ACCEPTATIONS ON PUBLIC FINANCES AND THEIR FISCAL COMPONENT

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Abstract: *The structural components of the public financial system in our country, and consequently of the fiscal system, are individualized according to the participants in the process of allocation of financial resources and formation of the public financial funds, the methods used to create and distribute the respective funds, and the destination of the funds, thus forming distinct categories of financial relationships, but at the same time linking them, inter-conditioning, forming a unitary system of financial relations. The system of public financial relations is therefore characterized by unity in diversity. Each component of the public financial system is the generalized expression of economic phenomena and processes whose content is formed by the necessary economic relations. Each component has a certain economic content and sphere of precisely determined manifestation, but, however, viewed as a whole, forms a unitary, coherent, well-formed system.*

Keywords*:* Public finance, Fiscal component.

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1. LITERATURE REVIEW AND DISCUSSIONS ON PUBLIC FINANCES AND THEIR FISCAL COMPONENT

The fiscal component is integrated into both functions of public finances. The views expressed in the economic literature of the former states with centralized economy may be grouped as follows (Văcărel, 1963; Bistriceanu, 1973; Constantinescu, 1976):

a) some economists believe that, besides the functions of distribution and control, the public finances also have a production function, which is considered as their basic function. To support this point of view, they start from the fact that the public finances participate in the insurance of the cash money circuit in the serial reproduction; for this reason, the function of production is also called the interdependence function of the money circuit on broad bases;

b) other economists formulate the following three functions of public finances: the function of providing money resources to the economic activity of enterprises, the control function through money on the formation, distribution and use of resources in the national economy and the function of distribution of money and accumulations;

c) other economists claim that the public finances fulfill four functions: the function of determining the total volume of the money means necessary for the accomplishment of the designed objectives, the function of ensuring a judicious distribution of the revenues, the function of rational spending of the money funds and the function of control over the economic and social activities;

d) there are economists who advocate for three other functions of public finances, namely: the mobilization or accumulation of money means, meaning the formation of money for the state and other economic and social agents, the function of distribution and rational use of money resources in the process of social reproduction and other needs of society and the control function. A similar point of view is supported by some economists in our country, who formulate the mobilization function, the distribution function and the control function;

e) finally, other economists question the distribution and control functions and formulate two other functions: the function of accumulation of money resources and the function of guiding and using them.

We consider that there are no convincing arguments that public finances would still perform functions other than distribution and control. For finance to fulfill a production function, they should be directly involved in the production process. It is known that the production capital requires technical capital, nature elements and labor, known as production factors, along with other new ones. It is true that under the terms of the exchange economy, they are procured through money that generates mainly financial ratios. This, however, takes place outside the productive stage of the production funds. Those supporting the existence of the production function believe that denying such a function is equivalent to denying the unity of the production factor circuit. To argue that public finances perform a production function means actually confusing finance with money. The function of production attributed to public finances is only one aspect of the function of distribution by which the money are used in the economy, at the disposal of the state and its bodies. Admitting the production function should logically lead to the admission of a public finance consumption function, especially if we take into account the fact that the consumer fund has the highest share in gross domestic product.

It should be noted that all the views expressed on the functions of public finances and the fiscal system start from the separation of the function of distribution in its two moments, namely the mobilization and directing of the funds, attributing to each of these moments the quality of a distinct function. However, there are no objective grounds for such a division, because the mobilization, the constitution, the allocation and the use of public money represent a unitary process of a very complex character. We conclude that there are two stages in the evolution of the concepts of public finances, in the states with a developed competitive economy: the first corresponds in general to pre-monopoly capitalism and the conceptions promoted are considered classical and the second corresponds to the period of domination of monopolies, whose concepts are considered modern (Văcărel, 1970, 1971). However, we should note that, at least in the last half century, parallel to the modern concepts, we witnessed a development of the concepts of public finances specific to centralized economies, concepts that are abandoned as a new macroeconomic management system is adopted.

