

## Challenges for Democratic State Budget Organization

**Abstract:** This thought piece is to, at a high level, address modern challenges to the manner budgets are organized in democratic states. To my mind, those challenges are manifold and interlinked. Therefore, addressing them is dependent on an understanding of all of them. Clearly, each of the mentioned challenges in itself is intricate and deserves detailed attention. In order for the mentioned interlinks and the need for a succinct reduction of complex issues to succinct metrics become plausible I have chosen to here address the mentioned challenges from a high level and risking to not give justice to detail relevant to every of them. I find this appropriate in particular because of the tendency of intricate issues to be detailed and thereby even more difficult to understand. The discussion below shall start with taking positions of two key moments in history which, I think, are characteristic for the formation of budget rules. This historical review is followed by a discussion on how to ensure the most fundamental of relevant metrics, namely the money value that is the most obvious fundament for a population to usefully budget issues given that a majority of which will not consist of specialists that can quickly detect what is relevant about issues, and discussions around the Euro will be reviewed. Further, the consequences of state commitments to combat n against climate change having added a new type of obligations to be dealt with by state will be discussed. Finally, the consequences of states having taken substantial commitments to support investments, be it in renewable energy, be it in innovation at large, and the need having emerged to address flexible of targets will be discussed, and a summary drawn.

**Keywords:** budget, democratic rights, budget procedure, economic policy

### Articulating the Interrelation of Democratic Rights and Budget Approval Procedures

Whilst the principle “no taxation without representation” appears to summarize a fundamental principle of budget policy in a simple manner, the turmoil that arose in the context of the implementation of this principle seems to also be interrelated with the difficulty to determine the exact rationale and parameters of this principle.

Before the American Revolution, US-Americans, in what concerned their rights, seemed to have been taken guidance by the British constitutional system, “the best that ever existed among men”. Only when US-Americans came to the conclusion that measures about revenue sources taken in London where one sided, such measures started to be seen as part of a conspiracy [Foner 1998, p. 13]. The dispute about the

adequacy of related measures developed into the American Independence War and the formation of the USA, with the “no taxation without representation” – principle in retrospect emerging as at least in public perception being the key driver for the formation of the United States of America [[www.boston1775.blogspot.com/2009/04/who-coined-phrase-no-taxation-without.html](http://www.boston1775.blogspot.com/2009/04/who-coined-phrase-no-taxation-without.html), access as of 4 March 2022].

The controversy on how the right of parliament to approve the budget is to be implemented also stood at the outset of the multi-faceted process which led to the formation of the German Reich in 1871. Significantly, the failure, in the later 1860-ies, to clarify the outcome of a potential further conflict between the monarch and his cabinet on the one side and the Prussian parliament on the other side may have contributed to the weakness in construction of the German Reich as well as to the abruptness of the end of monarchy in Germany after World War I [Mann 2009, pp. 313, 393, 369]. More concretely, Hugo Preuß has convincingly argued that the very Bismarck, who had been appointed to deal with the constitutional crisis caused by the government implementing a military reform against the parliament, was instrumental in avoiding workable checks and balances from being introduced into the constitutional system of the German Reich, his main purpose apparently having been to always be able to influence this artificially protracted process [Preuß 2008, pp. 225, 322, 455].

To my mind, those two examples are characteristic for how difficult it turns out in practice to be to implement a democratically budget process with legitimacy, but also for the lack of the articulation of the ultimate rationale of the budget process. Tellingly, the process of American independence seems to have been quite protracted and not left an immediately evident legacy as far as budget processes are concerned, and the idiosyncrasies of the German-Prussian process actually seemed to have had some role in the backlashes democracy suffered in Germany.

Further evidence of the raw, unarticulated form of the positive rights every citizen is to be conferred to on the basis of this right is it being only briefly mentioned in a notable decision of the German Constitutional Court on the role of the ECB, which also will be a basis for the following discussion [BVerfG, 5 May 2020 BvR 859/15, 2 BvR 1651/15, 2 BvR 2006/15, 2 BvR 980/16, No. 99 – 101].

