where the first clause says:

1. *In reviewing the Proposed Budget submitted by the President, the Legislature may, in coordination with the Minister, introduce amendments, providing explanation for each amendment proposed, indicating how these amendments are to be applied in the detailed estimates, and indicating how the proposed changes remain consistent with the declared fiscal and development objectives of the government, and ensuring that the Budget remains true to the spirit of allocation efficiency.*

While allowing amendments by the legislature, the requirements for proposing the amendments give the impression that it would be difficult to satisfy them without the tacit consent or even cooperation of the government. This interpretation is reinforced upon reading the second clause that immediately follows:

2. *Notwithstanding the provisions of this section, the Legislature shall consider the adequacy of the annual proposed budget of the General Auditing Commission based on the advice of the Minister and the Ways, Means and Finance Committee of the Legislature.*

The Ghanaian constitution recognizes the presidential veto, both full and partial variants, but explicitly excludes the budget from the veto (Article 106). The reason becomes obvious very quickly in Article 108, which forbids Parliament from introducing or moving to amend any bill that pertains to financial affairs of the government *“unless the bill is introduced or the motion is introduced by, or on behalf of, the President.”* The prohibition covers *“taxation... or the imposition of [charges] upon the Consolidated Fund or other public funds.”* The article, although longer and detailed, reads similarly to SO 66 of the UK Commons.

The Nigerian constitution follows the usual model of separated powers in legislation and budgeting (Articles 58, 59, 80 and 81), but omits any details regarding amendments by the legislature.⁸⁴⁾ Neither does the organic law, the Fiscal Responsibility Act, 2007, include provisions that pertain to amendments by the National Assembly.

Turning attention now to the eastern region of Africa, 7 representative countries were reviewed. All except Ethiopia have presidential systems,⁸⁵⁾ with constitutions that give veto powers to the president.⁸⁶⁾ Ethiopia subscribes to a parliamentary system (Article 45), where the majority party in Parliament shall form and lead the Executive (Article 56). Interestingly, bills of law require the signature of the President to be enacted, but he may not veto them (Article 57). Rather befitting a parliamentary system, the constitution and the organic law only say the budget must be approved by the legislature, omitting any further discussion of whether and how it may amend the proposed budget before giving its assent.

For the other, presidential-system countries, there is some variation in what the constitution or other laws permit the legislature to do to the proposed budget before approval. Tanzania simply forbids any amendments (Article 99), while most countries – Kenya, South Africa, Sudan, Zimbabwe – do not restrict or discuss amendments by the legislature to the budget. Neither does the Ugandan constitution contain provisions pertaining to amending the budget, but the organic budget law, the Budget Act 2001, says the Parliament Budget Committee “*shall ... consider the National Budget and compile amendments and refer them to the relevant Committees*” (Article 19), and that the Budget Committee then “*shall scrutinize the estimates and the reports of the Sessional Committees and submit its recommendations to the Speaker who shall send the recommendations to the President by the 15th of May.*” This work is done on preliminary estimates of revenue and expenditure that the government is required to submit by April 1. The official estimates are then submitted by June 15, and it is unclear whether and how these final estimates will be amended, if at all, by

84) Article 58 pertains to vetoes regarding general legislation, while Article 59 covers vetoes of the appropriation bill. Neither article is worded to allow partial vetoes.

85) Two countries (Sudan and Tanzania) do have a prime minister, but I have opted not to use the term semi-presidential system because the business of government is run mainly by the president. (Also, Article 63 of the Tanzanian constitution recognizes the President as “*one part of Parliament,*” similarly to the UK notion of “King in Parliament.”) On the other hand, Ethiopia does have a president, but only with limited powers compared to the prime minister.

