The origin of budgeting

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When and how did budgeting as we know it come to be? This inquiry yields some surprising answers. The budget system evolved as an integral part of the development of the modern democratic state, and hence replicates within itself the core principle of separation of powers. This process first took place in England over some five centuries. Once established, however, the budget system spread quite rapidly: most Western countries adopted it in the nineteenth century; the rest of the world, in the latter half of the twentieth. The propagation was so successful that virtually all countries currently subscribe to one same model of budgeting. Underneath the minor cosmetic differences, the basic framework of allocating budgetary authorities between the government and the legislature, and the principles that govern the interactions between them, are identical among virtually all countries, including even those that subscribe to different notions of government than Western democracy.

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1.1. Introduction

When and how did budgeting as we know it come to be? This may strike some readers as a somewhat idle question, but it turns out to be more interesting when one considers two facts about budgeting. First, the very concept of budgeting whose origin is examined in this paper is somewhat unnatural, or not very likely to have smoothly evolved as an extension of the ideas and institutions of the state that prevailed through most of human history. Second, virtually all countries in the world, not just, say, the OECD members, nevertheless currently subscribe to one same model of budgeting, in the sense that the framework for decision-making and the principles governing how that framework shall operate, are identical the world over, at least ostensibly.[1] Such uniformity is remarkable, even more so when one observes that this was all achieved quite quickly and recently in historical time – for the majority of the world's countries today, budgeting is not even a century old; for the other, early-adapter group, barely two centuries. So, again, we ask: how did this model of budgeting begin and spread to the world?

Since the terms "budget" or "budgeting" are often used both in government affairs and even private everyday life quite loosely, it will do to begin the discussion with a definition of what we mean by these words to avoid any ambiguity or, even worse, confusion. The specific definition of budgeting as discussed in this paper consists of two parts: the framework defined to regulate the budgetary decision-making authorities, or powers; and the principles that guide the decision-making interactions within that framework. The framework of modern budgeting, again in all countries today, stipulates that the budgetary decision cannot be made unilaterally. Only the government, and not the legislature, has the budgetary initiative to propose the budget. On its own, however, the government may not finalise the decision,[2] which is the legislature's exclusive right, commonly called the power of the purse. In short, within itself the budgetary decision framework replicates separation of powers, the core principle of democracy. Turning to the principles of budgeting, these refer to the well-known requirements of annuality, unity, universality, and specificity (as to the purpose of each item of expenditure), whose ultimate purpose is to safeguard checks and balances between the two entities, i.e. to ensure that separation of powers is not undermined in favour of either side.[3]

Recalling that human societies and states had existed as monarchies for thousands of years[4] until the last century or two, the very idea of budgeting as defined in the previous paragraph would have constituted a direct challenge to the monarch. Simplistically described,[5] the monarch was the sovereign who held sole, undivided power over his kingdom; an attempt to limit his power would be taken as a challenge to monarchy or the state itself. As far as the kingdom's finances went, this could have been described by such alternative names as the king's, state's, governmental, or even public finance, operating on the basis of the monarch's sole authority, but there would have been no budgeting as yet. Indeed, advocating our notion of budgeting could have amounted to sedition or perhaps even an act of treason. On a more practical note, how could an official entity be acknowledged to exist with the authority to stand up to the king, an apparent self-contradiction to the simplistic definition of the monarch? That had to wait for Hobbes, Locke, and Montesquieu to expound on their theories of the state and how its power could be regulated. This suggests that the birth of budgeting could not have been an easy or natural evolution. Its inception and subsequent propagation are likely to have resulted from, or even formed an integral part of, radical changes in statehood and government, both conceptually and in reality.

In the following, we recount the history of budgeting, beginning with its inception in early 13th century England in the meadow of Runnymede. The Magna Carta not only had the crucial written agreement from the monarch that his authority could be checked, but also included a clause limiting his powers to tax – because taxes at the time were invariably very-short-term special occasions for specific purposes (usually financing a war), this by extension meant that his spending could be questioned, too. Subsequent events in the following centuries, especially during Charles the First's reign and the Glorious Revolution in the 17th century, gave us almost all the main features of the budget system as we know it today. The paper then reviews how this first budget system invented by the English subsequently propagated itself to all countries worldwide during the 19th and 20th centuries.

1.2. The Beginning: England

The origin of the budget system remains somewhat obscure, usually summarised by writers in a few pages that list some events in English history leading up to, during, and following the Civil War, Interregnum, Restoration, and Glorious Revolution, all in the 17th century. These descriptions often come with the added observation that already by then some key practices or institutions[6] were long-established traditions rooted in the "mists of history," which really does not add much to a better understanding of how things began.

Two observations may help to explain why the evolution of budgeting remains not so clear. First, the events of significance in the development of budgeting occurred haphazardly over long stretches of time, even centuries. It was difficult to be aware of, much less keep track of, any developments in budgeting since it had not yet coalesced into anything meriting recognition as a "system" worthy of attention. Moreover, progress was not necessarily steady or monotonic, but saw frequent relapses or outright nullifications. It did not help, either, that the budget system was initially hardly a priority item by itself on any agenda but was usually driven along as a sidebar by some other larger event. In short, the budget system more or less happened as an accidental accretion of the spoils dropped off by other historical events,[7] and definitely not a result of deliberate design as the tightly interlocking elements of the modern budget system may suggest.

Second, the origin of budgeting may not have been prominently visible because it involves three large transitions in how key concepts and institutions are understood. These transitions entailed significant shifts in thinking or perspective, so that the contemporary descriptions of distant beginning points may look or sound different from what modern budgeting would have us look for. Rather than just search for something comparable to budgeting as known today, one may need to go deeper and clarify what are the significant features and principles of budgeting and look for events that precipitated their development. There are three such crucial transitions that eventually led to the birth of the budget system as we know it.

The first concerns how the notion of sovereignty has changed from the once prevalent idea of a divine or absolute right to rule unopposed. In contrast, the prevailing practice today is to install an entity that can stand up to the monarch or leader. For example, Parliament happened, with powers that are different from, yet capable of opposing the Crown. Seemingly this is a topic that belongs exclusively to political thought or systems. Yet a moment's reflection should reveal that in fact, separation of powers forms the absolute prerequisite principle for the modern budget system to be. Indeed, in every single country in the world today,[8] the modern budgeting framework itself embodies this principle – *neither government nor the legislature may make the budgeting decision unilaterally.* The government has the budget initiative that gives it the exclusive right to propose the budget, but not the final decision; the legislature, while usually denied the right to write in spending items to its own liking, has the power of the purse, or the right to render the final decision on the government's proposal. Without this important principle, budgeting as known to everyone today would lose its very reason to exist, leaving public finances to be managed by different state institutions in some other manner, possibly by unilateral decision left in the hands of one person or a single entity of the state. As such a connection between budgeting decisions and the state's political framework may not be very obvious, this may explain why few writers have explicitly pointed to the Magna Carta as one of the originating points of modern budgeting.

The second transition concerns the focus of national finances. At the beginning, almost all attention fell on regulating *revenues*, or what the king could take from his people – it was not focused on *spending*, which is the domain of interest for modern budgeting. As a corollary, because all attention focused on the size of the burden being imposed on the people, any thought given to spending would centre mostly on the total amount, with less scrutiny applied to the specifics making up that total. As attested to by Willoughby, Willoughby and Lindsay (1917, pp. 26-27[1]), even in England, the inventor and forerunner of modern budgeting, *"though the idea of supreme control over the public purse by the House of Commons was early established […] no means for making this control really effective were put into execution until well into the* *nineteenth century. […] Control at this time meant a control over revenues and receipts rather than the expenditures of government."* Yet even in the early days, Parliament in its deliberations was not totally unaware or uninterested in the purpose of spending, and to some extent, whether the amount and purpose could be justified. But for one looking for an early instance of Parliament focusing on control over *spending,* there would be a tendency to miss the early interventions by Parliament in the Crown's expenditures because they are couched more in terms of revenues. Again, this would have been further obscured by distractions from the political and social events underlying the budgeting issues at hand.

The third point concerns the scope of the budget, or what we refer to in modern terms as unity and universality. In medieval times, only a small part of the king's spending involved budgeting, or approval by Parliament. Perhaps one searching for budgeting's origins would have been well aware and taken into account that there would have been nothing in the beginning stages like the full-blown extensive budget of modern times. But the problem may have been compounded by the fact that these early budgetary contests-of-wills were masked in terms, again, of *taxes*, rather than expenditures. Moreover, as a further distraction, e.g. what was at stake for Parliament in 1626 was not really the funds requested by Charles I, but a purely political cause. The dismissal of the controversial Duke of Buckingham was for Parliament the true objective behind the tactic of withholding the "supplies" requested by the King. It was only much later, even later than all the tumultuous events that transpired up to the Glorious Revolution of 1688, that Parliament steadily broadened the scope of its control over the use of the King's incomes from other sources. It took a further century for this to culminate in something that finally resembled a modern budget when the Consolidated Fund was established in 1787 as *"one fund into which shall flow every stream of public revenue […]."*[9] The fact that the nascent stages of budgeting involved so little of the king's spending means that the size, composition, and scope of the early budgets would not have matched well with the modern budget. This would again have made it easier to overlook some of the early developments.

1.2.1. Limiting the Crown's authority: Magna Carta Libertatum

Along with many institutions the English have given to the world, the story of budgeting also begins with the Magna Carta Libertatum, or the Great Charter of Liberties, sealed and issued by King John in June 1215.[10] However, the Charter is not very often mentioned in relation to budgeting. When it is cited, it is usually to highlight the fact that it contained the first written legal instance[11] of the principle of taxation by consent:[12]

> *Clause 12: No scutage nor aid may be levied in our kingdom without its general consent, [...]*
>
> *Clause 14: To obtain the general consent of the realm for the assessment of an aid […] or a scutage, we will cause the archbishops, bishops, abbots, earls, and greater barons to be summoned individually by letter. […]*

As taxation concerns the other side of national finances than budgeting, neither Maitland nor Willoughby et al. refers to the Charter directly in the recounting of budgeting's inception. Yet they are still quick to point out that taxes at the time were mostly temporary and of special purpose in nature, seldom lasting more than a year. The most common such purpose was to finance a war or some military venture, which could not be covered by the king's own usual income.[13]

Although the Magna Carta restricted the monarch's rights regarding *revenues,* mandating that the monarch must obtain the consent of parliament on *taxation*, in doing so it enabled Parliament to gain and gradually strengthen its power to intervene as well in the Crown's *expenditures*. This was because most taxes at the time were special taxes designated to be spent on specific short-term purposes. Under the feudal system, the monarch was also the leading feudal lord with the largest fief and the greatest wealth, which generated revenues that usually sufficed for the routine expenditures of the Crown. Therefore, when a monarch requested the consent of parliament on taxation, the additional funds were mostly sought to finance wars or other emergencies that required special funding beyond what the monarch's own income could meet.[14]

Thus, the newly confirmed[15] parliamentary power to intervene in taxation through its right of approval also gave parliament the means, if not the implicit right, to question the monarch's reasons for requesting the new tax. Parliament now found itself in a position to able to question whether the monarch's intended expenditures out of the tax revenues was justifiable. Accordingly, even though the matter was phrased exclusively in terms of taxes, or revenue, from the beginning these provisions in the Charter comprised, however indirectly, parliamentary intervention in the king's spending. This right to intervene would belong at first to the barons, and shortly thereafter to Parliament, founded some 50 years later when Simon de Montfort called his second Parliament. This is often referred to as the first representative English parliament because it also included both the knights and the burgesses, who later became the Commons. Following this interpretation, one may argue that the Charter's restriction on the king's finances makes the Charter the originating event of the modern budget system.

However, even if the Charter had not included any provision on national finances (whether on taxes or spending), a strong case can still be made for recognising it as an important starting point for budgeting, purely in respect to the regulation of power without any reference to finances. The budget system could still have been adopted later in that case, provided it is recognised that there can exist an entity or institution that can legally or safely challenge the monarch's wishes. But the budget system could not have been built or sustained without the Charter having firmly established the notion that there is another power that can confront the king and enforce the terms he has agreed to, by means of physical force if necessary, as specified in clause 61 of the Charter:

> *Clause 61: […]*
>
> *If we, our chief justice, our officials, or any of our servants offend in any respect against any man, or transgress any of the articles of the peace or of this security, and the offence is made known to four of the said twenty-five barons, they shall come to us – or in our absence from the kingdom to the chief justice – to declare it and claim immediate redress. If we, or in our absence abroad the chief justice, make no redress within forty days, reckoning from the day on which the offence was declared to us or to him, the four barons shall refer the matter to the rest of the twenty-five barons, who* ***may distrain upon and assail us in every way possible, with the support of the whole community of the land, by seizing our castles, lands, possessions, or anything else*** *saving only our own person and those of the queen and our children, until they have secured such redress as they have determined upon. Having secured the redress, they may then resume their normal obedience to us.*
>
> *[…]*

In other words, the principle that the king is not above the law but is subject to it is an absolute prerequisite for a budget system devised to preclude unilateral spending decisions. That the Charter did in fact not forget to have a provision to circumscribe the king's authority on taxes, or more generally on national finances, only reaffirms the fact that the ruler's or the government's finances is a crucial element of state power.[16] But even had the Charter omitted any sort of financial provision, its explicit affirmation that the king's power is not absolute, but subject to the law and ultimately limited by the will of some other entity, is logically and legally the essential *sine qua non* on which the modern budget system is founded.