This background explains the aims and importance of the discussion of new challenges to the budgetary process and democracy which follows immediately.

## **Monetary Basis and Economic Policy**

As in practice can be studied in countries with high inflation, the ability of the population and parliaments to effectively exercise participation rights can be put in question by money value fluctuations. Such money fluctuations or the state indebtedness that causes fluctuation are frequently accompanied by distortion of statistics

[O'Boyle 2016, Truman and Veron 2018]. Also, the danger that statistics are distorted by other practices appears to not be far fetched [[www.rechnungshof.saarland.de/fileadmin/user\\_upload/Veroeffentlichungen/Pressemitteilungen/pressemitteilung\\_praesidentenkonferenz.pdf](http://www.rechnungshof.saarland.de/fileadmin/user_upload/Veroeffentlichungen/Pressemitteilungen/pressemitteilung_praesidentenkonferenz.pdf), access as of 8 March 2022].

As compared to such issues about the reliability of statistics, the bigger issues obviously are with money value itself. In order to ensure the stability of the money value, a reference to the independence of central banks in fundamental documents such as national constitutions apparently has become frequent<sup>1</sup>. Presumably, typically, the aim of such assurances being included into fundamental documents is to give the relevant central banks and bankers some basis for demanding their independence. As a general assessment, however, I suspect that this independence rather is the fundament of political debate as opposed to being cited in legal procedures and challenges. It may well be a consequence of this type of legal dynamics that science has not, up to now, had a chance to develop the concept of democratic budget control as referred to above. Rather to the opposite, the rationale, and the exact elements of the deferment of rights and obligations to central banks seems to not have been comprehensively discussed [Gutbrod 2010, Thye 2012]. Furthermore, the very fact that the ECB has been established, has also drawn attention to the institutional structure of the ECB.

As to its activities, the ECB seems to be involved into the shaping of economic policy to an extent that is not out of dispute [[www.youtube.com/watch?v=Mza8p\\_iM2gE&list=OLAK5uy\\_kuPrlwr\\_zujDG1vYJhrkG5mU\\_rFRx4cVQ](https://www.youtube.com/watch?v=Mza8p_iM2gE&list=OLAK5uy_kuPrlwr_zujDG1vYJhrkG5mU_rFRx4cVQ), access as of 3 March 2022] In addition, the ECB seems to paid attention to combatting climate change to an extent which is also not free of debate [Ilzetzki, Jia 2021]. On a minor note, activity of the ECB seems to also extend towards issues quite far from monetary policy such as beneficial concerts to the advantage of Ukraine [[www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/](http://www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/) access as of 3 March 2022]. On the internal structure of the ECB, whilst, different from other central banks, the positions taken by the directors of the ECB during voting remain confidential [Claes, Linta 2019], directors are likely to have interest independent from their European obligation given that they are appointed by national governments [[www.econstor.eu/bitstream/10419/24077/1/dp0470.pdf](http://www.econstor.eu/bitstream/10419/24077/1/dp0470.pdf), access as of 3 March 2022]. Finally, there seems to be more evidence of career after a position in the ECB than one would expect with central banks<sup>2</sup>.

1 By way of example, Art. 88 German Fundamental Law (Grundgesetz) refers to the foundation of the German Central Bank, and even in earlier versions did not define independence in detail, let alone the remedies for the implementation of independence, see Tettinger, pp. 1844 ss

2 See the careers of Mario Draghi, who after having led the ECB became Italian Prime Minister, of Axel Weber, who after having lead the Bundesbank worked in the private industry, about the cooling off period after working at the ECB also see Dolan, C. (2012).