86) Overriding the veto requires a 2/3 supermajority by the legislature, except in South Africa and Sudan, where only a majority is required.

the legislature. In effect, it appears that any adjustments are worked out between the legislature and the government before the final, official legislative process takes place. Finally, budgeting in the anglophone African countries⁸⁷⁾ shares with countries in the Indian sub-continent certain features that come from the English system. The “estimates” are reviewed, adjusted, and then voted on, which is the final authorization. Immediately, the appropriations bill, listing only the titles and amounts of spending items, is then introduced and approved without further review or debate. Another “English” feature shared with India, Bangladesh, and Pakistan is that the budget divides into two parts: the constitutionally protected portion, and other spending, with the legislature’s vote required only for the latter, usually called “grants.”

4.2 Francophone Countries

There are 21 countries which have French as either the national language or one of the multiple officially recognized languages. Four countries each were selected for review from each of those two groups, but it appears that there is little or no difference between them, at least regarding the issues that we wish to focus on. Indeed, the first thing one notices is that there is a striking similarity and conformity in the budgeting framework of these countries, with no noticeable difference between the two groups, either. There is also a distinct similarity in both content and tone with the French constitution, which dictates the relationship between the government and the legislature in quite precise and complete formulation, in a framework that accords strong powers to the government. This allows a simplified, compact summary of these countries’ budgetary framework as follows.

All 8 countries reviewed have both a President and a Prime Minister as well, but the affairs of government are under the former’s leadership. All have constitutional provisions that allow the legislature to amend the proposed budget only if there is no increase in expenditures or reduction in revenue. Cameroon (Articles 18, 23) has the strongest version in this regard, disallowing expenditure increases even if room for such is made by reducing spending on other items in the budget. Against any such potential amendments by the legislature, the constitutions give the president explicit veto rights. Overriding the presidential veto requires a supermajority in 3 of them

87) Notably Kenya, Zimbabwe, and Uganda. Also, the constitutions and other laws in Ethiopia, Ghana, Nigeria, South Africa, Sudan, and Tanzania suggest they are very likely to share these features, although I have not been able to confirm this definitely.

(Senegal, Burundi, and Rwanda), but only a simple majority in the rest (DRC, Gabon, Niger, Cameroon, and the Central African Republic).

Requiring only a simple majority to override the president's veto, similarly to the French constitution, may appear at first glance to be relatively weaker than the more prevalent requirement of a supermajority. But the African francophone countries have also adopted the well-known French constitutional provisions that more than compensate for the seemingly weak presidential veto.⁸⁸⁾

The first feature is the blocked, single vote, known as the "vote bloqué," or, more simply, just by its article number, "44.3" in the French constitution. This gives the government the right to stop any ongoing reviews or discussions in the legislature and demand that they proceed to a single vote on the version of the bill the government selects for this purpose, i.e., the original bill from the government, possibly retaining only the subsequent amendments proposed or accepted by the government. Five of the 8 francophone African countries reviewed implement the blocked vote in their constitutions; DRC, Cameroon, and Rwanda do not. However, the DRC constitution (Article 126) allows the President to adopt the government proposal as the new budget if it has not been approved by the beginning of the new fiscal year, rather than repeat the previous year's budget, as is usually done in other countries.

An even stronger instrument for forcing the government's will in budgeting is the "guillotine," or "49.3" in the French constitution. This is a constitutional feature that allows the government to cut short any legislative debate by declaring the budget (or other legislation) to be enacted without a vote unless the legislature tables a motion of censure (vote of no confidence) within 24 hours. With the sole exception of Burundi, all constitutions reviewed here feature the guillotine. By itself, it is potent enough to nullify virtually all objections or amendments.

4.3 Countries with French and Muslim Influence

These are the Maghreb countries and their adjacent neighbor, Egypt, all located in the northern part of Africa. All are predominantly Muslim countries, exposed to French influence in their more recent histories. The constitutional arrangement of state powers, including budgeting, accordingly has features similar to the French system, but the resemblance is quite weaker than in their francophone neighbors to the south, discussed above.

88) Cf. Section 3.5 of Part I.