The classical concepts reflect the liberal doctrine, specific to the ascending bourgeoisie, according to which the economic activity should run without the intervention of the public authority, which could disrupt the private initiative, the free competition, or the action of the economic laws of the market. The role of the state must be limited to fulfilling its traditional tasks and functions, such as maintaining the public order, defending the country, and maintaining the diplomatic relations so that its spending is minimal. The methods of taking money at the state's disposal should be neutral, so that they do not modify the existing economic and social relations. The fundamental issue of a good governance would be to ensure a balance between budget revenues and expenditures. The doctrine of economic liberalism guides the science of public finances mainly to cover the public spending. The emergence of the budget deficit, the inflation generator, was considered an undesirable phenomenon with negative effects on the functioning of the economic mechanism. Therefore, at this stage, called the state-gendarmerie, the preoccupations for obtaining the money resources necessary for the state, for their economic use, for the distribution of tax duties by categories of payers, for contracting and repayment of loans, for making and balanced execution of the state budget, for observing certain rules related to financial discipline and proper fund management were predominant. Thus the concept of public finances has a strong legal character.

In the present century, especially after the great world economic crisis of 1929 - 1933, the place of state - gendarmerie has been taken by the so-called state providence or state of welfare, whose concerns are considerably widened. The internationalist doctrine (Lalumiere, 1970; Leon, 1944) increasingly states that public authority must play a more active role in the economic life, influence economic processes, correct cyclical evolution, prevent crises or take action to remove their negative effects. The main concern of the public finance science is to study the instruments with which the state can intervene in the economic life, and the ways of influencing the economic processes. This does not mean, however, that the interest of the public finance science to the state's public spending disappears, but only that the redistribution of gross domestic product acquires new valences. New functions of economic nature add to the traditional function of public finances. The public finances are no longer a simple intervention way of the public authorities in the economy. The object of research is increasingly moving towards analyzing the state's economic and social intervention instruments through public spending and revenues. The strong interventionist conception in the social-economic life by means of methods and instruments specific to public finances was taken to extremis in the former socialist states of Central and Eastern Europe, where all the levers were concentrated in a single decision-making center whose options were not always based on criteria of rationality and economic and social efficiency. The results were not long awaited, and their implications for the lifestyles of these populations were most unfavorable.

In the economic and social conditions created in the aforementioned states, including in Romania, after the events of the end of 1989, it was expected that the range of conceptions about the content and functions of public finances would be enriched with a trend specific to these states, because they could not adopt sensu stricto any of the concepts analyzed. Ensuring social protection for the entire impoverished population and the rush of illicit enrichment does not allow a total and immediate liberalization; at the same time, the decentralization of decision-making centers on the background of democratization and liberalization of the economic and social life, absolutely normal and necessary, does not recommend any excessive state intervention. These states are facing financial problems of a theoretical nature, but especially of a very practical, extremely complex one.

The existence of public finances and fiscal system in the contemporary societies has an objective nature, in the sense that all conditions that have led to their self-empowerment in the overall economic relations remain. In other words, it is absolutely necessary and possible to make funds available to the state and public institutions and organizations and to use them to meet certain needs; the cash flows generated by these processes are financial flows that are largely driven by fiscal instruments. The complexity of satisfied needs on the part of public financial funds, for example through public finances, also gives them a complex character, a fact requiring different treatment for their different segments (Mirițoiu and Popescu, 2009).

All financial relations form a system, which we call the system of public finances or public financial system (Văcărel, 1963, 1974, Bistriceanu, 1981), while its different segments, differentiated according to various criteria, form links, subsystems or structural elements; the fiscal components of the public finance system can also be set up in a tax system. The French economic literature appreciates that taxation is the set of laws and rules that determines the tax. Any tax system raises three basic issues: a) What amounts of money will be better off by indirect state intervention than by individual use? What is the tax burden you want ?; b) From whom are the tax resources taken and by what means: direct or indirect taxes on wealth or salaries ?; c) How to allocate rationally these taken resources?