The Charter's real significance is that it settled the debate between rival and mutually incompatible concepts of sovereignty or the locus of state power. These were: the notion that the king's authority derives from God and therefore he is not answerable to the people; the other concept that the king was not above the law, which was, ultimately, God's law. Additionally, in a similar vein to the second concept, there was also the pre-Norman tradition of *electing* kings, whose authority would naturally be much more limited than an absolute monarch. The king so elected would require the counsel and consent in important matters from the people or at least the nobles, or the *witan*, who formed the *witenagemot* in Anglo-Saxon England, or, in the other Germanic cultures, the *Thing* (þing).[17] These were all ideas of sovereignty that were still rather vague and not very clearly thought out yet. Despite the Magna Carta seemingly having settled the question, history shows the competing ideas each lived on, to be resolved decisively only centuries later in quite violent fashion in England and France, ending only with beheading the monarch himself, Charles I and Louis XVI, respectively. King John himself, in the short time before he met a rather undignified end the following year in 1216, repudiated the Charter that had been proclaimed in his name with his own seal. Furthermore, the Charter, undergoing minor revisions at each turn, had to be reconfirmed with each new king.[18] Despite the continual need to have it reaffirmed, having a clearly written and signed document was a powerful precedent that buttressed Parliament's position in its disputes with the king. For example, the proceedings of the 1626 Parliament,[19] which clarified and solidified the concept of appropriations as understood today, record that the famed jurist Sir Edward Coke repeatedly appealed to 'ancient traditions' but also invoked the Magna Carta as the legal basis for Parliament's right to withhold agreement to the request for "supplies" by Charles I. It may be of interest to note that each time Sir Coke refers to the Charter, he emphasises that it has been reaffirmed "above thirty times" to that date (over some four centuries and by at least seventeen monarchs).

As Sir Coke's remarks remind us, well before the formation of a theoretical or conceptual argument to subject the monarch's powers to the rule of law, it would have been important to have established in practice, too, that the monarch ought not be able to dismiss such notions lightly.[20] This is where Edward I is noted to have set an early precedent for the Charter's reaffirmation, and to have firmed up a common understanding that laws be enacted by Parliament rather than by the monarch's ordinances. The UK Parliament's website succinctly summarises the significance of his rule in this regard (UK Parliament, n.d.[2]):

> *"[…] over the course of his reign (1272-1307) he summoned [Parliament] on 46 occasions. For the first 20 years of his reign it met regularly – almost twice a year. […] They were called on primarily to listen to and approve the King's plan for a new tax. Over the following years it became an accepted rule that the representatives of those who were going to be most affected by taxation had to give their consent to it in Parliament."*

In 1297, Edward attempted to tax the clergy by ordinance without the assent of Parliament, setting off a crisis that was soon resolved when he reversed his position and agreed to the Confirmation of the Charters (Yale Law School, 2008[3]). Article 1 reaffirms the Charter; Article 6, more specifically, the need to obtain the consent of the realm for taxes: [21]

> *"Article 1. […] Know ye that […] the Great Charter of Liberties […] shall be kept in every point without breach.*
>
> *[…]*
>
> *Article 6. for no business from henceforth will we take such manner of aids, mises, nor prises from our realm, but by the common assent of all the realm, and for the common profit thereof, saving the ancient aids and prises due and accustomed."*

Evolution of political thought

The frequent need to reaffirm the Charter's principles over the centuries, practically with each monarch, indicates that the principles were alive and well throughout that period in the practice or reality of national politics. But it also points to a continued absence of a solid theoretical basis showing a model in which the monarch's authority could be limited. The monarch had been simplistically defined in practically most cultures throughout history as the supreme, sole authority over a state, but the principles underlying the Charter would have this authority subjected to checks by other entities within the kingdom – clearly a self-contradiction, but also an absolute requisite for the very idea of budgeting to exist. Jumping ahead temporarily of our otherwise chronological narration, it took the horrors of the English Civil War for political thought to finally come up with a well-reasoned model that resolved this contradiction.

First, the notion that what would later be called a social contract can be deducted from reason, where the state necessarily needs a ruler with supreme power, can be traced back to Hobbes (1651[4]) and his metaphor for this ruler, Leviathan. In the evolution of political thought, in having "reason" make the first solid progress in taming "might makes right," Hobbes' contribution was to effectively sever the need for any theological justification of the sovereign, rendering the latter's absolute rights somewhat less absolute, or challengeable. This opened the possibility for Locke to divide the supreme powers of the state.

Locke's *Second Treatise* (1689[5]) advocated a social contract in which the state's powers,[22] now free of any theological mandate, should be separated into 2 (executive and legislative, each taking on part of the judiciary's functions). Some six decades later, Montesquieu's formulation (1748[6]), extending Aristotle's classification of the functions of government, proposed a separation into the well-known three branches of government, which was later first implemented in the US constitution.

With a corresponding shift in the concept of the sovereign (one that has supreme authority) from the monarch to the "nation" or the "people," separation of powers became firmly established as the cornerstone of statehood. Budgeting, as one of the core elements of state power, itself evolved as an institution that embodied this principle as the central feature of its decision-making structure.

1.2.2. Specificity

Early attention to the content of expenditures was rather loose, since it was usually broached in the context of taxation, tending to focus on the revenue aspect more than what the funds would be spent for once they were approved. Any discussion on spending would usually be concerned more with the total amount than the specifics of the contents; the purpose to which the expenditures were to be applied would probably be already known or orally conveyed. It would have been a different or more delicate matter, however, to go a step further and demand that the purpose be explicitly stated in the request, or even mandate that the king give his pledge not to use the approved funds for any purpose other than that stated in his request.

Yet that is precisely what budgeting would have to evolve into, to routinely incorporate such procedures to clarify specificity in the use of the approved funding. Besides the total amount, the content of spending, or how the money will be used, is necessary information that Parliament must have in order to judge whether the royal request is appropriate in purpose and size. The obvious next question to come up then would be whether the funds were actually used as approved. Specifically, the first *ex post* follow-up question would be whether the funds had not been diverted to some other purpose than that stated at the time of request.

Initially, doing so may have been deemed an issue not very appropriate for Parliament to ask or too humiliating to the king to put in writing, as it suggests a picture of subjects who do not trust their own monarch's word. History notes that the first precedent was when Edward III had to give his verbal assurance to Parliament on two occasions, that the taxes levied for the war with Scotland in 1348 and in 1353 would go only to that purpose. These were the first taxes to be introduced under an agreement between a monarch and the parliament with the proviso attached that the money could only be used for the approved purpose (Willoughby, Willoughby and Lindsay (1917, p. 29[1]), citing Maitland (1908, p. 184[7])).

The next development in the principle of specificity had to wait until after the Restoration, during the reign of Charles II, some three centuries later. In 1665, the king requested that Parliament approve the use of taxes to fund his war with the Netherlands. This time, it demanded that the king put his agreement in writing as a provision in the new tax law, stating that its revenue may not be used for any purpose other than that originally specified by the king.[23] In the following years, this restriction of purpose became an essential principle of budgeting (specificity) that is firmly binding (Willoughby, Willoughby and Lindsay, 1917, p. 29[1]; Maitland, 1908, p. 433[7]). These restrictions on the king's budgetary powers were soon firmly consolidated into the kingdom's budget system during the Glorious Revolution in 1688, as Parliament solidified its hegemony. This level of control, however, did not develop into a budget system that would be recognisable to the modern reader insofar as it lacked formal and procedural structure and clearly articulated principles, which took a further century to evolve.

1.2.3. Annual appropriations

Appropriations

At the heart of budgeting lies the concept of appropriation. The term is seldom used outside the context of budgeting, yet even here its meaning can be ambiguous. It is often used synonymously with the annual budget, but an appropriation is not necessarily limited to one year; it may well be for a multi-year period. As a verb, to appropriate means to approve, to budget, to vote, or to make a decision to spend. But approval or decisions are also rendered for multi-year spending (or even multi-year "budgets") for a major national project. More broadly, approval (by law, no less) is often given to multi-year resource ceilings in an MTEF, although such spending is almost never *appropriated* in its multi-year entirety – appropriation usually covers only the first year of the multi-year "approved" plan for funding. In the US, further adding to the confusion, "appropriation" as a term is often applied exclusively to the discretionary portion of the annual budget, as opposed to the mandatory part. So how exactly is an appropriation different from all these other synonyms that share the meaning of making a decision on spending?

The key point that distinguishes appropriations from its synonyms is whether it is truly final: may the government go ahead and spend money that has been approved, without any further intervention or permission from the legislature? In this sense, by appropriating, the legislature has given its genuinely *final* approval for the government to spend the requested money. In contrast, none of the other kinds of approval allows the government to go ahead with "executing" or spending the approved money, unless it is explicitly clear that the approval means appropriation, whether the legislature's consent was approved, agreed to, voted, decided, or just budgeted.

Appropriation vs. authorisation

For many budgeting people throughout the world, perhaps an even greater impediment to understanding the finer points of appropriations comes from another, closely related concept: authorisation. This is the idea, familiar from long tradition to the English and related countries, that every single spending decision entails two different decisions: authorisation and appropriation. However, to many, if not most, in the rest of the world, the idea is quite foreign and even incomprehensible – to them, a spending decision is one whole, indivisible decision, the only question being whether it has been rendered with finality by the legislature, at which point the government may begin spending the approved funds upon commencement of the fiscal year. Why would this involve two decisions, especially when the two are practically guaranteed to be the same? Why split hairs to such an extent?

In laymen's terms, authorisation is the decision that a requested spending is justified. This decision can be abstract in the purpose of spending, its duration, and even the amount, such as the case of recognising that a ministry, e.g. for education, shall be established and be able to spend money to fulfill its purpose, including salaries, utilities, etc., the specifics of which are left for later decisions (usually appropriations) or regulations and laws. Within this hypothetical ministry of education, there will then be further authorisations with different degrees of specificity to fund projects, programmes, and other kinds of purposes, from more or less permanent repeating expenses down to a one-off expenditure of a certain amount to be spent in a certain year. In short, authorisation is the decision that the purpose of the requested spending is found to be *qualifying or worthy* of expending the public's money from the treasury. Again, in many if not the majority of countries, this decision is simply part of the final approval in the annual budget that permits the government to go ahead and actually *spend* the money, which would have been called appropriation had it ever been thought that the decisions were different or separable.

But not so in England or countries that bear its influence. The decision over whether the spending is worthy of receiving public funding is regarded as a decision that is distinctly different in nature from whether this item, having been found worthy, then actually does get funded in the budget, and possibly by a different (smaller) amount than what has been authorised. The former decision is what is called authorisation, dealing with whether the spending is justifiable; the latter, appropriation, which is the decision rendered after assessing how the money will be raised and to what extent.[24] Theoretically, any single spending decision requires both to be approved, although one of them may be omitted or understood as implicitly given.[25] Moreover, it is possible, though perhaps seldom, for the appropriated amount to be different from the amount specified by the authorising decision.

Whence appropriations?

At this point, the question begs repeating: why split hairs to this extent? The distinction between authorisation and appropriation can be pushed as finer points of normative theory or logic for all we care, but as a practical issue why quibble over something of seemingly so little significance? What gave birth in the first place to the notion of distinguishing between these two concepts? We find that there was a very compelling reason historically when appropriations first came to the fore of events that were ostensibly about budgeting but were really a serious political contest of wills with so much at stake.