Among the 6 countries in this group, I have reviewed the constitutions of Egypt, Morocco, and Tunisia. All 3 allow legislative amendments to the budget proposal, subject to the same condition as other African countries – that the proposed amendment not increase expenditures or reduce revenues. The Egyptian constitution (Article 124) appears to be the most accommodating of legislative amendments, firmly banning only new spending items and increases to the total expenditure.

Regarding the government's veto in response to legislative amendments, the 3 countries are different from each other. Tunisia allows the veto to be overridden by a simple majority of the legislature, but Egypt requires a supermajority of 2/3. In marked contrast to these two countries or any other country reviewed so far, in Morocco the King may demand a new reading of any bill or proposal of law, which may not be refused (Article 95). Interestingly, there is no provision stating whether or how the legislature may override the veto – the issue may be a moot one, given that the constitution provides for the blocked vote and the guillotine (Articles 83 and 103, respectively). In contrast, the Egyptian and the Tunisian constitutions do not have provisions that give the government either of these strong powers.

4.4 Lusophone Countries

Besides the three groups reviewed above, there remain 6 countries in Africa. These can be grouped together as having Portuguese influence in their histories. Here we review one country, Mozambique.

A brief summary will be sufficient to confirm that the constitution specifies budgeting arrangements that are practically identical to the other African countries examined above: legislative amendments are limited by the usual proviso that increases to expenditures and reductions of revenue are inadmissible (Article 183); the final decision of the legislature on bills of law (including the budget) is subject to a presidential veto with reasons adduced, which the legislature may override only with a 2/3 supermajority (Article 163).

5. Oceania (14 countries)

- Australia, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu

The basic arrangement of budgeting powers in this region follows the usual pattern: in all countries, the budget is an annual law, proposed and approved by the government and legislature, respectively. This can be confirmed easily from the respective constitutions. Therefore, we shall focus instead on reviewing the powers granted to the legislature to amend the government's budget, and what the government may do should it object to such amendments.

This is where the Oceanic group of countries collectively bears a close resemblance to the British model of budgeting, similarly but not as strongly as the case of the Indian subcontinent reviewed above. The similarity is to be expected since the region's most prominent countries are Australia and New Zealand, both known to have governments strongly in the Westminster tradition. The constitution forbids Parliament from any initiative, whether in proposing or moving to amend a bill, that may cause or increase expenditures – that prerogative rests solely with the government. Parliament can therefore only reject or reduce spending proposed by the government and may not reallocate funds between different spending categories, even if there is no net increase. The preemptive ban against Parliamentary initiatives for spending constitutes what may be called an ex-ante veto that obviates the need for the usual ex post veto of parliamentary amendments. Indeed, this is the fundamental restriction on Parliament's role in budgeting.

Elaborating further, the constitutional restriction against parliamentary spending initiatives are basically variations of the well-known SO 66 of the UK House of Commons; the relevant provisions adopted by these countries all bear obvious resemblances to each other despite any slight differences in the actual wording. This model of budgeting extends beyond Australia and New Zealand to most of the other countries in this region. That is somewhat to be expected, given that all but three of the Oceanic countries are members of the Commonwealth; all but four of them drive on the left.⁸⁹⁾

Indeed, all Commonwealth countries in Oceania have provisions like this. Parliamentary initiatives require the consent or recommendation of the Governor-General, the cabinet, or a minister (Australia, Fiji, Kiribati, Nauru, New Zealand, Solomon Islands, Tuvalu, and Vanuatu) or are simply disallowed (Papua New Guinea,⁹⁰ Samoa). With such strong *ex ante* restrictions in place for all of these countries, the government's veto is not very clearly established. Although the assent of the head of state or his signature is usually required, the procedures for overriding or dealing otherwise with a request to reconsider a bill is not spelled out in detail, giving the impression that it may be only a formality (i.e., never intended to be actually invoked) to be dealt with before the final enactment.⁹¹ Among Commonwealth countries, Tonga uniquely remains rather unclear on the budgetary initiative (Article 78), and specifies the King's veto, which precludes any further discussion by the Assembly until the following session (Article 68).

