

Independent fiscal institutions

Swedish Fiscal Policy Council
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”History” and background

- Council set up in 2007
- International academic discussion from mid 1990s
 - delegation
 - watchdog
- Idea first raised in Sweden by Government Commission on Stabilisation Policy in the Event of Swedish Membership in the Monetary Union (STEMU) 2002

Old institutions with fiscal watchdog tasks

- Central Planning Bureau in the Netherlands (1947)
- Economic Council in Denmark (1962)
- Council of Economic Experts in Germany (1963)
- Congressional Budget Office (CBO) in the US (1975)
- Public Sector Borrowing Section of the High Council of Finance in Belgium (1989)
- Government Debt Committee in Austria (1997)

New institutions

- Fiscal Policy Council in Sweden (2007)
- Fiscal Council in Hungary (2008)
- Parliamentary Budget Office in Canada (2008)
- Fiscal Council in Slovenia (2010)
- Office for Budget Responsibility (OBR) in the UK (2010)

Ongoing discussions

- Recommendations by international bodies
 - IMF
 - OECD
 - European Commission
 - van Rompuy Task Force
- National discussions
 - Finland
 - Ireland
 - Slovakia

	Forecasting	Costing of policy initiatives	Ex-post evaluation of fiscal policy	Ex-ante evaluation of fiscal policy	Evaluation of fiscal sustainability	Normative recommendations	Analysis of broader issues
Austria	X		X	X	X	X	
Belgium			X	X	X	X	
Canada	(X)	X	X	X	X		
Denmark	X		X	X	X	X	X
Germany	(X)		(X)	(X)	(X)	(X)	X
Hungary	X	X	X	X	X		
Netherlands	X	X	X	X	X		X
Slovenia	(X)		X	X	X		(X)
Sweden	(X)		X	X	X	X	X
UK	X	?	X	X	X		
US	X	X	X	X	X		X

Broad remit for Swedish council

- Not only evaluation of fiscal policy
- Also evaluation of employment and growth developments
- Assessment of "the clarity of the government's Budget Bill and Spring Fiscal Policy Bill, in particular with respect to the grounds given for economic policy and the motivations for policy proposals"
- "Work to achieve an increased public discussion in society of economic policy"

	Staff	Number of (full) members	Composition	Principal	Periods of office (years)
Austria	N/A	14	Academics: 3 Gov adm experts: 9.5 Financial analysts: 1.5	?	4
Belgium	14	12	Academics: 3.83 Gov adm experts: 5 Financial analysts: 1.83 Ex-politicians: 1.33	Government	5
Canada	14	1	Gov adm experts: 1	Parliament	5
Denmark	35	4	Academics: 4	Government	3
Germany	20	5	Academics: 5	Government	5
Hungary	37	3	Academics: 1.66 Gov adm experts: 0.66 Financial analysts: 0.66	Parliament	9
Netherlands	>170	1 (3)	Academics: 1 (2.5) Gov adm experts: 0 (0.5)	Government	7
Slovenia	0	7	Academics: 4 Gov adm experts: 1 Financial analysts: 2	Government	5
Sweden	4	8	Academics: 6 Ex-politicians: 2	Government	3 (1)
UK	(20)	3	Academics: 2 Gov adm experts: 1	Government but parliamentary Oversight	5
US	250	1	Academics: 0.5 Gov adm experts: 0.5	Congress	4

What should the Swedish Fiscal Policy Council do?

- Annual report of high quality
- English version of the report
- Publish 6-7 high quality background reports on which the annual report is based
- Organise 3-4 public seminars per year
- Participation in the public debate
 - speeches
 - lectures
 - media comments on policy proposals and economic developments
- Interaction with international bodies

Issues

- Full government financing of the council's activities or supplementary financing from universities and research institutes (in the form of supplying academics' time for free)
- Independence
 - council evaluates government policy
 - but government also evaluates how well the council evaluates government
 - **"grey zone"**
- Council under Parliament instead of under government?
- Need for evaluation of the council's work

Summing up

- International trend of setting up fiscal watchdogs
 - intensified by fiscal crises in many countries
- Sweden was early in arranging for independent fiscal policy evaluation
- Is Sweden now moving in the reverse direction to other countries and to international recommendations?