This was the English parliament during the first several years after Charles I took the throne in 1625. Aside from some minor developments in the mid-14th century involving Edward the Third's oral pledge to keep spending to the stated purpose, this is the first significant development in budgeting in more than four centuries since the Magna Carta. It is by far the most important in the entire evolution of budgeting, for it gave us not only appropriations, but also annuality and, eventually, the vote on account. Indeed, most accounts of budgeting's origins agree that this single occasion by itself practically established the main features of the modern budget system, leaving only some finishing touches to be added.[26]

Stourm (1917, pp. 9-18[8]) gives by far the fullest narrative of the events, including the political context both leading up to and following the emergence of the core concept of budgeting, appropriations. He points to the second Parliament of Charles I in February 1626 as the specific occasion that produced appropriations:[27]

> *This second Parliament granted the subsidies which were demanded, postponing, however, the formality of passing the act until the last of the session. Thus, from 1626 on, a* ***procedure of voting on the financial measures was inaugurated*** *in England, which has continued to the present day. According to this procedure,* ***the appropriation act*** *passed at the* ***end of the session of Parliament*** *is required to* ***sanction all previous authorizations or partial appropriations.***

Stourm's description of the 1626 Parliament and its significance rightly focuses on the fact that it ended up firmly stipulating parliamentary control over the budget and establishing practices that set precedents that were followed continually thereafter. Recognising the leverage that appropriations gave it over the king, Parliament would refine the tactic of limiting spending approval to amounts that would compel the king to reconvene the legislature for more funds every year, which solidified into the principle of annuality.[28]

The timing of this annual appropriation is also of significance. It was delayed as much as possible, to the last of the parliamentary session, in order to force the Crown to spend as much as possible of its own money. This, naturally, gave Parliament a stronger position as it negotiated with the king for conditions of its own, besides minimising expenditures financed not by the Crown but by taxes levied on the people. But it also had the effect of delaying appropriations beyond the beginning of the fiscal year, a concept introduced as accounting standards developed later. In the United Kingdom, appropriation bills are still submitted and passed after the beginning of each fiscal year, pursuant to the 1626 parliamentary resolution. Since this would leave the government without any money to spend in the first several months of the fiscal year, the practice emerged for granting a lump-sum spending limit without specifying the particulars, sufficient for the government to continue operating for several months but not able to initiate any new items of spending. This became the vote on account, familiar to Commonwealth countries today.

Again, the crucial point that distinguishes it from all other ways of approving spending is that an appropriation actually makes the funds available for spending – without the appropriation act, as stated in the excerpt above from Stourm, there are only so many words, but no money. All other forms of approved spending – be they approvals, resolutions, authorisations, agreements, votes, budgeting, etc. – merely signify the legislature's favourable intent, but do not actually "release" funds for spending. In particular, authorisation is different from appropriation, as noted in the previous sub-section.

But when and how did such differentiation arise between appropriation and authorisation? After all, even now, many countries regard the annual budget approval as a single indivisible decision that is meaningless to split further into legal semantics. To answer that question, it is instructive to refer to the records of what was said or written in the speeches and messages exchanged between Parliament and Charles I during this period. Volume VI of *The Parliamentary History of England* (1763, p. 440[9]) records that on 27 March 1626,

> *…it was resolved upon the Question, 'That three Subsidies and three Fifteenths should be granted to his Majesty in this Session of Parliament, payable at three separate Times; the Bill to be brought in, when they had presented their Grievances, and received his Answer to them.'*
>
> *Hand in Hand, with the Supply went the Commons Proceedings against the Duke. […]*

Clearly there was a resolution taken in parliament, i.e. there was a vote of approval, which can also be called a decision or even authorisation, but this was merely an internal decision among members of the Commons. Specifically, it was not an act that actually released the sums for spending by the king. That is also clear from the term "Bill," i.e. the bill for the appropriation act, which has not even been "brought in" for passage yet. The money would be made available only when this bill was brought in and passed by Parliament. Furthermore, this granting of money is conditional on the King resolving the "Grievances" conveyed to him by Parliament. The main target of such grievances is given by the last line: the "Duke" of Buckingham, George Villiers, the most influential man in the English Court and the holder of many titles, including Lord Admiral, in many people's minds directly responsible for a string of diplomatic mishaps and naval defeats.

So far, the excerpts above from Stourm and the *Parliamentary History* appear to corroborate each other in describing what different roles were played by authorisation (or resolution) and appropriation. A later entry in *The Parliamentary History*, however, appears to refute Stourm's statement that the 1626 Parliament "inaugurated" the practice of delaying the appropriation act until the last possible date. For, the *Parliamentary History* gives us Parliament's "Remonstrance" to the king, delivered on 5 April 1626. One part of the Remonstrance (*Ibid*., (pp. 467-468[9])) is quoted at some length below:

> *Now, concerning your Majesty's Servants, and, namely, the **Duke of Buckingham**; we humbly beseech your Majesty to be informed by us your faithful Commons, who can have no private End but your Majesty's Service, and the Good of our Country, That it hath been the ancient, constant, and undoubted Right and Usage of Parliaments to question and complain of all Persons, of whatever Degree soever, **found grievous to the Common-Wealth, in abusing the Power and Trust** committed to them by their Sovereign. […]*
>
> *Lastly, We most humbly beseech your Majesty graciously to conceive, that though **it hath been the long Custom of Parliament to handle the Matter of Supply with the last of their Businesses**; yet at this Time, out of extraordinary Respect to your Person, and Care of your Affairs, we have taken the same into more speedy Consideration; and most happily, on the very Day of your Majesty's Inauguration, with great Alacrity and unanimous Consent, after a short Debate, we grew to the **Resolution** for a present Supply well known to your Majesty.*
>
> *To which, if Addition may be made of other great Things for your Service, yet in Consultation amongst us, we doubt not but it will appear, That we have not receded from the **Truth of our Intention, so to supply you,** as may make you safe at home, and feared abroad; especially, **if your Majesty shall be pleased to look upon the Way intended in our Promise, as well as to the Measure of the Gift agreed.***

By the Commons members' own words, this excerpt appears to contradict Stourm's statement that the 1626 Parliament "inaugurated" the practice of delaying appropriations until the last of the session. Rather, Commons is reminding the king that even by that time it had already been the "long custom of Parliament" to handle the matter of supplies, or granting the king's request for funds, as their "last business." This agrees with other writers, who say that appropriating money by consenting to taxes comes from a long tradition whose origins are not clear,[29] differently from Stourm, who points to 1626 as the occasion that set an "inaugurating" precedent. Of course, while the 1626 parliamentary session does not appear to have initiated the practice of appropriations, nor that of delaying their enactment until the last possible date, it is still entirely possible that that the session may have, and probably did, firmly set up such tactics as a procedure that would become one of the most inviolable features of budgeting.

Although the exact origin of appropriations must therefore remain hidden in the mists of history, the above excerpt, together with a fuller perusal of what transpired during the early Parliaments of Charles' reign,[30] does give us some insight into how appropriations developed as a useful tactic for Commons. Note first the Commons is asking the king to dismiss the Duke of Buckingham,[31] the King's favourite. Note also the language of the Remonstrance – its obsequious tone goes far beyond extreme politeness. It is clear that Parliament is by no means a true equal of the king in terms of power despite having the authority to deny the king his request for taxes. Indeed, they had better be careful, for even during these sessions of Parliament, Charles would have some Commons members arrested and thrown into prison, where they were treated not too kindly if he found their behaviour or speech in Parliament particularly offensive. True, taxation had required the consent of the realm since ancient times, this was acknowledged by the king himself in writing since the Magna Carta, but it was still dangerous to deny or gainsay the king directly, especially when broaching conditions attached to the consent.

Commons therefore must have had long experience in developing tactics that allowed it to confront the king and deny his wishes, or make the granting of them conditional to the king granting their own first, without ever appearing to oppose the king directly or engage him in what would appear to be bickering bargaining, a notion which would naturally be too far beneath anything one would dare to presume a monarch in his royal splendour would even entertain. It is quite natural to expect that Parliament would refine tactics and procedures, as well as turns of speech, that allowed them to assume the pretence of accommodating the king's requests in favourable terms, but meanwhile as an entirely separate issue that is ostensibly untied to the matter at hand, take the opportunity to importune his majesty deign to listen to the grievances advanced in the hope that he may graciously resolve them. Despite all the flowery words of agreement, however, nothing has really been consented to by Parliament – they have not made the final decision, appropriations, to let the king have the money he requested, and the appropriations will obviously not be coming unless the purportedly separate issue of grievances has been attended to first by the king. The pretence of acquiescence, which served to appease the king even as Parliament turned on the pressure to have him grant their "untied or independent" demands first, could take on various forms of assenting decisions such as votes or resolutions, which Parliament would try to highlight to its own advantage as accommodating good-faith gestures they had made first. The king would be quite aware, though, that in the end, the gestures would remain just gestures – they would mean nothing without the final *enactment.* If the enactment involved any funds or money, this would have the special name, *appropriations*. Resolutions, authorisations, or even previous partial appropriations do not count: no appropriation, no money.

The following excerpts are quoted, again at some length, because it illustrates this point very vividly. First, from the "Answer" by Commons some days later to a message by the king, in early March of 1626 (*The Parliamentary History*, Volume VI, (pp. 429-430[9])), we have:

> *… no King was ever dearer to his People, than your Majesty; no People more zealous to maintain and advance the Honour and Greatness of their King than they; which as upon all Occasions they shall be ready to express, so especially in the Support of that Cause, wherein your Majesty and your Allies are now justly engaged. And because they cannot doubt, but your Majesty, in your great Wisdom, even out of Justice, and according to the*

> *Example of your most famous Predecessors, will be pleased graciously to accept* ***the faithful and necessary Information and Advice of your Parliament,*** *which can have no End, but the Service of your Majesty; and Safety of your Realm, in* ***discovering the Causes, and proposing the Remedies of these great Evils, which have occasioned your Majesty's Wants, and your People's Grief.*** *[…]*

The king's reply follows (*Ibid*. pp. 430–431), first dismissing the grievances and making a point of not acknowledging them as a condition demanded for his getting the supplies. He does, however, engage in a strong defence of Buckingham at length (omitted from the excerpt below). The ending reads, probably in any language, as a mildly veiled threat to Commons:

> *But for your Clause therein; of presenting* ***of Grievances, I take that but for a Parentheses to your Speech, and not a Condition;***
>
> *[…]*
>
> *I wish you would hasten my Supply,* ***or else it will be worse for yourselves; for, if any Ill happen****, I think I shall be the last that shall feel it.*

This helps us see how the distinction between authorisation and appropriations would have developed, probably gradually throughout a long period in English history, then with a particularly strong emphasis in the 1626 Parliament. While appropriations eventually developed into a formal enactment that actually grants the money, all the preceding reviews, adjustments, and approvals right up to, but not including, appropriations would have naturally evolved into its final meaning of authorisation as understood today.[32] One could almost say that if authorisation had not existed as a separate concept from appropriations, one would have been compelled to invent it as a useful negotiating tactic to delay granting the monarch's wish while keeping up the pretence that one is going along in an amicable vein. Note also that as part of this tactic, the appropriation act would naturally be delayed until the last of the parliamentary session; Parliament would lose all leverage against the Crown the moment it voted to appropriate – the 1626 Parliament, as influential a precedent as it became, probably did not inaugurate the concept of appropriation nor the tactic of delaying it until the last of the session.

As a final observation on the Parliaments from 1625 to 1629,[33] Commons had a particularly strong motivation, delivered repeatedly in both speech and writing to Charles I: the dismissal of the Duke of Buckingham. But the Duke was the young king's favourite (and had been the favourite also of his father, James I),[34] so the king repeatedly ended up dissolving Parliament to protect his favourite when Commons turned up the pressure. As a matter of fact, although the 1626 Parliament adopted resolutions early on to grant the king's requested supplies, the king ended up dissolving Parliament before this resolution was enacted, i.e. before the supplies were appropriated. So, he did not get his supplies. He thereafter developed tactics of his own to "legally" extract money from his subjects via the inventions of "ship money" and "forced loans," both of which would have normally required consent from Parliament.[35] This tension continued to build up and ultimately became one of the major causes of the English Civil War, as a result of which Charles I ended up literally losing his head.

1.2.4. Unity and universality

After the turmoil of the English Civil War and the dour intervening years under Cromwell, upon the Restoration, Parliament was able to solidify the gains it had made at such bloody cost. Having set the precedent in 1665 during the reign of Charles II, as previously noted, that the purpose of spending (principle of specificity) had to be put into writing, the definitive occasion for Parliament to establish its authority in national affairs came with the Glorious Revolution of 1688 and the Coronation Oath Act in the same year. The latter act provided for an oath to be taken by the newly invited co-monarchs, William III and Mary II, and all future monarchs, requiring them to

> *"Governe […] according to the Statutes in Parlyament Agreed on and the Laws and Customs […]."*

The monarch is now by his own oath unquestionably subject to the law, and not above it.

Thereupon, as a result of the increase in its powers, Parliament steadily extended its control over the Crown's expenditures. Most importantly, it began and extended the limits set on routine expenditures even for those paid for out of the Crown's own income. Restrictions on the expenditures of the Crown continued to grow until the late 18th century. In exchange for the Crown relinquishing non-tax sources of revenue, Parliament granted it rights to special taxes, such as a liquor tax.[36] Recompensing the king for relinquishing revenue from properties and authorities inherited from previous monarchs, Parliament would grant the monarch control of certain taxes (which, strictly speaking, Parliament still managed). But because these taxes were not inheritable, parliament had stronger control over the revenues and expenditures of newly crowned monarchs. Parliament also separated the royal palace's expenses from the state's expenses with the creation of separate funds. This allowed the royal expenditures to be identified readily, which thereby laid the foundation for controlling royal expenditures, as Parliament proceeded to set limits on usage of royal funds (Maitland, 1908, pp. 434-435[7]). Over about a century following the Glorious Revolution, Parliament's control had finally been extended to cover all spending by the state, including those of the royal household – roughly, unity and universality had been achieved.