As for the three countries that are not Commonwealth members, the constitutions also effectively block the legislature from introducing amendments to the budget proposal. The Marshall Islands requires the Speaker to disallow any bill or amendment for spending unless it has the recommendation or consent of a member of the Cabinet (Section 2.2, Article VIII). As would be expected, there is no veto procedure specified in the constitution.

The other two countries' budgeting arrangements resemble the US more than the British model in that procedures for amendments and vetoes are more elaborated. Yet unlike the US model the two countries also have veto mechanisms that are potent enough to nullify any possible amendments by the legislature. Both Micronesia and Palau allow the legislature to amend the budget proposal at will (Section 2.1, Article VII; Section 3.a, Article VII; respectively). However, both countries grant item or partial veto powers to the President (Section 2.c, Article XII; Section 15, Article IX; respectively). In Micronesia, it requires a 3/4 supermajority for the legislature to override this veto (Section 2.q, Article IX). For Palau, the legislature will need a 2/3 supermajority (*ibid.*). Re-countering such item or partial vetoes by supermajority votes

89) Vanuatu (Commonwealth) and all 3 non-Commonwealth countries drive on the right – all Commonwealth countries except for Vanuatu drive on the left.

90) The constitution (Article 210.2) forbids any increases or reallocations. Papua New Guinea's constitution is unique among Oceanic countries in explicitly mentioning that Parliament may reduce the amount of any proposed expenditure, which is left unmentioned but is a possible option in other constitutions.

91) Kiribati (Article 66) and Vanuatu (Article 16) allow the president to veto bills only on issues that have constitution-related aspects, in which case the matter is referred to the constitutional court for a final decision.

would be possible but not very likely – as in the other Oceanic countries, it would be difficult for legislatures in Micronesia and Palau to force through amendments not to the government’s liking.

6. Middle East and China (17 countries)

- Middle East
 - Republics (9)
 - Cyprus, Iran, Iraq, Israel, Lebanon, Palestine, Syria, Türkiye, Yemen
 - Monarchies (7)
 - Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates

- China (1)

The final group of countries reviewed are those in the Middle East and China. These are all Asian countries but were not included in the previous review of countries from that continent. This is because many countries in this group openly espouse an autocratic form of state power, which is expressed in monolithic and unseparated form in their constitutions – they therefore demand special attention as to whether their budget systems will still subscribe to the standard paradigm that we have found among literally all countries reviewed up to this point, numbering well over one hundred. Will the separation of budgeting powers still follow the standard model, even if state power remains undivided?⁹²⁾

⁹²⁾ Students of budgeting history may recall the Prussian budgeting crisis in the 1860s, where the Diet’s constitutionally recognized right to approve the budget conflicted directly with the concept of traditional monarchy (the emperor’s implicitly assumed sovereignty over all decisions by the state). On a related note, Japan’s Meiji Constitution (1889) tried to circumvent the issue altogether by declaring all powers to emanate from the Emperor; the Diet was to affirm its “cooperative agreement” to government bills and the budget. Cf Kim (2024).

6.1 Middle Eastern Republics

Nine countries can be counted in the Middle East whose constitutions proclaim them republics. The constitutions also confirm that they follow the standard paradigm of separated budgeting powers: the annual budget is a statute that is proposed by the government and approved by the legislature. It remains, therefore, to turn to what the constitutions further say on legislative amendments and executive vetoes, which will possibly affect the balance of powers in the budgeting decision process.