2. THE PUBLIC FINANCES – THE COMPONENT ELEMENTS OF THEIR STRUCTURE

At present, the Romanian public finance system has the following components: the financial relations generated by the activity of economic agents with private capital; meaning the levy, the payments and payments to the funds, and any subsidies from these funds; the financial relations generated by the activity of autonomous companies and commercial companies with full or majority state capital; the financial relations reflected in the national public budget with its three components - state budget or state central government budget, local budgets and the budget of the insurance of goods, persons and civil liability through specialized state-owned organizations; the credit relations conducted by state-owned banks and loans contracted by the state (Gliga, 1994; Law no. 10/1991, Law No. 72/1996). All of these generate public finance flows that integrate fiscal components as well.

As one may notice, it is about the financial relations related to the public sector of the economy, because through it the state directly influences the social-economic life. The size and effectiveness of state intervention depends on the share of the public sector, the size of the state market, which differs from state to state; for example, in countries such as Switzerland, the United States, Sweden, Denmark and Japan, the public sector occupies a modest place in the economy, while in countries like France, Italy, Germany and the UK the share of the public sector is more important. In Romania, as a result of the process of privatization, the share of the public sector is decreasing. The state-owned enterprises will remain those businesses in strategic branches or fields, even after privatization is completed. We consider that the basic element of the public finance system in Romania should be the financial relations generated by the activity of economic agents, regardless their form of organization and functioning, with private, state or mixed, domestic and foreign capital. Of course, the share of private equity firms must be on the rise, as the privatization process runs and the their economic force grows. The independent economic agents participate directly in the decision-making process in terms of volume and structure of production, sources of supply, product destination, personnel, investments, etc. and decide on the destination of the net product, the amortization fund and the other own and borrowed funds. Through its orders, the state may have a powerful leverage to influence the economic activity. However, the independent economic agents, especially those with private capital, present a particular financial interest because, on the one hand, they provide most of the financial resources they need for development and staff stimulation, and on the other hand, they have a substantial contribution to the formation of other financial funds in the economy (Miriţoiu and Popescu, 2009).

Thus, the independent economic agents participate with taxes and contributions to supply the funds of the national public budget, with insurance premiums to the insurance fund for goods, persons and civil liability, as well as with to the social capital of other enterprises. However, it should be added that their available temporary amounts become credit sources of the economy for as long as they are kept in bank accounts. The economic agents are the starting points of some financial flows to the state budget, local budgets, state social insurance budgets, property insurance, people insurance and civil liability funds, banks, other enterprises, and the funds for personnel's self-development and material concern.

The financial relations performed through the state budget are economic financial relations in the form of the distribution and redistribution of gross domestic product in connection with the formation and use of the main public financial fund in the economy. It is the money fund at the disposal of the central state administration that serves to satisfy the most general and pressing needs of society and individuals. The state budget is the first component of the national public budget. Due to the relationship with the other components of the public finance system, we may say that it holds the central place within it. This component of the public financial system serves the state to guide economic development through the macroeconomic development program, respectively the national economy plan, which contains indicative and binding provisions, as well as to influence economic processes at microeconomic level. It is the financial and currency support that the state gives to enterprises and institutions, especially those in the public sector, in the form of allocations for investments of value or of great national importance, when they can not raise funds from their own resources or from the borrowing capital market, but also the members of the company as individuals, the financing of the infrastructure, as well as the financing from the state budget fund of some scientific research, geological prospecting, educational expenses, education, including the training of employees, recycling and reintegration of the unemployed, health care expenses, support for cultural settlements, etc. All these national interest actions and objectives fall within the competence of the central state administration. Thus, we may state that the state budget is a genuine program for financing the country's economic and social development, a powerful micro- and macroeconomic management tool. Therefore, the state budget carries out multiple cash flows in both directions: some start from different categories of payers to the budget - taxes and duties from the autonomous enterprises and commercial companies with state, private and mixed capital, cooperative organizations, family associations and other legal and physical persons, income from the exploitation and renting of state and non-profit-making assets, non-profit institutions, loans contracted by the state, and others start from the state budget to various beneficiaries - to finance investment objectives with social, economic, administrative, defense, funding for educational, sanitary and social assistance institutions, transfers to the lack of sources of income, funds made available to banks for granting loans to economic agents.