The Consolidated Fund

In 1787, Parliament took actions that added the finishing touch to the British budget system for all practical purposes. The development of the budget system by the British parliament can be understood as a process of separating the royal treasury and public sources of revenue. It was not until the 18th century that the separation was completed in the form of the Consolidated Fund. As originally conceived, and observed to this day, all national revenues and expenditures go through the Consolidated Fund. In addition, expenditures are divided into Consolidated Fund Services and Supply Services. Even though both are included in the appropriations (budgets) approved at the end of parliamentary sessions, the former includes expenditures directly paid for from the Consolidated Fund without a separate review by Parliament, as is done for mandatory expenditures in the United States. However, the Consolidated Fund Services mostly consist of interest costs and the wages of *judicial* officials,[37] which is quite different from the contents of mandatory expenditures in the United States.

1.2.5. Clarifying the role of the legislature

Besides extending the scope of the budget throughout the 18th century, another very important precedent was set by Parliament. By limiting spending proposals and amendments by the legislature, Parliament clarified the division of responsibilities in budgeting between itself and the Crown. Thereafter, Parliament was not to initiate any spending, whether in the budget or in any other legislation – it was the Crown's role to propose spending, the legislature would only decide whether to consent to the requested spending or perhaps reduce it. The precedent's influence was not limited to the United Kingdom or the Commonwealth but subsequently had great impact on the budget systems of other countries as well. In terms of the standard framework of budgeting powers, this principle pertains not so much to the budgeting principles such as annuality, etc., applicable to the interactions between the actors *within* the specified framework; but served to strengthen the basic budgeting framework itself in how it assigned different roles between the government and the legislature. The resolution amounts to nothing less than the first explicit recognition of the government's budgetary initiative that is an important part of the separation of budgetary powers, observed by all countries today, not just the UK or Commonwealth countries.

In 1706, during the reign of Queen Anne, Parliament adopted a resolution that embodied one of the most crucial rules for budgeting and made it a Standing Order (SO) of the House of Commons in 1713. The Standing Order banned parliament members from proposing any bill that stood to incur expenditures from the national treasury without the consent of the Crown. This ban prohibited parliament members' proposal of any bill involving the formulation, submission, or even increasing amendment of the budget. It explicitly limited the budgetary initiative to government, i.e. clearly, the budget proposal could only come now from the government. Furthermore, it also forbade amendments that increased items within the proposed budget or adding new items thereto. But the resolution applied even beyond budget proposals and possible amendments; it represented a restriction far more powerful than the requirement adopted by many countries today that budget increases by the legislature must obtain governmental consent, for the standing order also prohibited *all* expense-incurring bills, even those other than appropriation bills.

This provision later became known throughout budgeting worldwide as Standing Order 66[38] because it was the first prohibition on budget increases by the legislature, an influential key principle of budgeting which is often stipulated in the constitutions or laws of many other countries across the world even now. For instance, even in countries where the legislature is allowed to increase individual items in the government's proposal, there is usually the requirement for an offsetting reduction in some other items, so that the net result should leave the total sum unchanged or not increased. Likewise, the usual prohibition on new items being initiated by the legislature also reflects the spirit of the standing order. While the four budgeting principles[39] are designed to help Parliament discourage questionable spending by the Crown, in contrast the purpose of SO 66 is to restrict Parliament's own spending impulses. It is the cornerstone of the UK's strong record on fiscal soundness; countries that have similar-looking but more lenient restrictions on their legislature's powers of budgetary amendments tend to have weaker discipline and their finances usually have not fared as well.[40]

1.2.6. Recapitulation

In sum, England grew and maintained stipulated restrictions on royal power for centuries following the Magna Carta in the early 13th century. By the 17th century, the restrictions had gradually evolved to create a more or less modern budget system with features that served as a model for budget systems worldwide.[41] Here, rather than focusing on the detailed specifics, we would like to highlight the principle that guided the development of the budget system—namely, the principle of separation of powers. The budget system that had developed over centuries in England spread to other European countries during the 19th century, as the concept of state power as articulated by Hobbes (1651[4]) and later by Locke (1689[5]) greatly influenced the political landscape in Europe as well. Lastly, even though England was the first country to develop the key features of a budget system, the country stopped short of developing a formal system with precisely defined features, as development of the budget system peaked in the late 18th century. Thereafter, refinement of the budget system and the theoretical or conceptual development of rationales for the system were carried out by France in the 19th century.

1.3. Propagation: from Autocracy to Democracy

We now turn to the question of propagation: how did the world get from the origin in England, a single point, to the current, ubiquitous presence of the same model in all countries?[42] Unfortunately, the following attempt to answer that question in this section must remain somewhat incomplete and of lesser rigor than other parts of this paper, occasionally allowing conjectures to intermingle with known facts. It will not try to be comprehensive, either, but there is still a common theme running through all parts. That would be the nature of sovereignty and how it relates to budgeting.

1.3.1. Chronological overview

Instead of trying to track the beginnings of budget systems in different countries directly, I will follow a strategy of going by the timeline of constitutions. This has the advantage of avoiding the trouble of pinpointing inceptive events in budgeting, which may not be very clearly differentiable at the originating point from any existing machinery used by autocratic monarchies to manage their finances. As we have already seen, the constitution is closely related to budgeting, whose operation and very existence requires the principle of separation of powers to be firmly declared by the constitution.[43] The chronology of constitutions is therefore correlated with the introduction and evolution of modern budgeting ideas.

Late 18th century

The first three written constitutions were adopted in this period.[44] The USA's constitution, the first to embody Montesquieu's (1748[6]) separation of powers, was ratified and went into effect in 1789; Poland, in May 1791; and France, in September 1791, two years after the Revolution. The Polish constitution will not be considered as the country was overrun by its neighbours the following year and lost its sovereignty for 123 years, until the end of World War I in 1918.

The US constitution does not make reference to a budget or any systematic method of determining the nation's expenses. The only provision related to spending is given in Section 9 of Article 1, which stipulates, *"No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law, and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."* This shows that any spending by the government required the approval of Congress as a law, but it was only in 1921 that a budget system was introduced in the US.

The French constitution of 1791 gives sovereignty to the "nation," under a constitutional monarchy.[45] It did not forget to say that the important matters of establishing public expenditures and taxes were exclusively delegated to the legislative body (Article 1 of Section I, Chapter III, Title III).[46] There is also a short Title V on public taxes, one of whose five articles mandates reports on ministerial departments' expenditures. However, Stourm offers the opinion, both his own and quotes from other sources as well, that interest in public finances initially centred mostly on the revenue side, there being nothing resembling a budget. Only by laws in 1817 and 1831 did the legislature establish its right to control the government's expenditures (Stourm, 1917, pp. 48-49[8]), to see a modern budget emerge in the late 1800s.

Nineteenth century

Probably influenced by the French Revolution and subsequent Napoleonic conquests, the earlier part of the nineteenth century Europe witnessed political volatility and unrest as the liberal spirit swept over the continent, challenging the established age-old model of statehood, monarchy. France itself would oscillate between monarchy and republicanism throughout the century, trying out variations of institutions devised to allow the state to function properly under the unfamiliar and continually shifting political configurations. Other countries in Europe, although virtually all remaining monarchies for the century, likewise struggled to find a workable balance between the new liberal demands of the times and the existing model of organising state power defined around the monarch.

The early adapters

Naturally, there were differences in attitudes as to how European monarchies accommodated the need to share what had been their monolithic hold on power with the emerging liberal or democratic demands. The early constitutions, Spain in 1812, Norway and the Netherlands in 1814, Portugal in 1822, and Belgium in 1831,[47] were all inspired by the liberal ideas of the times, including parliamentary representation and separation of powers, as well as parliamentary approval of government spending. In particular, the liberal tendencies of the Spanish and Portuguese examples may have had some trans-oceanic impact as well, on Brazil and other Latin American countries that gained independence around this time. Except for a brief initial period when some countries began as empires, unlike the mother countries all of these former colonies were quick to adopt the American presidential system. With separation of powers as a key principle, this meant that the basic conditions for a modern budget system were in place. Beyond that observation, further details of how budgeting developed in these countries will not be pursued, as they would fall beyond the scope of this paper and, regretfully, also the competence of the author. It is probably safe to say, however, that the Napoleonic conquests of Iberia and Habsburgian Austria provided a golden opportunity for the Latin American countries to wrest independence from their masters, similarly to most of the European countries mentioned above.

The latecomers

Instead, we turn to examine two later cases where the monarch was reluctant to embrace the liberal ideals. To allay mounting political pressure, the monarch would introduce a constitution that ostensibly subscribed to the usual separation of three powers. But he still considered himself above the law, or even the constitution, when important issues came to a head. The constitutions in these cases show considerable discomfort over this latent internal contradiction, and even attempt to obfuscate the issue of limiting the monarch's powers, suggesting instead that the monarch was the source of the constitution's legitimacy. The first case is Prussia,[48] whose 1850 constitution (replacing an earlier version in 1848) drew much international attention because of a constitutional crisis that erupted shortly over the budget. It was modelled after the Belgian constitution of 1831, regarded as the most advanced at the time. But unlike the Belgian Article 115 that stated the budget must be approved by the legislature but is not a law, the Prussian version stated explicitly in Article 99 that the budget shall be annually fixed by a law (Sakurai, 2004[10]).

The budget crisis erupted when, for a period of four years beginning in 1862, the government under Bismarck continued to collect taxes and disburse funds despite the legislature's refusal to approve the budget. To the legislature, the four years of spending without a budget approved by it was therefore in clear violation of the constitution. As later explained by an American political scientist, the government did not agree (Robinson, 1894[11]). For, in the German legal tradition, *"The king is not only one of the factors in legislation, he is the law-giver himself,"* especially having declared himself in the constitution's preamble as King of Prussia *"by grace of God."* That is, he believes that he possesses his political powers in his own right. It is interesting to note that the Prussian constitution, perhaps rather intentionally, avoids any declaration of sovereignty, whereas its original models from Belgium and France explicitly declared that sovereignty belongs to the *"nation."*

Some 25 years later, the first Japanese constitution, known as the Meiji Constitution of 1889,[49] was modelled after the Prussian Constitution. Having a German constitutional scholar, Hermann Roesler,[50] among them, the five-man drafting committee headed by Ito Hirobumi was keenly aware of the problem of sovereignty, which they wanted to preserve as an absolute monarchy.[51] This was not easily reconcilable with separation of powers and could lead to the same kind of controversies as Prussia, in legislation and, more specifically, the budget. The solution they devised was to take the exact opposite stance of the Prussian case: the Emperor was explicitly declared the source of all power and legitimacy, and the budget was defined as not a law, although this time, unlike Prussia's Article 99, this was not explicitly stated in the constitution.[52]

The concurrently released official English translation of the Meiji Constitution says the budget requires the "consent" of the Diet (Art. 64), but the Japanese original fudges the issue with a new word minted especially for this occasion, whose literal translation is "cooperative agreement" (協賛). That is, the Diet *must* agree with the government's proposal, made on behalf of the Emperor. This ambiguous word also appears in two other places in the Meiji Constitution: Articles 5 and 37, which concern the Emperor's legislating powers (a broader concept than budgeting) in relationship to the Diet. Note the budget is not a law in Japan, so the instances of "consent" in the latter two articles do not apply to budgeting, requiring a separate explicit affirmation (Article 64) of the Diet's authority, or the lack thereof, in the budgeting decision.

By the end of the 19th century, virtually all European countries and Japan had budget systems firmly established atop national constitutions. The reader will be pleased to learn that any such anomalies in constitutions or budgeting as described above have long since been smoothed out in these countries, especially following the end of World War II in the 20th century.

Twentieth century

The US budget system

The first prominent case in the 20th century also happens to be the last of the latecomers among the Western countries. Ironically, this was the first country to adopt a written constitution, but the last to have a budget system. Around the turn of the century, the need for a national budgeting system increasingly gathered attention and received a decisive boost when William Taft made it a central issue of his presidency (1909-1913) and delivered a report on the subject to Congress in 1912.[53] His successor, Woodrow Wilson (1913-1921), coming from an academic background in political science and public administration, also was a strong advocate of national budgeting.