Going only by what is said in their constitutions without access to their organic budget laws, four countries among this group – Iraq, Palestine, Syria, Yemen – have no provisions on amendments or vetoes that strike one as peculiar or unusually different from other countries in the world. The Iraqi constitution appears to be the most favorable to the legislature – it is allowed to transfer between sections and chapters of the general budget (Article 62), but the President, elected by a two-thirds majority in the Council of Representatives, must ratify laws enacted by the Council without the option of returning bills to the legislature for reconsideration (Article 73.3). Palestine’s constitution allows the Legislative Council to ratify the budget with amendments or send it back to the government, but transfers between budget titles requires the consent of the Executive Branch (Article 61). The President may veto a bill approved by the Council, who may then override it with a two-thirds supermajority. The Syrian constitution has provisions (Articles 47, 48) that are substantively equivalent to the Palestinian case. Yemen differs in that the unicameral House of Representatives may not amend the proposed budget without the approval of the government. Despite this prohibition against amendments, the President is still accorded the right to veto bills⁹³⁾ approved by the House, but then only a simple majority in the House is required to override the veto (Article 102).

Of the other five republics, Iran is the most distinctly different from the usual separation of powers paradigm. Article 1 of the constitution states that the form of government is an Islamic Republic. Article 57 makes it clear that the Iranian republican system is different from the Western version that is built on separation of powers. The powers of government are vested in the legislature, judiciary, and the executive powers, but these must operate under the supervision of the absolute *wilayat al-‘amr*⁹⁴⁾ and the Leadership of the Ummah – from the usual Western

93) This includes the budget, which is also a law (Article 88). The veto is probably intended only for general legislation, since it would appear to be rendered superfluous in the case of the budget.

94) Literally, the head of the community. Ummah is community, in the supra-national sense of the collective community of Islamic people.

perspective, the three branches represent a differentiation of functions or responsibilities rather than separation of powers, which remain undivided under one supreme authority. A further provision confirms that the Leader is equal with the rest of the people in the eyes of law (Article 107). Narrowing the focus to budgeting, Article 52 states that the annual budget is to be drafted by the government for discussion and approval by the Islamic Consultative Assembly. Amendments by the Assembly do not appear very likely, as Article 75 ensures that Assembly members may not introduce bills or amendments that increase expenditures or reduce public income unless specifying compensating means, presumably by having, e.g., increases offset by corresponding cuts in other items. Furthermore, any legislation approved by the Assembly, including the budget, is subject to further review and possible vetoes by the Guardian Council (Articles 94 to 96), six of whom are appointed by the Leader, with the other six elected by the Assembly (Article 91).⁹⁵ Overall, while technically still possible, amendments initiated by Assembly members do not appear to be strongly encouraged. Finally, the President, although responsible for the budget (Article 126), is obliged to sign legislation without the possibility of a veto (Article 123).

For the four remaining republics – Cyprus, Israel, Lebanon, Türkiye – the budgeting arrangements as laid down by the constitution are mostly similar to those usually implemented in other countries worldwide but do contain some interesting peculiarities worth noting. The Cyprian constitution allows the President and the Vice President⁹⁶ to exercise veto powers over laws and the budget, both jointly or independently of each other (Articles 48 and 49). The House of Representatives may “persist” against the veto, but both the President and Vice President, again, either jointly or singly, can refer final judgement to the Supreme Constitutional Court for general legislation (Articles 140 and 141) or for the budget (Article 138). The constitution omits any mention about whether or how the legislature may amend the budget, but presumably amendments are possible since provisions do exist that specify rights and procedures on executive vetoes of the budget. Curiously, in the case of supplementary budgets, there is a provision that says the House may approve or refuse any expenditure in the bill, but not increase or shift expenditures among items (Article 167).

Israel’s basic laws⁹⁷ do not say much about budgeting, but Article 36A of the Basic

95) The Guardian Council is also responsible for supervising the election of the Assembly of Experts (Article 99), which elects the new Leader to succeed the former upon his demise (Article 107).

96) The President is Greek and the Vice President Turk (Article 1).