The multifaceted issues alluded to here and relevant to the internal and external independence of the ECB become relevant not only for monetary stability. Rather, other economical purposes are frequently given substantial importance. For instance, the stability of the whole of the economy is mentioned as guiding principle of state spending in Art 109 Section 2 of the German Constitution (Grundgesetz), and according to Art. 72 Section 2 it is a requirement for the Federation to have the competency to implement legislation in the German system that such legislation is needed to approximate living conditions throughout German territory. Importantly and regardless of which direct rights of citizens the mentioned provisions lead to, such rights seem to not immediately be available on an European or the basis of all countries of the Euro-zone. Going a bit further in economic policy, for financial aid for countries in distress it has been stated: “Given the inherent power imbalance between creditors and debtors and the strongly intergovernmental nature of the ESM, there is a striking lack of institutional means to hold the policy-makers accountable.” [Crum, Merlo 2020]. Also, criticism of the actions taken seem to not have immediate consequences for those or the organizations in charge [Alumnia 2021, p. 9]. If, indeed, organizations and even policy makers are not held accountable, the ability of citizens to determine the course of related financial action seems to also be limited.

At the same time, even though financial assistance, as mentioned, does allow relatively uncontrolled executive action and does not seem to be subject to much control by citizens, the instrument for such financial aid, the ESM, does not seem overly attractive, and therefore, if financial need arises [Alumnia 2021], is likely to be replaced by other instruments. Indeed, in the context of the EU COVID-response measures, new tools have been sought, and the plans that are to be a basis for EU funding have been evaluated as follows: “Comparing the national plans is challenging, because they present data in very different structures. The number and definition of headline categories and the availability of summary information about sub-categories varies from country to country. Nevertheless, the biggest challenge of cross-country comparison is the definition of non-overlapping spending categories, because a particular investment could support various purposes as defined by the Article 3 of the RRF Regulation – “the Recovery and Resilience Regulation adopted by the EU”, – for example green, social and inclusive growth as well as policies for the next generation. In our reading, cross-country comparisons of recovery plans published so far by other researchers do not pay enough attention to the multiplicity of purposes. [[www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/](http://www.bruegel.org/publications/datasets/european-union-countries-recovery-and-resilience-plans/) access as of 3 March 2022].

The additional instruments to prevent financial or health related crises, the general manner for which resources are to be spent by the EU seems difficult to summarize taking overarching principles such as economic stability or approximation of living conditions throughout the EU as a basis. Indeed, if reviewers like the me have difficulties to establish the bases for regional policies at a European level similar to the

ones mentioned for the national level, citizens are likely to have even bigger difficulties [Guttenberg 2021]. Accordingly, I will simply assume that the different long-term EU industrial [General principles of EU industrial policy [Fact Sheets on the European Union European Parliament, europa.eu], The common agricultural policy at a glance [European Commission, europa.eu, access as of 3 March 2022] or legal policies [www.curia.europa.eu/jcms/upload/docs/application/pdf/2022-02/cp220028en.pdf access as of 8 March 2022] have a rationale which may well be understandable to specialists, but not without further work to citizens.

There is a line of thought that, from the democratic legitimacy of relevant structures in member states, concludes the legitimacy of European authorities [Crum, Merlo 2020]. Accordingly, the actions of the ECB would need to be based on the deferral of rights by the respective member states at the time at which the ECB was founded. Indeed, action by the ECB as recently be considered *ultra vires* by the decision of the German Constitutional Court already mentioned under No. 1. For what is to be further discussed in this article, the conclusion of the German Constitutional Court of the activity of the ECB being *ultra vires* is of interest, namely that the German parliament was to review the action that the ECB took [BVerfG dated 5 May 2020, 2 BvR 859/15, 2 BvR 1651/15, 2 BvR 2006/15, 2 BvR 980/16]. When reviewing the implementation of its decision, the German Constitutional Court assessed both confidential and public material as well as controversial discussions by the German parliament, without focusing on the effect of action by the German parliament [BVerfG decision dated 29 April 2021 2 BvR 1651/15 and 2 BvR 2006/15].

When it came to the taking over more long-term obligations in the context of the Corona Fund, the German Constitutional Court gave the government substantial leverage both in substance and in determining the urgency of decision making [BVerfG decision dated 15 April 2021, 2 BvR 547/21].

In contrast, when it came to whether fundamental rights are protected by European Law, the German Constitutional Court focused on whether the standards applied under European law and in particular by the European Court of Justice were sufficient as benchmarked against national standards<sup>3</sup>.