The local budgets are the second essential component of the national public budget in our country. The financial relations carried out through them are defined as in the case of the ones carried out through the state budget, mentioning the actions and objectives falling within the competence of the local state administration bodies, respectively those of local interest. Local budgets have a greater share in financing sanitation, social assistance and protection, and infrastructure of local interest. The role of local budgets is increasing if we are considering decentralizing decision-making centers in the field of state administration, meaning increasing the competencies of local government bodies.

The third component of the national public budget is the state social insurance budget. It refers to the financial relations generated by the actions of assistance and social protection. The cyclical development or evolution of the economy affects the level of employment in the sense that the number and structure of the employed persons are registering higher or lower oscillations. The increasing number of the unemployed and the unemployment rate, especially among certain categories of the population, such as young people and women, raise serious socio-social problems that the entitled bodies have to solve. Therefore, the state, through its bodies, finances, on the basis of public financial funds, a series of measures such as: granting, over a determined period of time, the unemployment benefits to people who have lost their jobs; helping those left without a job to fit into other units in similar or similar positions; the organization of full-time or state-funded re-qualification or recycling courses; creating new jobs at the expense of public financial funds or stimulating private enterprises to do so by granting tax advantages, loans with preferential interest, etc. The financial effort required to carry out social protection actions is supported by the state social insurance budget and the staff training, investment, credits, etc., by the other components of the national public budget and by the banks.

Therefore, considering the national public budget as a central component of Romania's public financial system is justified by the important dimensions of the transfers of purchasing power from legal and physical persons to the money funds made up of its three components and from them to various beneficiaries, as well as the particular effects of fund redistribution through financial relations conducted through the national public budget.

Financial relations also arise in connection with the provision of goods, persons and civil liability insurance through specialized state-owned institutions or bodies. The need for such insurance is due to disruptive and unbalanced factors of social reproduction. In order to intervene or attenuate the damage, the solutions offered by the specialized insurance institutions are used on a large scale and, for this purpose, certain funds are constituted, which, in the case of the state-owned insurance institutions, are public financial funds. On the basis of the insurance contract or of the obligations under the law, the individuals and the legal persons interested in insurance pay the insurance institution a sum of money for the formation of the insurance fund, out of which, in the case of the insured event, the insurance institution covers the damage produced and pays the insured amount to the entitled party. There is no match between the amount paid by the insured and the indemnity or the insured amount it receives in the case of the occurrence of the event. Such insurances create the possibility of resuming in the short term the process of social reproduction, temporarily interrupted, with a reduced individual financial effort. Such money relations are not carried out through fiscal instruments, but insurance companies contribute to the formation of public money by paying taxes to the state budget.

3. CONCLUSIONS

Each of the structural components of the Romanian public finance system usually corresponds to several financial funds. Each of them has its own rules of constitution, or assignment, specific ties to other funds and a certain reason to be. We also believe that in this context it must be stressed in particular that public and private financial funds are interconnected by a system of interdependence relationships of the nature of interconnected vessels, and the surplus of a fund can only be taken over by the fund with which it has correspondence, and the shortage of resources of a certain fund can only be completed by the fund with which it is linked. Therefore, we conclude that in the process of balancing individual financial funds, the principle of their compatibility must be respected, using the appropriate adjustment mechanism.

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