Progress at Congress to adopt a budget system was not very smooth, however, doubtless because of the intervening years of the first World War, but also because the system of budgeting being proposed was the European model. This was the only existing model of budgeting at the time available for the US to refer to, but its defining feature was the presence of a very powerful finance minister to make the system work. This did not fit very well with the political configuration of the US, in which Congress had long enjoyed a clear dominance in national affairs. For, it had been founded decades before it adopted the Constitution and elected the first president, during which time it had also waged and won the war of independence from the British. Embracing the European model built around a strong finance minister would end up shifting the balance of powers, however slightly, in favour of the government. This, Congress was not willing to concede easily, when even *within* Congress fierce battles were occasionally waged over which committee had jurisdiction over choice parts of spending.[54]

There was also the more practical issue of whether a constitutional amendment would be required to accommodate the European model, which would have complicated matters even further. Uniquely among countries at the time,[55] the US constitution did not allow the government to introduce bills of law (the legislative initiative), reserving that right solely for Congress. Since the Constitution stipulated that no spending could occur but in consequence of appropriations made by law, the budget draft that the European model would have the government produce would have to be a bill of law. But that would require an amendment to the constitution for the legislature to share with the government its exclusive prerogative to introduce bills, at least for budgeting.

In the end, two workaround solutions were found that allowed the US to adopt national budgeting with the 1921 Budget and Accounting Act. These workarounds give the US budget system its peculiar characteristics that make it different from other countries' systems. The first is to split the process of introducing the draft budget. The draft is compiled by the government, as in other countries but, called the "President's Budget," is not considered a bill of law. The appropriation bill to be legislated into the budget law is then introduced as a separate document originating in the Appropriations Committees in both Houses.[56] The second workaround was that US Congress also reserved for itself markedly greater powers to amend the budget, compared to the European model. Against these more significant amendments, the US constitution does not recognise partial (line-item) vetoes by the President, which severely limits the formal means available to him to object to questionable changes or additions to the budget made by Congress. The Constitution only allows him to veto the entire budget bill, which makes it practically and politically too costly to put into frequent use.[57]

Other countries

This covers almost all countries in Africa and Asia, including the Middle East and the Indian sub-continent. For virtually all of them, the incipient occasion was liberation from long periods of occupation or colonisation, brought on by the end of World War II. Although the process of liberation was often delayed by a further decade or two after the war, all shared the sense of urgency to solidify the newly found independence as a sovereign country. For most, it was also the first time in their histories to establish a modern country, with constitutions and state institutions modelled after the Western “advanced” countries, including budget systems.

The newly independent countries did not have the leisure of allowing the constitution and institutions to evolve naturally or to await the reasonable resolutions of all pending issues. As a result, in most cases each of them ended up with a system that closely resembled what they knew through experience,[58] occasionally tempered with features taken from other types of systems. Thus, most countries formerly under British rule adopted parliamentary systems of government, with budget systems that are set up very much like the UK system. Many, if not most, of the other countries followed the model of the clear leader to emerge from World War II but took care to avoid the US system’s two peculiarities, perhaps influenced by the desire to have a strong national leader. Except for the Philippines, all their constitutions gave the legislative initiative also to the government, and furthermore clearly stipulated that the draft budget bill originate in the government. They also allowed the government to exercise partial veto rights, or, for the budget, imposed the restriction that limited amendments by the legislature, usually by having the constitution stipulate that any increases or new items introduced by the legislature would require the consent of the government.

For this final group of countries reviewed, which probably also comprises the largest number of countries, a clarification is in order. Compared to other countries discussed earlier, these countries have had much less or no experience and time to have developed traditions and institutions, much less formal systems, for robust popular sovereignty. Nor would they necessarily have had the time or political development to have generated a truly viable demand in the first place for popular sovereignty, having newly come from centuries of monarchic rule and subsequent imperialistic domination by another country. For some, and probably many, in this group, the “Western” model of budgeting may have been adopted not necessarily so much to ensure democratic separation of powers, but with efficient allocation and control of resources as the main rationale in mind. However, it should be noted that this observation does not negate the main thesis advanced in this paper, as the two possible motivations for embracing the “Western” budgeting model are rather entirely orthogonal to each other: one does not preclude the other possibility. Namely, the efficiency viewpoint does not negate the popular-sovereignty-oriented interpretation presented here.

The budget is in fact most definitely useful for good, tight planning to allocate resources needed for some worthy objectives, usually national economic and social development. This holds true even for autocratic regimes. Notable examples in history include the Enabling Act of Germany under Hitler’s rule (1933 – 1945), which allowed the Diet to be explicitly bypassed altogether by the government as it proclaimed the annual budget and laws unilaterally. The Russian budget system was introduced in the last several years of the empire before its downfall, but in the first couple of years the Duma (legislature) did not even exist, so whatever budget in that period necessarily was determined alone by the government itself. Much later in latter half of the 20th century, during the earlier several decades of economic development in the author’s own country, it is common knowledge that the political, legislative, and budgetary systems were actually dominated by a strong autocratic leader, even as formally in outward appearances the constitutional decision-making framework subscribed to the standard separation of powers that is the hallmark of proper democracy. Indeed, similar observations have been advanced for the other Asian countries (the “tigers”) that have more or less concurrently achieved comparable economic growth to the Korean case.

Recall, however, that the budget system we have been discussing precludes unilateral decisions by the government; as defined, it must (if only in formal appearances) obtain the approval of the legislature, which constitutes a power that is (albeit sometimes only supposedly) independent of and fully separated from government. Note that this characterisation actually does hold in a literal if somewhat superficial sense for virtually all of the world’s countries today.[59] Under this definition, democracy and the modern budget system are prerequisites, or necessary conditions to each other. But autocratic, efficiency-oriented budget systems, similarly to the examples listed in the previous paragraph, may still very well avail themselves of the Western budgeting model, as some have done to good effect. Strictly speaking, however, they only resemble but may not exactly fit the model of budgeting as defined in the Introduction to this paper, insofar as the stipulation goes that the budgeting decision be made with authorities split between the legislature and the government to achieve checks and balances.

In the extreme case, an autocratic regime may choose to follow what we regard as the "Western" budgeting model in every single aspect except for the decision-making process built on the principle of checks and balances – strictly speaking, such a country would have government or state expenditure plans, but not a modern budget under our working definition[60] for this paper. For an autocratic system seeking to maximise efficient use of resources, the choice of the "Western" model of budgeting, when it pertains to the part of separated budgeting powers as the key feature, is therefore really *optional* – they may choose to, but are not compelled to, adopt this particular feature, even as they emulate all other features of the model for good spending plans. Nonetheless, the truly salient point for us has to be the fact that virtually all countries' constitutions today actually do mandate this "optional" feature explicitly,[61] even though many are ruled by rather autocratic leaders (compared to their Western counterparts). Presumably, at least a nod of acknowledgment to a framework of separated powers was deemed important enough.[62]

The last two sentences deserve further elaborating emphasis. First, as all countries do subscribe to a model of separated powers (again, perhaps only in superficial appearances), that information in itself cannot have any power to predict[63] whether or not budgeting decisions are actually rendered in a checks-and-balances framework, or whether that principle was actually a serious consideration when the constitution and budget system were formally defined – it will still be possible for an autocratic government to be only interested in efficient resource allocation but not in having its plans actually subject to independent scrutiny. Second, despite that, the notion of popular sovereignty based on separated powers is still important enough that all countries did end up choosing to profess adherence to that principle in their constitutions and budget systems. Thus, the fact that the budgeting model may pursue good planning on expenditures independently of the pursuit of democratic values, by and in itself still does not negate our interpretation[64] of why Asian and African countries, the last group to gain independence after WWII, chose to adopt the Western model of budgeting, usually along with familiar political systems based on popular sovereignty.

Finally, it should be noted that the converse does not hold. Logically, autocracies have an optional choice to *not* implement separation of powers within the budgeting framework (which none have exercised in their constitutions and organic budget laws). But in contrast democratic regimes do not have a choice of following a different decision framework. For the latter, budgeting is important and influential enough as a state power that it *must* itself be set up to replicate separation of powers for its decisions. Constitutions and budget systems with separated powers may not be *sufficient* by themselves for one to adjudge the state of democracy in a particular country; nevertheless, they comprise an absolute prerequisite or a *necessary condition* for countries that do aspire to the values of popular sovereignty.

1.3.2. The final stone: France

Tempting as it is to summarily wrap up the discussion by concluding that the English invented budgeting, prudence advises we unturn one final stone. That would be France, which has played a prominent and often leading role throughout European history, especially in matters of government and state institutions. Might not French history point to certain developments of its own, which from its standpoint may be claimed as pivotal inceptive events that eventually evolved into a full-fledged budget system? Would such events have unfolded more or less in parallel to, or perhaps even have preceded the events in England? This section probes for any surprises that may still lie hidden under the last proverbial stone.

Etymological origin

The first, rather trivial, issue concerns the term “budget” itself, especially as it comes from Latin/French origins; namely, “bouge,” meaning leather bag, or its diminutive, “bougette.” Having crossed the Channel into the English language around the 15th century, it came to mean the bag that the Prime Minister used to bring the budget documents to Parliament, then eventually the documents themselves in the early to mid-18th century. That the English used the word budget in the latter sense is backed by incontrovertible proof by a printed memorandum circulated by the Prime Minister Robert Walpole ([12]) himself in 1733, *The Budget Opened, or an Answer to a Pamphlet*. By 1764, it is clear that the word had come to refer to the document and not the bag that contains it.[65]

But do the French concur that the word, although originally from French roots, was given its current meaning by the English, and not themselves? Stourm (*Ibid*., pp. 4–5), himself a Frenchman and *the* contemporary authority on the budget system, provides an unequivocal answer: “*The philological origin of the word “budget” is English: […] All treatises on the subject give this as its origin.*” Furthermore, he reports that the French regarded the word with disdain as vulgar and did not deign to use it, quoting Jean-Baptiste Say:[66] *“Budget, a barbarian word, even in England, where it has lost its original meaning, and which we would replace justly by calling the thing by its real name, i.e. a balance between the needs and the resources of the State*.” Stourm concludes his investigation by observing that in France, *“Public documents began to use the word “budget” only a few years after the beginning of the nineteenth century.”*[67]

Before the Revolution

Turning now to substantive developments in budgeting, rather than quibbling over mere nomenclatural precedence, did the French have events or milestones that were comparable to or even preceded the English? Stourm, after a lengthy first chapter on the English experience, devotes the whole next chapter to discussing the French case in detail. Although he valiantly highlights events that would paint his country in the best favourable light, his own recapitulation summarises the limitations of the French system of public finances before the fall of the *ancien regime,* quoted several times at some length below.

Of the États Généraux, which is reported to have some representativeness since the early 1300s,[68] but not to the degree enjoyed by the English Parliament, Stourm notes that it was called infrequently, irregularly, and did not have authority to effectively check the king’s wishes or commands. That is, it lacks the regularity and authority to be considered as meaningful ground gained toward an eventual budget system:

> *Recapitulating, except during the reigns of John the Good [Jean le Bon] and Charles VII, we do not find more than five or six assemblies on the average in every century. These assemblies were convened without any regularity whatever. Moreover, we must omit from the number all the simple assemblies of notables which unjustly assumed the name of États Généraux.*
>
> *From this it appears that the institution as such was inoperative, or rather say, that it acted without authority; this is demonstrated by the list of dates as given above, as well as by the countless cases where royalty imposed and levied taxes on the basis of its own authority. Taking it in all, until 1791, taxes seldom originated by approval of the representatives of the country.*

Before the fateful final États Généraux that ignited the Revolution in 1789, the last time it was convened was in 1614 – a lapse of 175 years, as is well known. In Stourm’s words, this was a period where there was no national entity that could effectively check the monarch’s demands, and hence for our purposes, definitely a period with no budget system:

> *The Period of the "Parlements": From 1614 on, as we have stated, the États Généraux ceased to be convened. Until 1789, or for 175 years, the Crown governed alone; imposed taxes and regulated expenditures at will without the cooperation of the representatives of the country. From then on the absolute power of the king was to be opposed by the Parlements.*

> *'Parlements' not Representative: The Parlement attempted, in fact, to arrogate to itself the right to control the purse of which the representatives of the country had been deprived. But this effort could be nothing more than a sham because the Parlement which neither the people nor any part of the nation elected did not represent anybody. Their office, acquired by purchase, conferred on them no legislative powers. Montesquieu said of them: "The Parlement publishes the laws after the laws are passed, and reminds the people of the laws when they have been forgotten." The publication of the laws by the Parlement was simply a formality; it involved no right, no power to ratify the laws of the country, much less those dealing with taxes. And what value could lie in a legislative right, if it existed, when a Lit de Justice was sufficient to permit the king — who was received with much pomp and seated on an elevated throne — to order forthwith the registration of edicts?*
>
> *[...]*
>
> *Thus during the entire reign of Louis XIV, no check, not even an apparent one, was applied to the absolute power of the King. The États Généraux were discontinued and the Parlements silenced. The latter did not regain the possession of their ancient right of protest until 1715, from which date they maintained them until the Revolution.*

Clearly there is no budget system to speak of at all after 1614, much less one that is comparable in any degree to England. Regarding the period before 1614, a body of representative nature does exist in the États Généraux, but aside from a markedly nominal concept that the monarch ought to obtain the consent of the people for taxes, there is no effective authority or explicitly expressed rule that can be put into actual use. Again, there can be no budget system; or, if there is some rudimentary, notional system, it is ineffective enough that one cannot expect any further improvement or evolution from that basis:

> *In order to explain this contradiction between the theory and the facts and at the same time to excuse the flagrant violations of the public law committed by royalty and which royalty did not even defend, it has been alleged that the États Généraux were incapable of performing their constitutional functions.*
>
> *Bailly's statement in his Histoire financière is certainly true: "The États Généraux in France convened once in a great while, and composed as they were of individuals not acquainted with public affairs and not having the time to gain any experience, they did not know how to specify or how to carry out their rights."*

Overall, right up to the French Revolution in 1789 – which came almost exactly a century later than England's Glorious Revolution, by which time England already had evolved most of the main features of budgeting – there was almost no significant event or development in budgeting that could be regarded as comparable to the English case, except for one potentially important point. That would be the idea that taxation requires the consent of the people, which turned out to be the founding premise that eventually helped other important ideas to emerge later, such as separation of powers or budgeting.

