

# The Politics of Financial Control The Role of the House of Commons

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# 4 The Politics of Financial Control: The Role of the House of Commons

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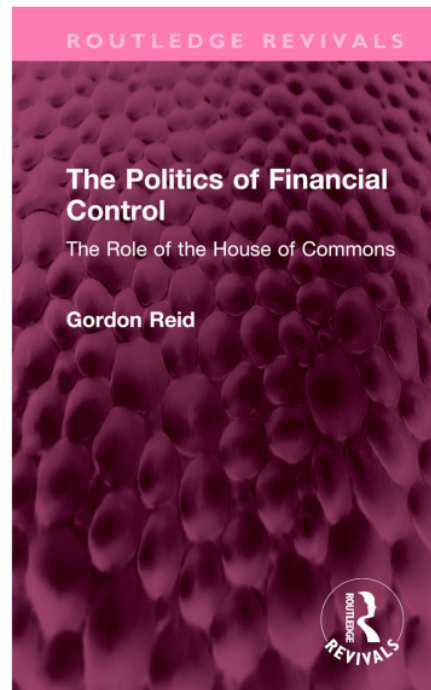
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## Book review



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**The Politics of Financial Control: The Role of the House of Commons**, by Gordon Reid, Routledge Revivals (2023). Hardback. ISBN 978-1032421643.

Finance is a vital issue in various areas of life. As a legislative institution, the House of Commons plays a very important role in controlling government finances in Britain, especially in England, even after centuries. This allows and guarantees that the use of public finances is effective and transparent (at least in our utopian view). Even though the book ‘The Politics of Financial Control: The Role of the House of Commons’ by Gordon Reid was first published in 1966, the discussion regarding the functions and practices of the finances of the House of Commons is still relevant today. This book provides answers to interesting questions about the role of the House of Commons in modern industrial society and parliamentary political processes. The major contribution of this book is that it provides a specific description of the structure, mechanisms, and working procedures of the House of Commons in finance and their implications for public affairs.

The author is noted for his research contributions to Australian political science concentration and focuses on the study of parliamentary politics. Gordon Reid is a professor of political science at the School of Public Studies, Australian National University. Reid also served as a clerk for the House of Commons in Canberra (1946), Serjeant-at-Arms (1955), and the 26th Governor of Western Australia (1984-1989). Thus, the author is an academic and a practitioner in parliamentary politics, who has experience in providing evaluation descriptions of the retention of the concept of checks and balances and institutional integration through his monumental works (among them, *The Role of Upper House Today: Proceedings of the Fourth Annual Workshop of the Australasian Study of Parliament Group*; *Australia’s Commonwealth Parliament (1901-1988): Ten Perspectives*; and others). Indeed, the author steers the reader across the boundaries of the financial practices of the House of Commons by examining the legal basis, work structure, work procedures, and debate time intervals. Thus, readers can experience an extraordinary experience, just like being a real member of the parliament.

The first chapter discusses the mystery of parliamentary financial procedures which so far have been carried out based on the 'Whitehall-Westminster' relationship (for example the House of Commons in England, Australia, and Canada), both in matters of revenue and taxation which in practice are too conservative and are considered having been inconsistent with developments, especially in matters of government financial management. This section also highlights the problem of the financial procedural system implemented by the House of Commons through a political review of the role of the frontbencher and the backbencher of interested stakeholders, such as the executive government and the opposition. In this context, the issues raised are amendments to financial procedures and submission of financial proposals. In addition, this section questions the constitutional authority of the House of Commons in enforcing financial procedures that are considered to have no clear or strong legal basis in the British constitutions. In revealing the mystery of the complexity of this parliamentary financial process, Reid suggests adopting the method of financial procedures initiated by Lord Champion.

The main focus of the discussion in the second chapter is Lord Champion's four financial procedural rules, which became the reference for the House in considering any financial proposals submitted. In devising this method, Champion is concerned about the nature of the complexity of money globally, which is detached from a series of processes of individualism. Therefore, Champion emphasizes that this method is an expositive rule, not prescriptive. In this context, Reid formulated the essence of each of these regulations, namely the first 'financial initiatives from the Crown', in which any financing proposals that are consolidated for the benefit of the people cannot be considered by the House unless requested or recommended by the Crown. Furthermore, the second rule is a 'preliminary consideration of financial costs in the All-Board Committee, where all costs must be considered and approved through draft laws or clauses by the All-Board Committee and Committee Resolutions with the approval of the entire House. The third rule is 'legislative authority and appropriation of costs, whereby a fee cannot be considered valid unless it has been formalized into law, with the proviso that the law must originate in the House of Commons and that the costs are allocated in the same session at the time the laws are formulated. The last rule is the 'interval between stages of the financial business', where the resolution of filling out requests for money to the Crown is limited, meaning that resolutions cannot be taken simultaneously on the same day. This is intended so that the Crown can consider financial expenses without haste so that the expenses can be controlled.