In comparison, I find a focus on what a citizens can achieve through the judicial or political systems in place in their respective countries similar to the ones mentioned that the German Constitutional Court has developed for fundamental rights desirable also for financial and budgetary rights. The approach proposed here would have the national governments regularly reporting about the existing and potential liabilities on a European and international level, and the usefulness of undertaking measures to achieve economic equilibrium and diminish differentials for instance of wealth, income and unemployment among countries of the European Union. Also,

3 The famous two “solange” (“as long as”) decisions by the German Constitutional Court, last of them BVerfG dated 22.10.1986, BvR 197/83, No. 130.

whenever the ECB is seen to have exceeded its mandate, for instance by purchasing state obligations, the national government could propose that such purchase requires the consent of governments or the European Parliament. The related assessment would for instance consider the abilities existing and undertaken to influence processes at the level of governments, for instance by forming appropriate coalitions among governments of countries member of the relevant organization, or through the European Parliament, and in case of a solution not being satisfactory from a national level require national governments to lobby for the approach until implementing such an approach can be proven to not be viable. If all of those national attempts were unsuccessful, national law could be seen as demanding the country to leave the respective organization. Such an approach would potentially also be helpful to make the multitude of purposes for which money by European organizations are spend that have little own revenue.

If this approach were followed, a conflict between national and EU-law would not arise. Also, even if such conflict arose, it could be seen as concerning an organizational rather than a fundamental question, and therefore the conflict not being as fundamental. This approach is preferable to taking the quality of making national decisions as a basis for determining whether the national decision can stand up to European law<sup>4</sup>. Also, this procedure would give more transparent manner of conflict resolution than hoping to, in a manner not clearly defined, that European institutions take the concerns of the European Constitutional Court into account, [www.lto.de/recht/nachrichten/n/bverfg-huber-verteidigt-ebb-urteil-ultra-vires-eugh/](http://www.lto.de/recht/nachrichten/n/bverfg-huber-verteidigt-ebb-urteil-ultra-vires-eugh/), access as of 8 March 2022].

## **Climate Change**

The importance given to action against climate change [[www.europarl.europa.eu/news/en/press-room/20191121IPR67110/the-european-parliament-declares-climate-emergency#:~:text=The%20resolution%20on%20declaring%20a,votes%20against%20and%2034%20abstentions](http://www.europarl.europa.eu/news/en/press-room/20191121IPR67110/the-european-parliament-declares-climate-emergency#:~:text=The%20resolution%20on%20declaring%20a,votes%20against%20and%2034%20abstentions), access as of 6 March 2022] suggests to also give importance to completely novel metrics from which state action in an environmentally responsible world depends. Whilst regulations exist relating to different emissions and harmful materials [Briggs 2022], issues are best exemplified and will be discussed on the basis of the emissions of greenhouse gas which, under Art. 4 of the Paris Agreement, are to be limited by each country.

The consequences this comparatively new type of commitment has can be demonstrated by reference to a decision of the German Constitutional Court requiring the legislator to tighten parameters in a law dealing with the implementation of

---

4 This seems to be the case of Thiele (2021).

emission benchmarks set by European law [BVerfG 29 April 2021, 1 BvR 2656/18, 1 BvR 288/20, 1 BvR 96/20, 1 BvR 78/20]. Whilst this decision is founded on what it finds are reasonable expectations of the individual citizen [BVerfG dated 29 April 2021, 1 BvR 2656/18, 1 BvR 288/20, 1 BvR 96/20, 1 BvR 78/20]<sup>5</sup>, it does not actually review in how far what it mandates indeed increases transparency for the claimants or citizens at large. Maybe it took this approach assuming that limitations on emissions affect all citizens based on a national market of emission reductions existing in Germany which sets a price of emissions that is to be ultimately borne by all participants in economic dealings. However, if that were the case, it would also seem important to determine how different participants and the claimants are affected by the concrete additional provisions the Constitutional Court finds necessary.