The principle was widely recognised by the French, very much like the belief that the English had already held for some time before demanding its written inclusion in the Magna Carta of 1215. However, the earliest recorded recognition of this principle in France also comes roughly a century after the Charter. Moreover, unlike in England, the idea appears to have remained just that: a notional idea that was mostly ignored by the monarch more or less with impunity – the États Généraux rarely, if ever, explicitly brought it up as a point of contest. In short, the French failed to make this important principle count, whereas the English most definitely did.

At this point we already have a definitive answer to our question: no surprises lay hidden under the final stone. Budgeting did originate in England, and not France: in its history right up to the French Revolution, the latter would find it difficult to point to evidence of its own to argue for comparable achievements or progress at the formative stages of the budget system. Let us now consider events after the fall of the *ancien regime.*

After the Revolution

Having established that budgeting was invented by the English, does it follow that France merely followed in those footsteps just to replicate a variant adapted to their own circumstances? The short answer is that, although the English had already introduced and established practically all of the key principles and features of modern budgeting, the French at that point still did add a significant contribution of their own by putting the final finishing touches to this new but very important institution for managing the state's finances. The English, as they often do, even with their constitution, may have been content to leave matters to traditions, precedents, or more explicit statements scattered over numerous sources without any serious effort at consolidation, but that simply would not do for the French. Their temperament demanded that such an important new system had to be compactly *codified* in one document or law that was clear, complete, and coherent. The task entailed stating, and in many cases, defining concepts, procedures, and the involved authorities with greater rigorous precision so as to iron out any ambiguity or inconsistencies. The significance of this contribution by the French is that the subsequent propagation to other countries was greatly facilitated by having available an explicitly and precisely spelled out system they could refer to as they designed their own systems. This occurred mainly in two phases: Europe and Latin America during the 19th century, and then in the 20th century, particularly in the post-colonial rush to independence after World War II.

As already noted above, following the Revolution, the Assembly quickly re-established the right to determine taxes through the Constitution of 1791, reconfirmed by law in 1817. The right to intervene in spending, however, remained unclear until unequivocally established by law in 1831. That is, it took some four decades after the Revolution to determine whether the legislature ought to have this right or leave spending entirely at the discretion of the executive — a non-trivial length of time to settle even the basic assignments of budgetary authorities. Certainly, the process was not helped by the reversion to monarchy, by Napoleon as emperor (1804–1814, 1815) and the subsequent Bourbon Restoration. Napoleon, in particular, was known to be quite autocratic at the Assembly's expense, treating it with almost complete disregard in both constitutional and budgetary affairs.

Over the long run, however, the French budget system probably benefitted more from Napoleon's influence than it suffered from the ostensible setbacks in the short run. The underlying spirit of his two greatest achievements, the Napoleonic Code and the metric system, carried over into the budget system as well, making it an authoritative standard that aimed at the same kind of precision, clarity, and comprehensiveness. Progress in this respect can be summarised as two key achievements: the earlier series of reforms by Baron Louis, and the Imperial Decree of 1862. In a series of enactments that strengthened centralised management of taxation and expenditures, Baron Louis, finance minister (1814–1815, 1815–1819, 1831–1832), was responsible for refining the key concepts and principles that the English had been content to leave rather loose-ended.[69] The later Imperial Decree of 1862 focused on tightening the link between the budget and government accounting to strengthen accountability and central control. This meant that budgeting had to be even further refined to be compatible with the more precise and exacting standards that accounting demands.

That the significance of these belated post-Revolution, indeed, post-Napoleonic, French contributions to budgeting should not be discounted lightly is corroborated by the behaviour of the European neighbours, who invariably incorporated the salient features developed by the French into their own systems.[70] In a similar vein, there is also testimony from the English side, that by the 1860s the French system had evolved to a level that the originating English system would do well to give some serious attention: Balfour's report to the Statistical Society (*Ibid.*) gives a thorough, detailed comparison of budgeting in the two countries, generally finding the English system to be lacking the greater control and accountability made possible by its French counterpart.

Relative to the English origination, how much significance can or ought to be accorded the later French contribution? The answer would depend on the context and the perspective or orientation of each person answering that question. There will always be those who value the beginning above all later developments. On the other extreme end, a persuasive case could probably be easily made that the modern budget system was born only when the final completing efforts produced a cohesive and comprehensive system for the first time. Thankfully, this paper does not have to adjudicate this debate. The question addressed by this paper is a much simpler one: when, where and what are the origins of modern budgeting? Despite features that may not have yet been formed properly at the time of origin, can we identify the earliest buds of budgeting, not the full blossom that now dominates the world? Not involving any other judgement of value or significance, we have shown that the simple answer to that question points quite conclusively to England.[71]

1.3.3. One final look at England

Progress against weak monarchs

The implicit theme underlying budgeting's historical emergence is that it is an inextricable part of democracy, in the sense that its conceptual rationale and actual evolution depended on a scheme of separated powers within the state, while itself constituting an essential part of maintaining and further reinforcing that separation, or division of powers. The argument for such an interpretation of budgeting can be built on an entirely conceptual basis, relying on logical reasoning to show that budgeting and the evolution of democratic principles and institutions are closely linked to each other. Alternatively, the historical review of English budgeting history in the first section suggests a different way to test the soundness of that interpretation. In the modern spirit of testing a null hypothesis against observed facts, will the history of English budgeting bear out our interpretation? As a very rough and informal test, will we be able to confirm that the sporadic events that pushed the development of budgeting occurred only, or mainly, when the monarch was too weak to defend his powers against budgeting's encroachment? On the other hand, were the answer to turn out in the negative, showing these events instead took place under monarchs known to be powerful and effective as rulers go, we would be compelled to seek a new interpretation of how and why modern budgeting evolved.

King John, forced to accept the Magna Carta, is often depicted as the most despised among all of England's many monarchs. Leaving aside the folklore of the Robin Hood stories, there are many episodes related to his relations with his father, Henry II, and brother, Richard I, both very colourful characters themselves.[72] Invariably they all paint "Bad King John" or "John Lackland" in such unfavourable terms that it seems inevitable that the 25 barons would stand up to him and put their demands in writing that the king agree to restrain his behaviour. He met his end shortly in circumstances that were befittingly as ignoble as his reign.

John's successor, Henry III, was barely past his 9th birthday when he took the throne. Although his reign lasted 56 years, it was overshadowed by Simon de Montfort, who successfully led the baronial opposition and, as de facto ruler of the country, called the first representative parliament that included members beyond the nobility in 1265,[73] shortly before he was killed in battle later in the same year.

The only strong kings found in English budgeting history are Edward I and his grandson Edward III.[74] Despite his obvious authority, the first Edward appears to have found it more expedient to work together with Parliament to facilitate delivery of the much-needed, frequently requested funds to finance the continual conflicts with the Welsh, Scots, and the French throughout his reign. The latter Edward is noted for the two occasions (1348 and 1353) where he gave his verbal pledge not to use the granted taxes for any purpose other than the war with Scotland. Again, despite his popularity, Edward III may not have found himself in very favourable circumstances. The continual conflict with France, known as the Hundred Years' War, had already placed the kingdom under enormous financial pressure against further taxes. It did not help, either, that an episode of Black Death broke out in 1348, eventually claiming the lives of a third or possibly more of the population.[75]

The most significant developments in budgeting, as previously described, took place in the 17th century. This was the time of the House of Stuart, following the death of the last of the Tudors, Elizabeth I, in 1603. Although the Tudors, notably Henry VIII and Elizabeth, were perhaps the most powerful monarchs in English history that Parliament dared not oppose,[76] it was a different story altogether for the Stuarts throughout their entire collective reign. The first Stuart, James I, came to the throne from a background that did not inspire his subjects to the wholehearted trust they had given his predecessor. On his ascension to the English throne in 1603, James had already been King of Scotland since an infant in 1567, when his mother, Mary, Queen of Scots, had been forced to abdicate her throne. An uncomfortable rival to Elizabeth, Mary was later executed on her cousin's order in 1587. James' Scottish origin, combined with his tolerance for Catholics, may also have been a factor that affected his relationship with Parliament. Although his political skills allowed James to get by with Parliament, he was responsible for sowing two seeds that years after his death led directly to the Civil War and execution of his son, Charles I. Despite, or perhaps instead motivated by, his weaker hold over the nation than the Tudors, James espoused the divine right of kings, a theological basis for absolute monarchy, and even wrote two books on his theory.[77] Known for his chastity in his younger days, he later showed a marked preference for male company, particularly with his favourite, George Villiers, later made the Duke of Buckingham. He thus left for his son Charles both the absolutist idea of monarchy that would clash so violently with Parliament and the political pretext for Parliament's opposition, the dismissal of the Duke. James was also known for profligacy and incompetence in his financial affairs, which did not predispose Parliament to regard Charles' request for taxes favourably from the very first session under the new king. Arguably more honourable than his father, Charles had a personality that was rather inflexible and politically not adroit enough to avert the ultimate confrontation that he would later face.

Upon the Glorious Revolution, Parliament once and for all settled the question of sovereignty and the limits on monarchy. This was done through the Coronation Oath Act of 1688 and the Bill of Rights of 1689. Parliament then took the trouble to strengthen its own discipline by its 1706 resolution (later to become Standing Order 66), which prohibited any spending initiative by Commons. This happened during the reign of Anne, the last of the Stuart line, and not known as a strong monarch.

Anne having left no issue despite her 17 pregnancies, the throne passed on to the House of Hanover. The Crown's influence declined again with this importing of a German line of relatives, particularly during the later well-known long bouts of mental illness[78] that incapacitated the third Hanover monarch, George III. Meanwhile, throughout the 18th century, the budget system continued to see a steady extension of its scope until it came to encompass even spending out of the royal household's own income, culminating with the establishment of the Consolidated Fund in 1787.

The brief and informal review above does show a picture where key events in the evolution of budgeting mostly took place when the monarchy was not strong, allowing democratic principles and institutions to gradually gain ground against autocratic monarchy.

Why the English?

There remains one final question: "Why the English?" The answer is known that the question has no real answer, but having come this far in the search for the origin of budgeting, one cannot resist asking this ultimate question.

We have already seen how budgeting began, evolved, and subsequently spread to all countries. But that still leaves us asking the question, why did it start in England and not some other country? Can we identify a particular reason, or did budgeting simply have to start somewhere and it just happened to be England? For a state to exist, it must have a ruler, but in virtually all states throughout history, the very concept of a ruler implied autocratic dominance, at least in theory and often in practice. The notion that there can be a system that presupposes a permanent entity with powers that can oppose the ruler is not intuitively obvious and even oxymoronic, since with that kind of power, one would naturally expect the leader of that alternate potent entity to dominate and become the leader himself. Is there anything that explains why the English were or became different from everyone else?

The simple answer is that the English had always been like that – not very willing to submit wholly to the ruler and quick to object to unjust orders or objectionable behaviour by the king. In comparison to other cultures that adhered at least in theory to a model of top-down autocratic monarchy, England was much more likely to develop a model of statehood that enabled checks and balances based on the existence of separated powers.

This may not be a satisfactory answer to our question as it fails to point at a clear beginning occasion, but it does point to a different perspective worth exploring for some surprising insights. The above characterisation of the English is not really uniquely limited to them only; it is a common trait describing the "Germanic" tribes. Upon first encountering a new group of people who shared a common culture some two thousand years ago, spread over Northwestern and Central Europe and Scandinavia, the Romans promptly dubbed them the "Germanic" peoples. Roman sources at the time noted that while individually formidable as warriors, the Germanic forces lacked the organisation and discipline to be effective, quite unlike the famed Roman legions. Another feature mentioned by the Romans was that these people made important decisions in a popular assembly, the þing (thing), but they also had kings and war leaders, who were often elected.[79] To Roman eyes, these people appeared to be quite unruly, lacking tight organisation and discipline – in short, different enough in temperament to be incompatible with the Roman way of life.

