

The 2009-2010 Hungarian Fiscal Council Experiences relevant for Poland

SEMINAR OF CASE

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FISCAL RESPONSIBILITY INSTITUTE BUDAPEST



How far Hungary got on the road to an ideal IFI in 2010?

OECD principles	Hungarian practice
Broad national ownership	Limited: simple majority law, unanimous election
Local needs and environment	The FRL had already been negotiated before the crises
Non-partisanship	Members of the council were elected by both sides (but!)
Merit based leadership	All 3 members had credentials in macro and econ.pol.
Term longer than the government	9 years, non renewable
Full time remunerated head	yes
Freedom of staffing	yes
Staff: open competition, civil service	yes
Clear mandate defined in law	yes
Freedom within the mandate	yes
Clear links to the budget process	All tasks listed in the OECD principles were prescribed



How far Hungary got on the road to an ideal IFI in 2010? – cont.

OECD principles	Hungarian practice
Resources in line with the mandate	yes
Adequate time for delivering to the parliament	~ yes
Serving committees rather than MPs	Not spelled out in the legislation
Full access to information for free	Yes
Limits in access to information in law	Yes
Transparency in work	Yes (SAO audited)
Transparency of reports	Yes (including data and methodology)
Publication calendar	~Yes (coordinated with the government reports)
Own reports in the own name	Yes (even authors were named)
Own communication channels	Yes (media, market analysts)
External evaluation	Not attained that phase



Experience 1: Data

- Data in the Hungarian Treasury were (are) not collected with the intention of analysis
- Maintaining a publicly available data base on fiscal policy is a public service in itself
- By gathering the data FPC will hurt interests and the government agencies have informational advantage, but this is core business for an FPC



Experience 2: HR

- Very few experienced ministry staff is needed
- Young & ambitious economists catch up fast with their ministerial counterparts (~ 1year)
- FC soon became as attractive for graduates as the Central Bank
- Wages: MoF < FPC ~ DMA < CB
- „I have worked for both the OMB and the CBO, and I'm proud of them both” (Joe Minarik)



Experience 3: Independence

- Independence from
 - Government
 - Parties
 - Lobby groups
- nonpartisan \neq bipartisan
- unbiasedness \neq infallibility
- neither seeking, nor escaping conflicts
- checks and balances does not mean personal hate
- doing whatever it takes to avoid unnecessary conflicts with the government e.g. conflicts based on
 - misinterpretation of data
 - misunderstanding of messages
 - suspicion based on surprise



Experience 4: Media

- Media and FPC are natural allies
- Direct contact to the media
- Channel No1. is the public media
- No favoritism, but education
- Early access to new documents only in exchange for deeper analysis



Experience 5: enforcing fiscal rules

- FC can only win „small” conflicts
- The fiscal rule has to be embedded in a MTBF
- FR has to bite before the problem gets hot for MPs
- The multiyear budget process has to break down the fiscal rule into many small steps
- Politicians have to understand the value of tying one’s hand (Pricing party programs is coming 😊)
- A major value added of fiscal rules is to redirect political attention from the limits to the content

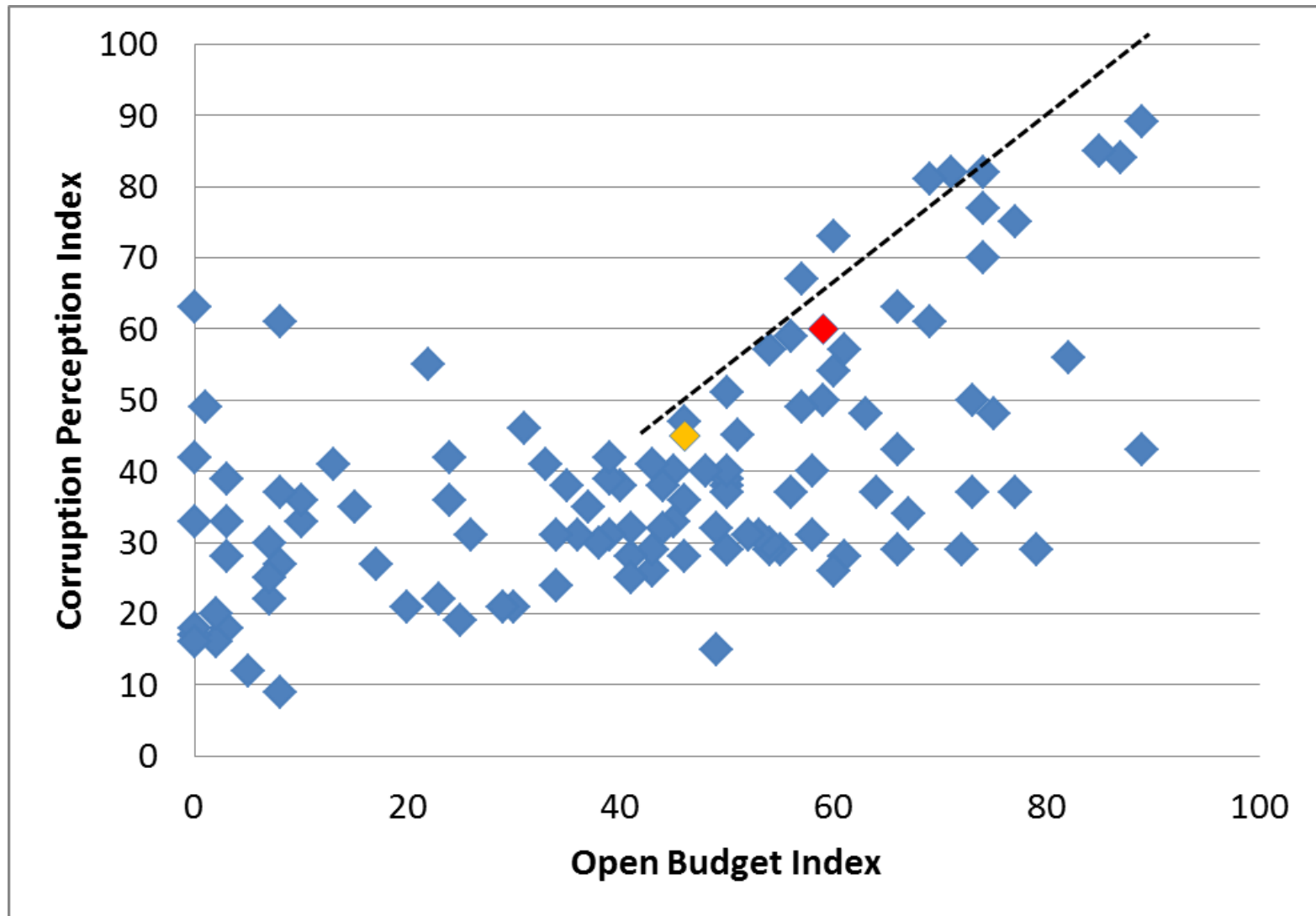


Experience 6: Cement dries fast

- FC is about checks and balances, not just educating (MPs or the media or the public)
- Selection of the first members is even more important than how to select the next one
- FC has to add value to evidence based policy making
- For learning by doing the FC has to be
 - Curious
 - Brave
 - Humble
- Transparency in its own operation



Fight against corruption needs fiscal transparency



Thank you for your attention