More importantly, the German Constitutional Court, in its decision, in only taking a national perspective, has limited the potential paths of action by which emissions can be decreased without giving explanations for doing so. Maybe the Constitutional Court presupposed that the competency of the German Government is limited by the European Union, and therefore limited the examination of German legal acts as alluded to earlier, but the Constitutional Court has not made a statement in this regard. Furthermore, even in the past, Germany has committed substantial funds to support developing countries [[www.germanclimatefinance.de/overview-climate-finance/#:~:text=%24100%20billion%20commitment,German%20climate%20finance,Cooperation%20and%20Development%20\(BMZ\)](http://www.germanclimatefinance.de/overview-climate-finance/#:~:text=%24100%20billion%20commitment,German%20climate%20finance,Cooperation%20and%20Development%20(BMZ))], access as of 9 March 2022], and is planning to expand funding [[www.dw.com/en/germanys-new-foreign-minister-puts-climate-high-up-on-diplomatic-agenda/a-60065408](http://www.dw.com/en/germanys-new-foreign-minister-puts-climate-high-up-on-diplomatic-agenda/a-60065408)], access as of 9 March 2022]. Whilst, clearly, such funding of other countries is subject to the normal German budget process, the results to be achieved with the funding seem to not be subject to any benchmarking or democratic process, and the option to increase this funding, thereby decrease emissions in other countries and not having to decrease them as much as anticipated has not been discussed by the Constitutional Court. As to issues deserving transparent decision making, the question on whether support is to be granted to the poorer, the countries most affected by climate change or those countries where emissions can be reduced with the least cost come to mind.

Apart from being able to reduce emissions by funding countries, in taking the commitment of Germany under Art. 4 of the Paris Agreement as a basis, Germany could reduce the German reduction obligation by, under Art. 6 Section 2 of the Paris Agreement, agreeing to the purchase of emissions, which is also not dealt with by

5 Referring to the right to „a transparency required under the Constitution“ and a „public exchange of views about how the burden of reduction of emissions after 2030 are to be allocated“, No. 262, and that “clear horizons of plans” have to come into existence, No. 253, the “required pressure for planning” is to be caused”, because only on its basis it “will become apparent which products and behaviour in a broader sense will need to be adapted very soon”, No. 254 (own translations).

the Constitutional Court. Put differently, it may well be that it is better for citizens that Germany does not fulfill its commitments, rather purchase reductions from other countries and, like Switzerland [[www.newclimate.org/2021/10/28/switzerlands-bilateral-agreements-to-offset-their-emissions-set-a-poor-precedent-for-ambition-ahead-of-cop26/#:~:text=Switzerland%20has%20reached%20agreements%20with,target%20under%20the%20Paris%20Agreement](http://www.newclimate.org/2021/10/28/switzerlands-bilateral-agreements-to-offset-their-emissions-set-a-poor-precedent-for-ambition-ahead-of-cop26/#:~:text=Switzerland%20has%20reached%20agreements%20with,target%20under%20the%20Paris%20Agreement) access as of 3 March 2022], enter into contracts so to do.

Moreover, decisions on implementation of Art. 6 Section 2 of the Paris Agreement reached at the Glasgow conference could lead to an international market of emission reductions emerging. Also, scaling of voluntary carbon markets [[www.dw.com/en/germanys-new-foreign-minister-puts-climate-high-up-on-diplomatic-agenda/a-60065408](http://www.dw.com/en/germanys-new-foreign-minister-puts-climate-high-up-on-diplomatic-agenda/a-60065408), access as of 9 March 2022] could contribute to such an international market. If such an international market were to emerge, it would allow the German government to calculate cost for the acquisition of carbon reductions, which could potentially lead to bigger transparency for citizens on the status of combatting climate change than a focus on national reduction benchmarks. However, following the approach of the German Constitutional Court, such transparency seems not relevant for decision making.