After the fall of the Western Roman empire, the Danish Angles and their southern neighbours, the Saxons, migrated to England, taking the idea of the þing with them to form the *witenagemot* (meeting of *witans*, or wise ones). This is the king's council in the Anglo-Saxon days of somewhat hazy ancient lore, often cited as the precursor to the English parliament. On top of this Anglo-Saxon institution, the opposite thinking of strong autocracy was abruptly imposed by another strain of the Germanic peoples upon William of Normandy's conquest in 1066. Being frenchified former Vikings, the Normans came from Germanic origins, as did the subjugated Anglo-Saxons. But having taken the French or continental idea of autocratic leadership to heart, the Normans promptly forced it on their freshly conquered subjects. The stage was thus set for two competing, mutually incompatible ideas of statehood and leadership to intermittently clash with each other over some six centuries. The continual conflict probably intensified the ideological commitments on both sides, which was stirred up even further when the religious split initiated by Henry VIII raised the stakes. When things had built up to a critical point in the 1600s, the resolution saw England finally giving the world the first parliamentary system of democratic government, along with the first budget system. Along the way, the uneasy cohabitation of Norman and Anglo-Saxon ways also produced the common law system as distinct from the continental civil law system, which can be traced back to Roman law, especially as thoroughly revamped by Justianian into his *Corpus Juris Civilis*.

As a final observation, the preceding two paragraphs begin and end with references to Rome, which provokes one last speculation. Over a century ago, Weber (1905[13]) wrote that the Protestant ethic was what explained why certain countries embraced capitalism, allowing them to develop or modernise ahead of their Catholic neighbours. But this leaves the author wondering whether Weber may have missed the bigger picture: the Protestant-Catholic divide may perhaps be only one *result* in some larger picture, not the *cause* as identified by his investigation limited to a narrower scope. After all, the centralised, disciplined Roman way of organising things tightly, taken in contrast with the looser, somewhat more unruly approach favoured by the Germanic peoples, seems to actually "explain" most of the important differences between the two worlds for the next two millennia, even to the present day. The only difference from the ancient days seems to be that over the two thousand intervening years, the "Germanic barbarians" at the periphery of the Empire appear to have pulled ahead of their Continental counterparts, perhaps thanks to their looser or "freer" temperaments and systems, better suited to take advantage of market principles and decentralised management but which in the old days had conversely placed them at a disadvantage.

The ancient geographic boundary between the Roman Empire and the territories of the Germanic peoples serves as a reliable guide throughout European history to the present day for sorting out physical areas or countries that can be mapped to many dichotomies. These would include: liberal vs. centralised tendencies in political structures; rights of the individual vs. those of the state; common vs. civil legal systems; substance vs. form, or preferences for practical *ex post* results vs. *ex ante* legalistic completeness; Protestantism vs. Catholicism; flexible vs. rigid approaches (planning vs. plans); and innovators vs. followers in modern government and public sector reforms, e.g. for budgeting, performance, transparency and accountability, not to mention government accounting. As in Roman days, throughout history the Germans of today have tended to stand somewhere in between the two worlds, differently from their other "Germanic" kin.

It is straightforwardly obvious that this dichotomy was subsequently extended to other regions of the world through imperialistic conquests – how decisive such influence has been may vary, however, for individual countries.[80] In this context, we wish to point up the fact that this one last tangential speculation about the Roman vs. the Germanic cultures does have some bearing on the effort to understand the present universal dominance of the Western budgeting model. The origin of the Western budgeting model (revolutionary in many ways and not expected to evolve very naturally) is both the title and the main thesis of this paper, but the second thesis is also quite remarkable, that it came to enjoy a world-wide, universal prevalence in such a short period of historical time. The speculation offers the reader an opportunity to contemplate this second thesis from a much broader perspective on history, politics, and cultures.

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Notes

[1] In a separate paper (Kim, forthcoming[20]), I show that virtually all countries' constitutions and organic budget laws (having reviewed them for over 130 countries) in the world today dictate that the budgeting decision be made within this framework that separates power, or authority, between the government and the legislature in the same manner.

I also argue that the budget system developed and still exists primarily to assign and regulate decision-making powers in budgeting. Contrary to Key's (1940[19]) interpretation, the more recent focus on achieving efficiency, results, or performance, remains an important, but secondary priority for the budget system.

[2] Being an important result of the legislature's vote, each annual budget is by itself regarded as a law in most countries. To my knowledge the only exceptions are Japan, Korea, Norway, Sweden, Switzerland, and the Chinese Taipei.

[3] I hasten to add that I am under no illusion that adopting constitutions and laws that profess democratic separation of powers will be sufficient to deliver or guarantee an actual democratic state. There can be, and probably is, much room for stated laws or policy to differ from the actual implementation, unfortunately sometimes intentionally or cynically so. Alternately, many countries still have not been able to develop the

kind of resilient institutions necessary for robust democracy. See also the discussion on Asian and African countries in the last part of Section 1.3.1 in this paper.

4 The notable exceptions being some Greek city-states (e.g. Athens), and pre-Augustan Rome.

5 i.e. throughout the paper we ignore the sole alternative to the two cases – rule by one (monarchy) and by the many (democracy) – which would be the case of rule by a few (oligarchy). Note that the points concerning monarchy in the paper would apply equally to oligarchies.

6 For instance, the idea that the monarch could not impose taxes at will, but had to obtain the consent of the realm, or the concept of appropriations as the final legal consent for the monarch's use of funds (which may have been already agreed to by Parliament, but still needed to be formally appropriated for final release) were points that Parliament frequently brought up as established by "ancient" customs or laws.

7 One notes that this stretch of English history is certainly more than distractive enough to divert attention away from anything as mundane as budgeting, filled as it is with fascinating episodes and narratives woven by colourful characters, political intrigues, and grand historical events. These being well-known and recounted in various forms in both popular and academic venues, we will suppress the temptation to foray into further details.

8 As already noted above, in Kim (forthcoming[20]), I show that virtually all countries' constitutions and organic budget laws in the world today dictate that the budgeting decision be made within this framework that separates power, or authority, between the government and the legislature in the same manner.

9 Willoughby, Willoughby and Lindsay (1917, pp. 34-35[1]).

10 John did not sign the document, but rather affixed the royal seal to it.

11 Stourm (1917, p. 10[8]), citing Macaulay's *History of England*, notes *"That the King could not impose taxes without the consent of Parliament is admitted to have been, from time immemorial, a fundamental law of England. It was among the articles which John was compelled by the Barons to sign. Edward I ventured to break through the rule; but able, powerful and popular as he was, he encountered an opposition to which he found it expedient to yield. He covenanted accordingly in express terms, for himself and his heirs, that they would never again levy any aid without the assent and good-will of the estates of the realm."*

12 Scutage and aid can be taken as the medieval feudal term for taxes. The quoted provisions are English translations from the Latin original (Davis, 1963, pp. 23-33[42]).

13 Willoughby, Willoughby and Lindsay (1917, p. 29[1]), citing Maitland (1908, p. 182[7]). Also see Krause (2015[22]) for how taxes financed the war expenses of Britain and Prussia as modern finance ministries evolved.

14 Another long-standing custom was not to allow standing armies. Raising and sustaining forces to wage warfare was therefore definitely not a part of the king's routine expenditures. There is a practical aspect to the matter – as Krause shows, military expenses were typically several times larger than the king's peacetime expenses.

15 'Confirmed,' rather than 'gained' or 'created,' because the notion that taxation requires consent of the realm or the people was already held by the English, from 'ancient tradition.' The Charter, however, was the first instance where this was expressed and acknowledged by the monarch himself in writing.

16 Complementing and mutually supporting the other elements crucial to securing a hold over the state: violence (as identified by Weber (1919[15])), and authority over personnel decisions (appointments and dismissals).

[17] See the final section of the paper. Uniquely to Germanic cultures, important decisions were made in a popular assembly called a "thing," which in old Norse, English, and Dutch meant a meeting or assembly. Traces of this name can still be found in Nordic countries. A surviving example would be the Althingi (gathering between assemblies), Iceland's legislature founded in 930, one of the oldest parliaments in the world. Similarly, Denmark, Norway, and Sweden all have legislatures whose names end in 'ting,' which means assembly or meeting. There is also the Sameting for the Sami people in northern Scandinavia. Interestingly, Germany is the exception, naming its legislature the Diet, which, however, also means meeting (in addition to the usual usage in reference to food).

[18] Although it is mostly the Charter of 1215 that is commonly referred to (as this paper does) because of its iconic symbolic significance, it is the revised and reissued versions by Henry III (1216, 1217, and 1225) and Edward I (1297), typically renewed by each monarch thereafter, that effectively established the medieval relationship between the monarch and his subjects (including the commoners) in England.

[19] *Parliamentary History,* Volume VI, (1763[9]).

[20] The French monarchy's depreciative attitude toward the legislature in matters of taxation and laws in general was in marked contrast to the English right up to the French Revolution (See Section 1.3.2).

[21] For further details on Edward's administrative and legal reforms, see Burt (2012[17]), especially Ch. 8.

[22] As noted by Weber (1919[15]) even further several centuries later, the definition of the state dictates a *monopoly* of power (violence). Locke's genius was to suggest that this seemingly monolithic power could be separated and assigned to multiple, rather than a single, entities.

[23] From Maitland (p. 311[7]), the precedent was followed in some, but not all, other cases under Charles II, and not at all during the reign of James II. After the Revolution, it was invariably followed. Maitland also notes that already under Charles II, the appropriation clause on limiting the purpose of spending was taken seriously enough to cause the impeachment of the king's treasurer, Lord Danby, in 1678.

[24] i.e. the "ways and means" review, coming after the authorising decision, may find that the actual sum that can be raised and spent may fall short of the authorised amount.

[25] This is particularly characteristic of the US budget system. Mandatory expenses (pensions, healthcare and the like) are usually authorised in one-time legislations, which set the key conditions and rates or formulas at which expenditures will take place. The annual expenditures will then be executed every year according to this law, without a separate process at the legislature every year to appropriate the sums that will be spent. In contrast, discretionary spending is appropriated every year by the legislature without a separate authorisation act, which is deemed to be implicitly given with the appropriating decision – appropriations in the US therefore usually means discretionary expenses only. Note that in the UK budget and in the Commonwealth countries, unlike the US budget the annual appropriation encompasses all government spending, including the mandatory, automatic expenditures.

Of course, the distinction between appropriations and authorisation is not as simple or clear as I have made it out to be. For a more detailed account of how the issue developed in US budgeting history, see the CRS report by Schick (1984[35]). Also see Fisher (1979[18]), Heniff (2012[44]; 2015[43]), and Saturno and Yeh (2016[36]) for authorisation vs. appropriation in the US budget system.

[26] These finishing touches, however, would take a further sixty years up to the Glorious Revolution to solidify, and then a further century to gradually extend the scope of the budget.

[27] The quoted excerpt is from Stourm (1917, p. 11[8]).

[28] Appropriating larger amounts over longer periods would diminish Parliament's influence in relation to the Crown.

[29] See Schick (2002[14]), in his brief description of the English traditions that gave birth to budgeting.

[30] From his inauguration in 1625 to 1629, Charles holds to a similar pattern of dealing with Parliament unsuccessfully, where he ends up dissolving Parliament without having obtained his supplies.

[31] Already at the end of the 1625 Parliament, the first under Charles, *The Parliamentary History* notes that "*It is plain that the Antipathy the Commons had then taken against the Prime Minister [the Duke], was the Occasion of their Slackness in granting Supplies, […]*" (Volume VI, (p. 405[9])). A later entry in the same source, given after the king's reply to Commons quoted below, shows the animosity has peaked by the next parliament: *"But the Spirit raised against the Minister could not be conjured down by any thing the King could do; and no Supply was to be expected, till the Duke was given up to public Vengeance. The Commons followed the Chace* [sic] *very warmly against him; and in some of their Debates, very severe Expressions were used against the Court; […]"* (*Ibid*. (p. 431[9])).

[32] This dichotomy between authorisation and appropriation is preserved very clearly and visibly in the budget systems of India, Pakistan, and Bangladesh, all of which had strong British influence. According to their constitutions, the budget proposal is reviewed and then approved by the legislature after any required adjustments, which corresponds to the authorisation. Immediately upon approval of the "grants" in this manner, a new bill is introduced, listing only the titles and amounts of the spending items without any further details, and promptly enacted without amendments.