The third chapter discusses spending control through parliamentary debate. This chapter presents the implementation of the functions of important organs in controlling expenses carried out by the House of Commons, namely The Committee of Supply, which functions to consider the financial income that will be given to the Crown, but in reality, this function does not run optimally, because it is caused by weak authority within its procedural framework. The next organ is The Committee of Ways and Means, which functions as a treasury for setting up consolidated funds up to the grant limit

through veto rights. But on the other hand, in its development, the veto has only become an instrument of formality. This chapter also discusses the process of procuring grants that are legalized through the law, which is also known as the 'consolidated fund deed,' which uses a long conversion time during bidding debates. Furthermore, Reid discusses the Money Committee, whose role is to regulate the finances of the House of Commons autonomously by setting the financial limits of the proposed legislation, which then led to money resolution, whereby all expenditures require approval by law. This money resolution is considered a restrictive effect that hinders the freedom of the House of Commons authority in managing finances.

Given the limitations of all the organs of the House of Commons in control and spending. The fourth chapter describes the development of restraint techniques, checks, and investigations carried out by the House of Commons through select committees, namely, the Public Accountants Committee, the Estimation Committee, and the Selection Committee for Nationalized Industries, which were formed through the collective power struggle of the backbenchers of the House of Commons. Commons influence the design of economic procedural mechanisms in public finance. Next, Reid re-examined the formal provisions attached to each select committee in terms of authority, membership selection, report discussion methods, expert assistance, and the policies chosen. In examining formal provisions, Reid found gaps in the general understanding of the influence of select committees in the form of the possibility of reforms to strengthen the powers of authority that have been granted Standing Orders.

To see what the House of Commons is doing in carrying out its duties and responsibilities towards controlling public revenues, Reid suggests the need to review public bank accounts to increase revenues. This leads us to the focus of the discussion in the fifth chapter. Increasing revenues depended on taxes and borrowing, which in effect required the House of Commons to delegate power to the executive. This delegation of authority provides an opportunity for the executive to obtain retrospective veto rights in varying taxes (for example, the Chancellor of the Minister of Finance's authority can vary the tax rate on any purchase up to a rate of 10%). In the next section of this chapter, Reid describes the application of the Champion method to the House's efforts to control revenue policy. In the context of revenue policy control, the first rule of the executive must be granted financial monopoly rights in taxation and borrowing costs, in the second rule, all proposals must be examined by the Committee of the Whole House and the Committee of Ways and Means, the third stipulates that all charges against persons must be passed through the law, and in the last rule, the stages of the legislative process must be separated through the interposition of time intervals in parliamentary budget resolution debates.


In the concluding chapter, Reid comments on the weaknesses and considers the extent to which financial control exercised by the House of Commons can be achieved through two main financial control tools, namely the legislative financial process and the use of select committees. The complexity of legislative financial processes disrupts financial control, especially in terms of expenditure and taxation. The main

reason for this complication is the lack of clarity regarding the authority in formulating financial laws, whether they are still held by House members or experts with deep knowledge. From the point of view of selecting committees, the control of public finances requires great support from the secretariat. Financial controls aim to increase financial honesty. However, the House of Commons appropriation and auditing system has limitations in revising developments and changes in public spending. To minimize these limitations, a change is scheduled by uniting all the organs of the House of Commons through the omnibus concept. However, the agenda was canceled because it received opposition from the government and interest groups. Even so, the discourse on procedural reform and the unification agenda for select committees is a real effort to strengthen the role and influence of the House of Commons in controlling public finance.

Overall, this book is a valuable reference source for policymakers, government officials, and academics. Each chapter and discussion is the result of a critical analysis, so that it can be applied and developed further. This book is an important guide for the application of financial control by the legislature, especially in Britain, covering theoretical issues, empirical facts, practitioners' opinions, and financial policy reviews. We are very happy to see books like this being released and recirculating in the market because given the topic of finance from the House of Commons, it is very rarely discussed comprehensively, and it seems difficult to be touched on by some writers, so in writing about such topics, experience is very much needed as a direct practitioner, not just as an academic. We are sure that this book will provide renewed penetration for government institutional finance process books in the future.


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