Law on The Knesset is quite unique. It says failure to adopt a budget within 3 months after the start of the fiscal year automatically “disperses” the Knesset. Presumably this clause would act as pressure on the Knesset to be more receptive to the government’s position, rather than strengthen its own.

Likewise, the Lebanese constitution also appears to favor the executive’s position, however slightly so. Article 86 states that the President, having exhausted all other options when the budget is late, may proclaim by decree the original government proposal as the final budget.⁹⁸⁾ In Turkey, the reverse seems true, judging only by the constitutional provisions, which could be read as slightly favoring the legislature. As is common in other countries, the Grand National Assembly may not propose amendments that increase expenditure or reduce revenue (Article 161). The President does have veto rights over general legislation, but this can be overridden by a majority decision by the Assembly, not the supermajority often required in other countries. Interestingly, further weakening the executive’s position, the budget is excluded from this provision and may not be vetoed.

6.2 Middle Eastern Monarchies

Monarchies in the Middle East differ from constitutional monarchies in Europe in that the monarch enjoys undivided sovereignty, or, if power is shared with other institutions of government, it is done so to a distinctly lesser degree than their European counterparts. In simpler terms, the monarch does rule, and he is the sovereign from which all political authority is derived. This is evident in the features of budgeting arrangements found in some (but not all) countries in this group that are different from the rest of the world.

The executive power, be it the monarch, his cabinet, or simply “government,” as given expression by the relevant constitution, proposes the draft budget in these countries, too, as is done the world over. Approval of the budget bill, however, may not always be a prerogative accorded to the entity representing the people.⁹⁹⁾ Article 58bis 40 of

97) Israel’s first legislature, charged with the task of adopting a constitution, failed to do so. In its place there are a series of Basic Laws (11 altogether) adopted over some 60 years from 1958 to 2018. Note that the UK and New Zealand do have constitutions, which cannot be said to be unwritten, either – they are merely uncodified. Canada does have a codified Constitution Act (1982), but it also recognizes uncodified traditions and conventions.

98) This is quite similar to, and may have been inspired by, Article 47.3 of the French constitution, which allows the government to enact its original proposal by ordinance, should the National Assembly fail to reach a decision on the budget within 70 days.

the Omani constitution states, for instance, that the government's draft budget shall be reviewed by the Majlis Al Shura (lower chamber) and Majlis Al Dawla (upper chamber). Their recommendations will then be delivered to the Council of Ministers, who "shall inform the two Majlis of the recommendations that were not adopted in this respect along with the reasons therefore."¹⁰⁰ The constitutions of other monarchies in the region, however, say that the representative council does have the political authority to "approve" the budget bill – invariably, the budget is also enacted as a statute. Overall, we may conclude that even in Middle Eastern monarchies, the allocation of basic budgeting powers still follows the Western paradigm of separation of powers, insofar as the government proposes and the legislature or representative council approves the bill.

To gauge the balance of powers in budgeting in these monarchies, it then remains to see what the legislature may do with the proposed budget and the consequent responses thereto by the government. The first question to ask then would be to what extent the legislature is allowed to amend the proposed budget. The Omani legislature, as discussed above, can only make non-binding recommendations to the government, and is not empowered to make decisions regarding the budget, let alone amendments. Four other countries' constitutions allow amendments by the legislature: with the agreement of the government in Bahrain (Article 109), reductions allowed but not increases in Jordan (Article 112), without restrictions in Qatar (Article 107) and the UAE (Article 110). The remaining two monarchies' (Kuwait and Saudi Arabia) constitutions remain silent on the possibility or any further specifics of the legislature amending the budget.

