The Fiscal Policy Council

Stockholm
3 March, 2015
The Swedish Fiscal Framework

- Top-down budget process (preparation in Government as well as decision in Parliament);

- A fiscal surplus target for general government net lending of 1% of GDP, on average, over the business-cycle;

- Central government expenditure ceiling set 3 years in advance; decision by Parliament;

- Balanced budget requirement for local governments;

- Since 2007, a Fiscal Policy Council with a broad remit (to facilitate transparency and accountability).

- Note: The strength of this framework depends on the political will to respect it…
The set-up of the council

- Established in 2007;
- An agency under the Government;
- Six members:
  - Academics;
  - Policy-making experience;
- Supplementary activities to ordinary jobs (mainly academic positions);
- Small secretariat: five persons;
- Annual budget 900 000 €;
- Provisions to safeguard the Council’s independence, such as a stipulation that the Council itself proposes its members to the Government.
THE RIKSDAG
(Parliament)
349 members

The Committee on Finance
17 members

GOVERNMENT
24 Ministers

Ministry of Finance
470 employees

The Swedish National Audit Office
300 employees

The Riksbank (Central Bank)
400 employees

Swedish Fiscal Policy Council

The Council
6 members
Chairman: John Hassler

The agency
5 employees

The Swedish National Financial Management Authority
160 employees

The National Institute for Economic Research
60 employees

The Swedish National Audit Office
300 employees

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470 employees

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The tasks of the Fiscal Policy Council

1. Focus on *ex post* evaluation, with some *ex ante* evaluation;

2. Evaluate whether the fiscal policy meets its objectives:
   - Long-run sustainability;
   - Surplus target;
   - The expenditure ceiling;
   - Stabilization issues.

3. Evaluate whether the developments are in line with healthy sustainable growth and a sustainable high employment;

4. Monitor the transparency of the government budget proposals and the motivations for various policy measures;

5. Analyse the effects of fiscal policy on the distribution of welfare;

6. Contribute to a better economic policy discussion in general:
   - Annual report in May (this year May, 15);
   - More information on [www.finanspolitiskaradet.se](http://www.finanspolitiskaradet.se).