In addition, the Constitutional Court has not considered that there are no sanctions for non-compliance with obligations undertaken by countries, both for the many additional commitments such as those entered into during the Glasgow conference as well as the obligations under Art. 4 of the Paris Agreement [Gutbrod 2021], and that therefore, for a certain worldwide reduction target to be achieved, that either such sanctions among as many countries as possible, or the willing countries have to increase their reduction targets to compensate for a potential shortfall of other non-compliant countries. In addition to all those legal options, in order to increase clarity quickly emerging technological options would need to be considered.

All of the mentioned issues make the transparency the Constitutional Court has indeed mandated very relative. This could be improved if, similar to the approach suggested above for money policy under No. 2, transparency from the perspective of citizens is increased by the government being required to give comprehensive but also succinct report on efforts against climate change including the worldwide perspective and not limited to efforts under the national NDC, with the requirement being that it becomes possible to benchmark the efforts the respective government body undertakes. For countries like Germany, this would of course only be relevant for the part of climate policy for which the EU is not competent. But reporting would include action within the EU with a view to determine the manner in which the EU takes position internationally. If this approach were adopted, the Constitutional Court could review whether the reports by the Government are complete and succinct.



## Investment Finance

It has seen as being a vital part of state action to encourage various types of investment behavior. The importance of state action in Europe for instance has been seen as a consequence of the weakness of capital markets [Demertyis, Guetta-Jeanrenaud 2022]. It indeed seems that support of venture capital is granted by many governments [[www.thesmartcityjournal.com/en/articles/innovation-in-russia-gets-traction-with-state-support](http://www.thesmartcityjournal.com/en/articles/innovation-in-russia-gets-traction-with-state-support), [www.medium.datadriveninvestor.com/what-kind-of-support-can-a-startup-receive-in-kazakhstan-3d60d843a3d9](http://www.medium.datadriveninvestor.com/what-kind-of-support-can-a-startup-receive-in-kazakhstan-3d60d843a3d9), access as of 8 March 2022].

Clearly, in particular venture capital investment can only be successful if an effective due diligence is possible [Demertyis, Guetta-Jeanrenaud 2022]. For due diligences to be effective, assurances given in the course of such due diligences need to be accurate, which in turn will be ensured by the consistency with which criminal law penalizes false statements. The quality of investments, in particular of venture capital investments, can only be assessed with a longer term in mind, be it by evaluating the quality of business plans, undertaking co-investments of relying on the individual judgements of investment managers or others involved. Indeed, it seems that the more strategic issues are, the more there is reliance on individual assessments [[www.humiq.de/podcast-good-work/120-laguna-und-lotter/](http://www.humiq.de/podcast-good-work/120-laguna-und-lotter/), [www.sprind.org/en/](http://www.sprind.org/en/), access as of 6 March 2022].

Whilst embezzlement will clearly not be the rule relating to whatever type of management such investment requires, consistent and reasoned implementation of criminal law rules against embezzlement will increase confidence.

A specific challenge in this context is to live up to the quickly emerging technical developments. In the past, management of investments would have largely consisted of supervision and discussions. With the acceleration of digitalization, however, management function would also for instance include to make platforms available to startups that facilitate programming [[www.trood.com/scaling](http://www.trood.com/scaling), access as of 8 March 2022]. Related management is challenging because professionals involved will have the high personal revenue expectations typical for investment managers, that will most likely exceed those of the rest of the population.

The challenge of adequate regulation of investment activity at large becomes evident when reviewing regulations that seem to be destined to improve management in former Soviet countries. Whilst, much further to what is mentioned above, such countries are quite active in investment activity, their approaches to regulate state management show old fashioned features that seem fraught with problems. Control of different companies for instance is to be exerted by different forms of ownership [Knieper 2006, p. 73, Chanturia 2010, p. 243] and forms of companies that have been specifically designed for such investment activity [Chanturia 2010, p. 105], without there being convincing evidence confirming that those approaches lead to desired re-

sults. Also, evidence as to the manner of implementation of criminal law as required to prevent embezzlement by investment managers and support due diligences, to the best of my knowledge, is not readily available.

As a result of all this, to ensure an assessment that allows the citizen to take a position on whether they are happy to take risks, the development of adequate long-term standards of success of such investment activity would be important.