A better sense of the balance of power can be had when legislature's amendments are measured against the responses available to the government. The Saudi constitution's silence on the possibility of amendments by the legislature appears to be explainable by the fact that any such provisions are perhaps simply unnecessary; substantive initiatives are not to be expected from the legislature. In perhaps the most strongly theocratical constitution among the Middle Eastern monarchies, the Basic Law states that the monarch derives supreme authority over the kingdom directly from Qur'an and the Prophet's Sunnah, both of which "rule over" the constitution, which is why

99) The term "legislature" may be a misnomer if the entity does not have the political authority to approve a bill to enact it – many countries in this region therefore use the term "council" instead, whose role is to review, suggest, or recommend their opinions on bills or proposals.

100) Bills of law other than the budget, are similarly submitted to the Sultan along with the opinion of the two Majlis once they are "adopted."

the latter is called the Basic Law (Article 7) instead. Article 44 states unambiguously that “the King is the source of all these authorities [of the state].” On the part of citizens, Article 6 says they shall pledge allegiance to the King on the bases of both the Qur’an and the Sunnah, as well as by the principle of “hearing is obeying.” Indeed, the very name of Majlis Al-Shoura translates to the Consultative Council, i.e., a body whose role is to advise rather than render decisions of its own. A further point that supports the interpretation of a passive representative body of citizens is the presence of the Shura Council. This is a body of 150 members chosen by the King (Article 3, Shura Council Law), which has the authority to propose a draft of a new law or an amendment of an enacted law, leaving the final decision to the King (Article 23).

A similar interpretation can be had for Kuwait, the other monarchy whose constitution remains silent on budgetary amendments by the legislature. Its constitution, however, allows for a much simpler and straightforward reading than in the Saudi case. Should any amendment be introduced by the National Assembly, Article 66 gives the Amir the right to request a review,¹⁰¹⁾ which then may be overridden by a two-thirds majority. The latter does not appear to be a very likely possibility, however, given that the unicameral Kuwaiti National Assembly consists of 50 members elected by secret ballot, to which are automatically added Ministers who have not been elected to the Assembly (Article 80).¹⁰²⁾

As to the 4 countries that allow amendments to the proposed budget, the legislature does not have much effective influence in Bahrain and Jordan. The former requires the government’s agreement for the amendment to be considered by the legislature, while the latter permits only reductions but no increases nor transfers between chapters. Besides, both countries require a two-thirds supermajority for the legislature to override the executive veto, which is again quite unlikely because in both countries the monarch appoints members of the upper house. Of the other two monarchies that allow amendments, ostensibly without any apparent restrictions, a similar dynamic can be seen in the Qatari budgeting decision process. The Emir may veto the budget or any legislative bill coming from the unicameral Advisory Council, who may override the veto with a two-thirds supermajority (Article 76). But then, the

101) I.e., veto the amendment. Readers from the US would do well to note that the executive’s veto of the budget is a much more viable and potent instrument for the government in most countries than in the US. This is because almost all countries that recognize the executive veto allow partial vetoes (the line-item veto). Only the US, Korea, and literally a handful of countries deny partial vetoes to the government, forcing the government to accept questionable but relatively minor amendments, rather than veto the whole budget.

102) As of May 2023, the Kuwaiti Cabinet consists of 20 members.

Emir appoints one-third of the Council's 45 members. A much simpler process can render any amendment superfluous in the UAE. The Federal National Council is free to approve, amend, or reject federal bills, including the budget (Article 89). However, the President of the Supreme Council (the six Emirs of the federation) may simply promulgate the original bill if the National Council amends or rejects it (Article 110).

Overall, the monarchies in the Middle East still maintain the basic division of budgeting responsibilities (but not the authorities) between the executive and the legislative branches, but there appears to be little or no room for the legislature to effect amendments of its own against the wishes of the executive. More precisely, this can be characterized as division of roles or responsibilities, rather than of actual powers, which remain undivided under the single and therefore indivisible sovereignty espoused in these countries. This weak compliance can still be considered a polite nod of acknowledgement served to the idea that modern budgeting originates from the Western notion of the separation of powers and its corollary, the principle of checks and balances.

