

## A CITIZEN'S GUIDE TO THE BUDGET

Katarina Ott et al., 2009, Institute of Public Finance and Friedrich Ebert Stiftung, Zagreb, pp. 98

Review\*

The Institute of Public Finance published the first edition of *A citizen's guide to the budget* in 2000. This is now the second, revised edition, published in both Croatian and English, in cooperation with the Friedrich Ebert Stiftung. The authors are Katarina Ott, Anto Bajo, Mihaela Bronić, Vjekoslav Bratić and Danijela Medak Fell, all of them employed at the Institute.

As the very title suggests, this booklet is aimed at citizens who want to understand the budget, budgetary process and main budget terms. For budgets have always been an interesting and topical subject, and, given the accumulated problems in the Croatian public sector, can be expected to remain right at the focus of public interest. At the same time, it is often confusing, not only for regular citizens, but also for the members of parliament, the members of county assemblies and city and municipal councils, to understand the difference between e.g. the national budget, general government budget, and consolidated general government budget. If citizens cannot understand the basic budget terms, how can they act to improve the existing situation in the public sector?

The Guide consists of three parts. In the first part, which takes two thirds of the Guide, the authors gradually introduce the reader to the basic information about the budget:

- First they provide a general definition of the budget and discuss the national budget, its users, functions, principles, structure, and revenue and expenditure account, expenditures according to different classifications, the measures of the national budget deficit/surplus, and the financing account.
- After discussing the national budget, the authors present the budgets of the extra-budgetary users of the national budget, their users, revenues and expenditures. This leads to the consolidated central government budget.
- The presentation of the central government budget is followed by the budgets of local units, their users, revenues and expenditures.
- Then the authors discuss the consolidated general government budget, its deficit and the consequences of it, i.e. public debt and general government debt.
- Finally, the authors deal with the size of the state.

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The second part describes the main participants in and phases of the budgetary process, from the budget planning and preparation to the budget execution. The third part should provide a basis for citizens to use the information from the previous two parts in an attempt to monitor the budget and contribute to its improvement. The Guide ends with a glossary and some useful references.

The Guide is rich with data. Wherever it was possible, the authors included numbers for Croatia, ending with the 2009 budget plan. The data are clearly presented, usually in graphs, and show the general trends in Croatia's public finances. This then makes it easy to identify the main weak points in Croatia's budget.

It would be exaggerated to say that every household in Croatia should own a copy of this Guide (although it can be downloaded free of charge from <http://www.ijf.hr/eng/budget-guide/guide-2009.pdf>), but it is a very useful publication. It could be particularly useful to students, journalists, and NGOs. Students could benefit by understanding not only the basics of the budget, but also citizens' rights and responsibilities. Journalists might find the Guide useful in being able to present these topics to their readers. NGO's could benefit by being able to better achieve their goals like promoting the rights of marginalised groups or fighting corruption. The Guide is in general a good tool for decreasing corruption, since it promotes the availability of information.

As the authors point out: "Our goal should be to have sound, efficient and equitable public finances, in accordance with our possibilities and needs. And it is the budget that shows the condition of public finances, as all public funds flow through the budget. To achieve this goal we need sound public policies based on the accountability of all levels of government. The main prerequisite for government accountability is transparency. And then, who if not us, the citizens, will require transparency?" This Guide should motivate citizens to be more active in the budget process, to communicate with the authorities, and demand the publication of relevant budget information, which should all result in public goods and services aligned with citizens' interests and needs, as well as fewer opportunities for corruption. Decisions on the way large amounts of taxpayers' money are spent should not be left only to politicians and various interest groups.

*Marijana Bađun*  
*Institute of Public Finance, Zagreb*