

THE EVOLUTION AND FUNCTIONS OF PUBLIC FINANCE

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Abstract: *Public finances are a very important part of economic and social life and political conditions in each country, both in terms of its importance to the national economy and on functions that must meet state required for driving socio-economic and administrative and ensure the independence and sovereignty of the people. Public finances have evolved and diversified the social order to another and even within the same order, from one stage to another, so today we speak of public and private finances, a sizing of public expenditure in depending on their destination.*

Keywords: *public expenditure, loans, gross domestic product.*

The existence and the development of the public finances is indissolubly connected with the emergence and development of the state and of the use of money and the value of the forms in the distribution of the gross domestic product (or national income). In all oranduirile social-economic (oranduirile of state), finances have come forward that social relations, of an economic nature, occurring in the distribution of the social product, in connection with carrying out the functions assumed by the state in the evolution of his historic(Cioponea, 2014).

Conceptually, the word "finance has its origin in Latin. In the early centuries the XIII-XIV, were handled by the expression, "finantio", "financias", "financia pecuniaria", with meaning "payment in money". It is to be assumed that their origin derived from the word finis commonly used in the direction of "payment deadline". In the current speech, as well as in the specialized literature, use more expressions of the word finance, of meanings similar or different, as the case may be: finance, public finance, finance private, etc.. Meaning of the word has expanded gradually and has acquired in time, a very broad sense, including the state budget, credit, banking operations, those scholarship. etc (Cioponea, 2014).

Unanimously recognized that the science, relatively new, public finance gears have close links with the economic, the right administrative and constitutional at, as well as with the political one.

The concepts of public finances have evolved continuously over the years and has been in close connection with the evolution of the state and of the role assumed by it in different stages. In this production is shaping up two distinct phases: the first corresponds to, in general, the dictatorship of machine lives, capitalism ascendant (17TH-XX), and the two - the development of monopolies (20th century and after the great economic downturn world). The concepts in the very first stage are considered classics or liberal and those in the next step, intervention policy with numerous shades intermediate (Cioponea, 2014).

As an expression of generalized a particular group of processes and economic relations, public finance have to achieve a certain social mission in the sense that through them be attained certain economic and social processes and plays an important role by contribution brought to the attainment of the objectives of the private or of the general development of the company, including the administration of the various economic and social activity (Vezure, 2011).

The concept of functions assigned public finance shall designate their ability to mediate (in optimal considered) direct achievement of certain economic processes expressed in the form of payment and carrying out the appropriate relations between participants, that and influencing how to complete them. Most often, the functions of public finance shall be geared in training, distribution and use of the funds of monetary

resources (financial) available to the public in the context of the activities of the economic and social situation in which they are involved public authorities (Vezure, 2011).

In the market economy, by means of public finances, Member shall place at the disposal of the individuals a wide and varied range of public utilities; this implies a vast process for the redistribution of income and wealth of natural and legal persons, after the criteria to be set by the decision-making bodies politics (Gherghina and Cretan, 2012).

The public finances meet the following three functions:

- the hash function of resources;
- The function of the allocation of resources;
- the function to stabilize the economy.

The hash function of the financial resources appears as an element of the employment and implies the mediation by the public finances mechanisms for redistribution and distribution of resources between the natural persons and legal entities with the active involvement of the public authorities.

This function is carried out by the collection out of public funds, the parts of the income or the wealth of natural or legal person in the form of taxes, fees, etc., following that, later to achieve their distribution in the form of public expenditure carried out in the spirit of the criteria of equity or social justice. By default, the accomplishment of this function can be geared in the redistribution of a part of the GDP between the members of the society.

Allocation (distribution) public funds beneficiaries (natural person or legal person) is preceded by the inventory and evaluation of the needs of the social security.

Due to the fact that the demand for financial resources is higher than the offer, it is necessary that the public authorities to classify and to prioritize applications the organs of central or local authorities with regard to the establishment of certain objectives and to establish some priorities, depending on the concrete conditions of each stage. The distribution of the financial resources involved setting destinations for public expenditure, such as: education, health, social security and social protection, the communal household and housing, defense, public order, economic activities, public debt, etc. Both phases of the plenum (the Constitution and the allocation of public funds) shall be carried out in the process of distribution and redistribution of wealth national, which takes place between the various natural or legal persons, via the Member. The constitution and the routing of public funds means a process unitary and uninterrupted, having a role in adopting social breeding widened (Cioponea, 2014).

The need to be certain financial funds made available to the member, in order to achieve by the public authorities of the tasks incumbent, can be found in all Member of the world, irrespective of the level of development, which makes that the function of the distribution of public finances have a character objective.

But the fact that the mode of formation of the monetary funds depends on the capacity of the factors of liability to embrace the needs of the Community makes it, the function of the distribution of public finances to have a subjective character. On the occasion of the collection of the financial resources through taxes, fees and contributions levied and the financing of public expenditure on the various destinations, there is a vast process for the redistribution of income and wealth to individuals and legal persons.