6.3 China

China was not discussed together with the earlier section on Asian countries but left to be discussed here together with the Middle Eastern countries. This is because it forms a distinct minority among world nations, in common with some countries in the Middle East, by subscribing to a monolithic, undivided notion of state power. Indeed, the Chinese constitution can be read as one of the most explicit and detailed specifications of undivided state power and its application.

That power is not divided or separated is stated in the preamble and first several articles of the constitution, especially by phrases such as democratic dictatorship or democratic centralism. The phrase democratic refers not to separation of powers but to the fact that (state) power belongs to the people,¹⁰³⁾ which is exercised through

103) Despite this statement of the sovereignty of the people exercised through the National Congress, the "leadership by the Communist Party" is clearly stated in both the preamble and in Article 1, affirming the dominance of the Party. Prior to the 2018 amendment, the constitution mentioned the Communist Party only in the preamble. This contrasts with the 1977 constitution of the former USSR, where Article 6 unambiguously proclaims the Communist Party as "*the leading and guiding force of Soviet society and the nucleus of its political system, of all state organisations and public organisations.*" The constitution (章程; code) of the Chinese Communist Party (not to be confused with the Constitution (宪法) of the People's Republic of China) elaborates extensively on its leadership roles in all important aspects of governance of the country.

organs such as the National People's Congress and the local people's congress at all levels (Article 2). Other organs of the state are created by the people's congresses and are subject to their oversight (Article 3). This hierarchy that accords supremacy to the Congress can be confirmed by the articles that define the state institutions. Article 57 says the National People's Congress is the highest state organ of power, and that its Standing Committee is its permanent organ, which may act on behalf of the Congress when the latter is not in session. The constitution then takes a separate article (58) to state that the Congress shall exercise the legislative power of the state, avoiding any confusion that the Congress is defined or limited to that specific authority. In contrast, other institutions are defined as having qualified powers: e.g., the State Council (the Central People's Government) "is the *executive* organ of the highest state organ of power; it is the highest state *administrative* organ. [italics mine]"

The usual pattern prevails in the roles in budgeting: the State Council is responsible for drawing up and implementing state budgets (Article 89), while the National People's Congress reviews and approves the state budget (Article 62) as one of their many functions, respectively. However, it appears that the observation regarding budgeting in Middle Eastern monarchies applies to China, too. This pattern is better understood as assignments of *functions*, rather than allocation of *separated powers* – the latter description implies that each of the powers is endowed with political authority of equal legal standing; in the former, authority comes from the entity that assigns the responsibilities. This interpretation is borne out by the total absence of any provisions regulating interactions between the two entities, namely, procedures for amendments or possible vetoes – how to handle any conflicts or differences among two equal entities. The President, elected by the National People's Congress, promulgates laws, without any possibility to request reconsideration, upon decisions by the Congress or its Standing Committee (Article 80). Furthermore, both the Congress (Article 62) and the Standing Committee (Article 67) are vested with sweeping powers to amend or at times even revoke laws, including the constitution itself and both administrative and local regulations (ordinances) by the State Council or local congresses.

Similarly to budgeting in the Middle Eastern monarchies, it would seem reasonable to say that states with unseparated, monolithic powers have decision processes that may effectively bypass much of the negotiations and adjustments that occur in other countries' budget processes. Instead, they have opted for a system that is geared more toward efficient or streamlined processing of the budgeting decisions.¹⁰⁴⁾

The paragraph above can be read as conversely reaffirming a central thesis of this paper, that budgeting over the world mostly follows the democratic model of separations of powers, with only a handful of countries counting as possible exceptions. The latter are limited to the few countries that officially proclaim themselves as states built upon models of unseparated, monolithic powers, but even there, one finds similar decision-making structures that follow division of functions.

104) Note that key decisions are likely to have been cleared with the Party separately beforehand, which would tend to render the official budget process at the National People's Congress to be somewhat of a formality.

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What is Budgeting?