### **Flexibility of Targets**

Traditionally, budgeting has been focused on yearly expenses and revenues. Historically, even the extension of budgets to future years is relatively recent. In addition to the extension of the duration however dealing with uncertainty given intricate contractual conditions and volatility deserves attention.

Areas of applicability of the need to deal with uncertainty are many. A good illustration is a public body entering into an energy savings contract, in which the payment depends on the success of the energy savings to be implemented [[www.kompetenzzentrum-contracting.de/anwendung/dena-praxisdatenbank-contracting/](http://www.kompetenzzentrum-contracting.de/anwendung/dena-praxisdatenbank-contracting/), access as of 8 March 2022], and the success of which also has a relation to the success in implementing emission reductions that has been discussed above in No. 3. Similarly, flexibility is required for private public partnership contracts. Not least, a specific type of uncertainty arises when aiming at implementing best possible technologies. Frequently, a combination of Agile and SCROLL contractual techniques with avoidance of a waterfall is best [[www.egovernment-computing.de/cloudmodelle-fuer-behoerden-und-aemter-w-61f7f727a72c9/](http://www.egovernment-computing.de/cloudmodelle-fuer-behoerden-und-aemter-w-61f7f727a72c9/), access as of 3 March 2022], which in the terminology for instance of the Russian Civil Code would mean that a service contract and not a contract for work is concluded.

Issues of relevance for decision making can be inferred through decisions on criminal liability for responsible in public authorities concluding derivative contracts> Relevant know-how will in particular be important for designing the approval and procurement processes of the public bodies in an adequate manner [No. 19 at BGH Beschl. v 19 September 2018, Az. 1 StR 194/18], and also the determination of the various values important for decision making based on market practice [No. 20 of Beschl. v 19 September 2018, Az. 1 StR 194/18]. Both in order to assess the potential liabilities and successes in dealing with issues of this type of sophistication in a manner that is understandable to the citizen standard of reporting are required.

### **Succinct Standards Required for all Matters Mentioned Above**

As overall conclusion, it is in the above argued that various parameters and reporting obligations in addition to the ones traditionally linked with budgets are im-

portant for citizens to have adequate influence in a modern world. However, I believe that it would be wrong to simply add requirements without at the same time considering the effect such requirements would have on the democratic process. It is here of course by no means intended to incite the type of heated and hostile debates that were linked to the budget approvals as mentioned above under No. 1. At the same time, for the voter to express an opinion, issues need to be simple, which, in a time of social media, can be underlined by the brevity of messages suited to catch attention of the voters, and the difficulty in avoiding misinterpretations. Accordingly, when devising reporting requirements, in order to support the democratic process, thought should also be given to summarizing information and following election cycles, to turn disclosure succinct.

Notably, in this context, the thought of new angles in reporting seems to gain importance from the point of view of macroeconomic management. Indeed, the discussion on additional parameters to growth has gained some attention with the Jahreswirtschaftsbericht 2022, the traditional manner of presenting the economic outlook of the German governments. In the very Jahreswirtschaftsbericht, a multitude of targets is mentioned with little prioritization or reference to interrelations [www.bmwi.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2022.html, www.bmwi.de/Redaktion/DE/Publikationen/Wirtschaft/jahreswirtschaftsbericht-2022.html, access as of 3 March 2022].

Further to the explanation above, I believe that such a number of targets is too broad, and by trial and error, a succinct reporting adequate to the context in which it is being used be developed.