Specifically, this redistribution dressed various forms, such are:

- the granting of aid, indemnities, pensions, scholarships for the persons belonging to certain social categories;

- Subsidizing from the state budget to the production and marketing of certain goods and services (e.g.: heating);

- The complimentary offer of public goods (public order, social protection, national defense, education up to certain degrees, the protection of health, etc.) via the transfer of purchasing power achieved by the public finances takes place a change of social relations, which may influence the: the process of breeding social, economic potential of undertakings, income and the wealth of citizens, the standard of living of the population and, in general, the quality of life. The public finances are used, also, and in order to ensure the social and economic development of the country within a balanced framework (V c rel, 2007).

By means of the instruments the tax and budget public authorities influence the economic processes and removes the economic imbalances which arise, as follows:

- the reduction of taxes to stop the inflationary phenomena or stimulating economic activity ;
- increasing taxes for a reduction in the consumption of certain or activities;
- the financing of certain activities to create new jobs, retraining and reorientation of unemployed;
- the contracting of foreign loans guaranteed by the state for the completion of the internal resources or guarantee by the state of the loans contracted private undertakings in order to achieve the objectives of the national interest (Dasc lu, 2009).

The function of allocation (alocativa) mostly expressed by the public finances of the satisfaction of social needs by offering public utilities, created on account of the financial resources available to the public authorities. It implies, in the main, the allocation of resources necessary for the operation of the public entities and the carrying out of the various objectives of the socio-economic and, on that basis, the provision of services or the supply of goods by the members of the company or for free, either at prices considerably lower than their value real. Through the finance ministry are routed so the resources devoted to public consumption of goods and services in relation to the needs of society and in correlation with the quote, according to the criteria for optimal the Economic and Social Committee (Vezure, 2011).

In the framework of the stabilisation of the economy in view of the mediation by the public finances of the anti-roll current on the economic and social environment, with the role to contribute to ensuring price stability, a higher degree of ocupabilitate of labor force, thus creating a high rate of economic growth.

According to an opinion, the public finances and a function of control; the control function of public finances is closely linked to the function of the distribution, but it also has a sphere of manifestation wider, as it concerns both the formation and the breakdown of the funds public and how to use them.

The necessity of control function arises from the fact that the financial resources made available to the member, belong to the entire society, and they represent a significant part of the gross domestic product. Components for financial control of the State aimed at the regular collection and in the amount provided for of the state income, the establishment and maintenance of financial discipline, limitation of tax evasion worth, their consumption for the objectives of which they are intended, the use of the financial resources in conditions of maximum efficiency, etc. having regard to those presented shows that by means of public finance is carried out a large redistribution of income and wealth between the members of the company, with the aim of reducing poverty and to ensure, as far as possible, of the means of the existence of the necessary for a decent living standard for the whole population (Cioponea, 2014).

In Romania, financial control shall be exercised by the following institutions:

- the components of the Court of Auditors;
- components of the Ministry of Finance;

- specialized components of control of ministries;
- specialized components of the departments and public institutions;
- Components of control of the state-run companies to the state ;
- general directorates of the Public Finance County;
- The Financial Guard.

The powers of control and the parliament and the government (Macarie, 2012).

According to a other views expressed in the specialized literature, public finance fulfill social mission through the basic functions which they carry:

- the function of the distribution;
- the control function ;
- the function of the distribution: comprises two distinct phases but organic related

between them:

a) phase of the constitution of the Funds has as the following:

- the companies irrespective of the form of ownership (private, joint venture, or state) or of the manner of formation;
- public institutions and units subordinated to them,
- the population of a country;
- the natural and legal persons residing abroad.

Their participation in the formation of public funds put the following forms:

- taxes;
- taxes;
- contributions to the welfare fund (CAS);
- fines;
- penalties;
- payments from the revenue of the public institutions;
- royalties (type of rent on which the lessee pays to the lessor is the owner of a particular good) and rent of concessions and the leasing of land and other goods state-owned company.

Other Resources (forms) which they put their participation in the formation of public funds:

- revenue from the sale of goods by the state and the goods without the master;
- loans by the state received from the natural and legal persons;
- accrued interest on loans granted;
- donations;
- Other transfers between institutions of the rule of the budget.

In the formation of public funds involved all sectors: public sector, the private sector, joint committee and the population in different proportions depending on the financial capacity.

b) phase for the distribution of funds - consists in the distribution of the funds of public financial resources to the beneficiaries natural or legal persons. The distribution itself is preceded by an inventory of the needs of the existing in the reference period (Macarie, 2012).

Therefore, the budgetary system is open and transparent manner, they-faceted by:

- a) the public debate on the projects of the budget, on the occasion of their approval;
- b) the public debate on the general accounts of the annual implementation of budgets, on the occasion of their approval;

c) following its publication in the Official Gazette of Romania, Part I, of normative documents for the approval of the budgets and the annual accounts of execution of them;

d) the means for the provision of information in the earth, for disseminating information on the content of the budget, except for the information and documents nepublicabile, as provided by law.

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