[33] The usual historical interest on Charles' reign dwells primarily on political events that immediately follow this, i.e. mainly the events *after* this period. Starting in 1629, this includes the eleven years without Parliament (when he resorted to questionable tactics such as forced loans and ship money to raise funds) and the twenty years thereafter where we have the Short, Long, and Rump Parliaments (covering the period that saw the Civil War, Charles' execution, and the Interregnum). For budgeting, however, it is rather the first several years of Charles' reign (1625 – 1629) that demand our attention, when he was still attempting, however unsuccessfully, to work with Parliament.

[34] The relation between James I and the Duke went beyond being merely controversial and continually fuelled much salacious speculation. More information can be easily had with casual searches in popular media, so we will forgo further discussion in this paper, noting only that the anomalous closeness of the Duke's relation to the monarchs most likely did play a role in stoking Parliament's animosity toward him. Despite the strong and widespread antipathy from Commons and the people, the Duke remained at the height of royal favour until he was assassinated in 1628 at the age of 35 by an army officer disgruntled at being passed over for promotion.

[35] Ship money refers to taxes granted to the king to collect from residents of ports and nearby locations to help with the upkeep of naval vessels, on the reasoning that their livelihoods benefitted from the presence and traffic of the ships. Charles, without any consent by Parliament, which he did not bother to convene for over a decade after 1629, extended ship money to locations far inland, though they clearly had nothing to do with servicing or benefitting from ships. Forced loans are simply taxes imposed unilaterally by the king on citizens, but to avoid the legal problem of obtaining Parliament's consent, the king insisted on calling them loans, not taxes. However, anyone who refused or was late in paying his "loan" assessed by the king would still promptly end up in jail.

[36] Originally, some specific-purpose taxes were granted to the king for the entirety of his reign. However, to reinforce its influence over the royal palace, Parliament began requiring that these taxes be reapproved

on a regular basis or, in most cases, annually. In the process, annuality became an essential budgetary principle.

[37] As opposed to the wages of public servants (the civil service), which is not charged to the Consolidated Fund. Inclusion of judicial officials' wages is to protect their independence.

[38] As originally resolved in 1706 it reads, *"Resolved, That this House will receive no Petition for any Sum of Money relating to public Service, but what is recommended from the Crown."*

According to the *Standing Orders of the House of Commons* (2016[33]) and the House of Commons *Minutes of Proceedings*, Volume 15, (p. 211[32]), the resolution was adopted on 11 December 1706. In 1702, Queen Anne had succeeded to the throne following William III and Mary II, whom Parliament had recognised as monarchs after the Glorious Revolution, which had led to significant weakening of the royal power. The resolution was made a Standing Order (SO) in 1713 (*Ibid*., Volume 17, (p. 417[32])), a year before Anne's death in 1714, and revised four times. The key terms and purpose of the resolution remain unchanged, save for some clarifying extensions. Unlike those of the House of Lords (2009[46]), the standing orders of Commons were originally not numbered. When Commons finally assigned numbers to the standing orders in 1884, the resolution came to be widely known as SO66. It was later redesignated as SO48 during a reorganisation of the Standing Orders of the House of Commons.

[39] Annuality, unity, universality, and specificity.

[40] As is the case with the United Kingdom, France and Germany also constitutionally prohibit parliament members from proposing any expenditure-incurring bills without the government's consent. The US has similar provisions in the Rules of the House of Representatives (2017[31]) and the Senate (2014[30]). However, the American provisions appear to be less effective in restricting increases or new initiatives introduced by Congress. Most constitutional laws across the world similarly restrict budget increases initiated by legislative bodies, albeit with differing degrees of strictness.

[41] HM Treasury's evolution may strike some readers as relevant to the query for budgeting's origins, as it is a government institution whose purpose is closely related to budgeting (or, more generally, to public finance, as also including the revenue and fund management, besides the spending side). While fully acknowledging the importance of Treasury's role and history, I have elected to omit that story because it appears to fall outside the scope of this paper – very little is directly relevant to the discussion presented here regarding how budgeting started and developed. The story of HM Treasury, important as it is, deals with issues that are more detailed but concerned with lower-level topics *within* government as budgeting and management of the state's finances evolved, not the broader issues *between* the monarchic and popular sovereignty (i.e. the monarch vs. the legislature), which is the ultimate issue at stake that drove the creation of a framework for decision-making in spending. Readers still interested in Treasury may wish to consult Roseveare (1973[37]) or Baxter (1957[41]) for further information.

Similarly, some readers may find that the references to the political background and events provided here, while certainly adequate for history aficionados, may be too terse. I have restrained the impulse to follow the political or historical stories since they are not the main subject of inquiry, however interesting or even fascinating they may be (and usually are). However, the "alerts" strewn through the narration should provide the reader with adequate starting references for information that can be easily had through general queries even in popular media, if not more serious academic material. In contrast, the main sources I have relied on (Willoughby, Willoughby and Lindsay, 1917[1]; Maitland, 1908[7]; Stourm, 1917[8]) provide very little background context, probably because most readers are presumed to be already quite familiar with the related political and historical developments.

[42] As noted at the beginning of this paper, virtually all countries' constitutions and organic budget laws in the world today subscribe to the same model of power relations in budgeting.

[43] Admittedly, autocracies may still have constitutions, but this is not absolutely required, since they may instead proclaim a *code* of laws or a *basic law* on the ruler's authority. In contrast, democratic separation of powers *must* be axiomatically established by a constitution.

[44] Excluding those of ancient times, such as Athens, which had a written constitution.

[45] Louis XVI still had two years before he went to the guillotine in 1793, which also happens to be the year that the second French constitution was adopted.

[46] Article 10 of the same section further recognised the king's civil list, whose expenses will be paid for by the nation for "the magnificence of the throne."

[47] The word "budget," which began to be used by the English in the mid-1700s, was disdained as vulgar by the French and not fit for official use until the early 1800s. Among the cited constitutions that I have been able to examine in detail, "budget" appears in the 1831 Belgian constitution, in Article 115. The Dutch constitution also required that the parliament approve the budget, consisting of a fixed and an extraordinary part, the latter for the army. A similar requirement appears in the Portuguese constitution ("orçamentos," Article 224).

[48] Germany did not exist yet. Representing the German people, but never quite capable of functioning as a state, the Holy Roman Empire had stood as a loosely integrated union of small Germanic states and principalities for close to a thousand years, from 962 to 1806. Prussia united the German states to form the German Empire in 1871.

[49] Introducing a Western-style constitution was the crowning piece of Japan's urgent mission to modernise so as to be able to stand on equal footing with their Western counterparts, after having their shores forced open to Commodore Perry's gunboat diplomacy in 1853. See Takii (2007[45]) for a complete translation of the Meiji Constitution.

[50] See Siemes (1962[26]; 1968[27]), Suzuki Yasuzo and Johannes Siemes (1941[21]; 1941[24]; 1942[25]).

[51] See Kunitake (2009[38]), Ito (1904[40]), or Pittau (1965[23]) for Japanese thinking at the time.

[52] Ito (1889[39]).

[53] Taft (1912[34]). The appendix has responses to a questionnaire on national budget systems from 39 countries, which gives a snapshot of budgeting in virtually all sovereign countries in the world ca. 1910.

[54] See Schick's CRS report (1984[35]) for details.

[55] Even now, all countries accord the legislative initiative to both the legislature and the government, excepting only the US and the Philippines.

[56] This is the current practice. In the past, the bill originated in the House of Representatives.

[57] Lacking the authorisation to spend without a budget, the US government must literally *shutdown* as a consequence of its veto, which usually brings more pressure on the government than Congress. Other countries do not share this problem. All other presidential systems grant the power of partial (line-item) vetoes to the president (Kim, forthcoming[20]). Countries with cabinet systems in the British style have the vote on account, which grants lump-sum authorisation to the government that allows it to continue spending for previously approved purposes until the budget is finalised. The Korean president, too, has only the full veto, but the budget is not a law and therefore not subject to a veto of any kind in the first place.

[58] In not a few countries, the form of constitution and government was not entirely left up to the newly independent nation to decide, but had non-trivial influence from the former imperial master. We will not pursue this angle any further, as such interventions will hardly impact the discussion at hand.

[59] I present evidence for this in a separate paper after reviewing over 130 countries' current constitutions (Kim, forthcoming[20]).

[60] See the third paragraph of the Introduction.

[61] See Kim (forthcoming[20]).

[62] Note that besides the Asian and African countries of interest for this section, we can also point to other "latecomers" to nation-building during an earlier period. Prussia, Meiji Japan, the Soviet Union under Stalin, and Nazi Germany are also examples where the façade of separated powers (i.e. having the legislature and government as separate top-level entities of the state) was maintained, but in substance, checks-and-balances were rendered inoperative. Top-down nation-building decisions unencumbered by the legislature were clearly the main role of budgeting in this scheme, yet that was not important enough to eliminate the legislature altogether, but only bypass it while keeping up the appearance of a democratic framework with ostensibly separated powers.

[63] In this sense, information we can observe about whether the budgeting decision framework conforms to separation of powers is orthogonal to information on the motivation for adopting the Western budgeting model (democracy or planning efficiency?) – in a mathematical analogy, the former "variable" has only one observed value and therefore cannot be used to predict the second variable (the motivation for adopting the Western model of the state and the budget system).

[64] Explicit consideration of the different possible motivations for adopting the Western model of budgeting does, however, enrich our understanding of that model. This and related issues are further elaborated on in Kim (forthcoming[20]).

[65] Although many similar sources can be easily found on the etymological origins of "budget," the blog entry by Paul Seaward (2012[28]) appears to have the most detailed, fullest account. Also see Balfour (1866, pp. 3-4[16]). Note as well that Robert Walpole's pamphlet is publicly available in scanned form at the Internet Archive, https://archive.org.

[66] In a report to the Tribunat in Year XI of the French Revolution.

[67] The exact year is given as 1803 by Balfour (1866, p. 4[16]), who quotes Marquis d'Audiffret, former President of the Court of Auditors and widely regarded as having "founded the modern science of public finances in France," as saying, "… *only appeared for the first time, in the Acts of the French Government, in the Decrees of the Consuls in the interval between the months of August, 1802, and the month of April, 1803, in which this term budget replaced the former estimate of receipts and expenditure."*

[68] Note that this was already about a century later than Simon de Montfort's representative English Parliament of 1265.

[69] Stourm, especially in Part I of his book, discusses how key concepts such as the "period" (fiscal vs. administrative; i.e. the finer points of annuality), universality, and comprehensiveness of the budget underwent extensive refinement, thanks mainly to Baron Louis.

[70] Webber and Wildavsky (1986, p. 327[29]) summarise the French budget system's improvements and influence on its neighbours as follows: "*In ten years, between 1817 and 1827, France enacted a series of laws establishing centralized management of taxing and spending, […] Belgium, building its budgetary structures of the French model after its own revolution in 1830, soon developed segmented financial*

management. […] The Netherlands established centralized structures for legislative control of spending after 1848; Italy, in 1860; Sweden, after 1876; Norway, in 1905; Denmark, in 1915. In general, these changes occurred after radical changes in the structure of government."

[71] French budgeting history, perhaps extended to cover the royal finances in the ancient regime days, including treatment of national finances by Quesnay and the Physiocrats, certainly deserves a much more extensive discussion than the brief review presented in this section. But that would be a task for a separate paper or probably at least an entire book. For us, the section may be considered too brief, but it is nevertheless sufficient to help answer our "simple" question decisively: where did budgeting originate, and how?

[72] As was Henry's queen, Eleanor of Aquitaine, mother to Richard and John. Richard's encounters with Saladin are also a legendary part of the Crusades lore.

[73] Prior to that, he was also central to the 1258 Parliament's developing the Provisions of Oxford, a key constitutional reform that was similar in spirit to the earlier Magna Carta. The king's refusal to honour the Provisions sparked off the baronial opposition known as the Second Baron's War.

[74] Edward III may have enjoyed greater popularity among his subjects simply by having replaced his rather unpopular father, Edward II, rumoured to have met an end in a manner that is slyly reminiscent of his "unconventional" conduct during his reign, quite bizarre even for English history,

[75] The final major outbreak of the Black Death occurred in 1665, or when Charles II was similarly asked by Parliament to state the purpose of the funds requested for warfare against the Netherlands, but this time, in writing, instead of verbally as Edward III had done.

[76] However, Parliament assiduously legislated after-the-fact laws to keep them congruent with the decisions made by the Tudor monarchs without Parliament's consent. This was used effectively against later monarchs to tell them that decisions and policy may not differ from what the law said. The tables were now turned, and any new ideas the monarch might wish for could now be implemented only by new or amended laws to that effect, the passage of which required the consent of Parliament.

[77] *The True Law of Free Monarchies* and *Basilikon Doron (Royal Gift).*

[78] During one of which the American colonies were lost.

[79] This custom survived into the Electoral College of the Holy Roman Empire, where the prince electors gathered to vote for the next Emperor.

[80] Kim (forthcoming[20]) surveys how individual countries have adopted the Western model with what kinds of modifications.

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