#### Bibliography

- Alumnia J. (2020), *Lessons from Financial Assistance to Greece*, www.esm.europa.eu, access as of 8 March 2022.
- Briggs H. (2022), *Plastic pollution: Green light for 'historic' treaty*, *Plastic pollution: Green light for 'historic' treaty*, www.bbc.com, access as of 9 March 2022.
- Chanturia L. (2010), Juristische Person, Sachenrecht, in Knieper, R., Chanturia L., Schramm H.-J., *Das Privatrecht im Kaukasus und in Zentralasien*, Berliner Wissenschaftsverlag, Berlin.
- Claes G., Linta, T (2019), *The evolution of the ECB-governing councils decision making*, www.bruegel.org, access as of 8 March 2022.
- Crum B., Merlo S. (2020), *Democratic legitimacy in the post-crisis EMU*, "Journal of European Integration" No. 3.
- Darvas Z., Domínguez-Jiménez M., Ashling Idé Devins A., Grzegorzcyk M., Guetta-Jeanrenaud L., Hendry S., Hoffmann H., Lenaerts, Schraepen T., Tzaras A., Vorsatz V., Weil P. (2022) *European Union Countries Recovery and Resilience Plans*, www.bruegel.org, access as of 8th March 2022.
- Demertys M., Guetta-Jeanrenaud (2022), *Europe's venture capital boom: a new breath of life for entrepreneurship?* Breugel Blog, 10 February 2022, www.bruegel.org, access as of 6 March 2022.

- Dolan C. (2012), *Gamekeepers turned coaches, Why cooling-off periods are necessary for ECB supervision*, [www.transparency.eu](http://www.transparency.eu), access as of 8 March 2020.
- Foner E. (1998), *The Story of American Freedom*, W. W. Norton Company, New York, London.
- Gutbrod M. (2010). *Zum Umfang und Sinn demokratischer Legitimation. Zugleich eine Besprechung von Stephan Bredt, Die demokratische Legitimation unabhängiger Institutionen*, "Recht und Politik".
- Gutbrod M. (2021), *Klimaschutz, 'Global Governance' und Russland*, [www.ostinstitut.de](http://www.ostinstitut.de), access as of 9 March 2022.
- Guttenberg L. (2021), *Everything will be different: How the pandemic is changing EU economic governance*, [www.delorscentre.eu](http://www.delorscentre.eu), access as of 7 March 2022.
- Ilzetzki E., Jia J. (2021), *The ECB's green agenda*, [www.voxeu.org](http://www.voxeu.org), access as of 8 March 2022.
- Janisch W. (2021), *Brüssel stellt Verfahren gegen Deutschland ein*, [www.sueddeutsche.de](http://www.sueddeutsche.de), access as of 8 March 2021.
- Knieper R. (2006), *Zur Technik der Gesetzgebung in Reformstaaten*, in Knieper, Rolf, *Rechtsreformen entlang der Seidenstraße*, Berliner Wissenschaftsverlag, Berlin.
- Mann G. (2009), *Deutsche Gesichte des 19. und 20. Jahrhunderts*, Frankfurt am Main.
- Mussler W (2020), *Niemand will mehr Geld vom ESM*, "Frankfurter Allgemeine Zeitung", [www.faz.net](http://www.faz.net), access as of 8 March 2022.
- O'Boyle B. (2016), *Argentinas Return to Honest Accounting Is More Than Just Numbers*, [www.americasquarterly.org](http://www.americasquarterly.org), access as of 8 March 2022.
- Preuss H. (2008) *Gesammelte Schriften, Viertes Band, Politik und Verfassung in der Weimarer Republik*, Detlef Lehnert, Christoph Müller, Mohr Siebeck (eds.), Tübingen.
- Tettinger P. J. (2003) in Sachs, M., *Grundgesetz*, C. H. Beck, München.
- Thiele A. (2021), *Wer Karlsruhe mit Warschau gleichsetzt, irrt sich gewaltig* [www.verfassungsblog.de](http://www.verfassungsblog.de), access as of 8 March 2022.
- Thye M. (2012), *Die demokratische Legitimation eines unabhängigen Stabilitätsrats aus Sachverständigen*, "Schriften der Bucerius Law School" I/11.
- Truman E., Veron N. (2018), *Integrity of official statistics under threat*, [www.bruegel.org](http://www.bruegel.org), access as of 8 March 2022
- Ulrich K. (2004) *Decision-Making of the ECB: Reform and Voting Power*, *ZEW Discussion Papers*, [www.econstor.eu](http://www.econstor.eu), access as of 3 March 2022.