(A)POLITICAL FUTURES: EXAMINING THE RISE AND ROLE OF FISCAL COUNCILS IN GLOBAL GOVERNANCE AND POLICY MAKING

FUTURES OF A COMPLEX WORLD
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FUTURE, POLICY and PRACTICE

Temporal Imperialism

- Vital and Contested Terrain
- Minding the Future

- Structural Irresponsibility
- Policy Position

- Technocratic vs Deliberative
INDEPENDENT FISCAL COUNCILS (IFCs) – WHY BOTHER?

Rationale
- Concerns over unsustainable public debt
  - Short term benefits vs. long term harm.
- Public institutions established with a mandate to strengthen fiscal discipline through the provision or evaluation of forecasts and the public assessments fiscal plans.

Questions
- Fiscal Councils’ orientations to the future.
- Opportunities and lessons for developing strategic foresight and policy making.

IFCs AND THE POLICY PROCESS
PARALLEL DEBATES

Independent  Engaged
Positive  Normative
Rational  Political
Expert  Deliberative
Study of...  Study for...
View from nowhere  View from somewhere
IFC - SOURCES

- The IMF hosts an IFC dataset and provides an overview of fiscal rules in different countries (Debrun, et al, 2013; Debrun et al, Forthcoming).
- The IMF IFC Dataset describes key features of 39 institutions identified as fiscal councils (as of end-December 2016) across 37 different countries.
- Data on general information, remit, tasks and instruments, independence and accountability.
- IFCs documentation.

GROWTH IN NUMBER OF IFCs

Number of IFCs that started activity in each decade

- 1940s
- 1950s
- 1960s
- 1970s
- 1980s
- 1990s
- 2000s
- 2010s
THE RISE OF PUBLIC DEBT

IFCs - INDEPENDENCE NON-PARTISANSHIP

<table>
<thead>
<tr>
<th>Independence / Non-partisanship</th>
<th>Management Independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal</td>
<td>Operational</td>
</tr>
<tr>
<td>87% (32/37)</td>
<td>76% (28/37)</td>
</tr>
</tbody>
</table>

Source: IMF Fiscal Council dataset, Debrun et al. (2013) and Debrun et al. (Forthcoming).
## IFCs - TASKS AND INSTRUMENTS

<table>
<thead>
<tr>
<th>Positive Analysis</th>
<th>Normative Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% (37/37)</td>
<td>54% (20/37)</td>
</tr>
</tbody>
</table>

### Ex-Ante Analysis

<table>
<thead>
<tr>
<th>Forecast Prep</th>
<th>Forecast Assessment</th>
<th>Recommendations</th>
<th>Long term sustainability</th>
<th>Consistency with objectives</th>
<th>Costing of measures</th>
<th>Monitoring of fiscal rules</th>
<th>Ex-Post Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>46% (17/37)</td>
<td>81% (30/37)</td>
<td>73% (27/37)</td>
<td>62% (23/37)</td>
<td>81% (20/37)</td>
<td>13% (2/37)</td>
<td>76% (28/37)</td>
<td>84% (31/37)</td>
</tr>
</tbody>
</table>


## BUDGET PROCESS

<table>
<thead>
<tr>
<th>Forecasts used in budget</th>
<th>Binding forecasts</th>
<th>Comply or explain</th>
<th>Formal consultation or hearings</th>
<th>Can stall the budget process</th>
<th>Public Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>11% (4/37)</td>
<td>5% (2/37)</td>
<td>22% (8/37)</td>
<td>49% (18/37)</td>
<td>3% (1/37)</td>
<td>97% (30/37)</td>
</tr>
</tbody>
</table>

FISCAL FORECASTS

Projections of Govt. Debt as a % of GDP

- Republic of Korea
- U.S.A.
- UK

VISIBLE SPECTRUM

<table>
<thead>
<tr>
<th>Prohibited from considering any policies other than the government’s plans</th>
<th>Permitted to analyse the pros and cons of alternative policies, but not make policy recommendations</th>
<th>Remit to make policy recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK’s OBR</td>
<td>USA’s CBO</td>
<td>Sweden’s FPC</td>
</tr>
</tbody>
</table>

Positive ➔ Normative
REVIEWING IFCS

Misconceptions

- Misdiagnosis of the problem
- (Inevitable) threats to Independence, Transparency and non-partisanship
- Policy Process and the mobilisation of meaning and power

Different Futures

- Opening futures
- Is and Ought to Could

EXTENDED SPECTRUM

From Technocratic and Deliberative to Open Policy process.

Choices of what can be achieved AND how it can be achieved – not always welcomed.

- Scanning
- Deepening
- Creating

From (external) episodic intervention to everyday sense making and way finding practice.
The Size of Policy Changes Needed to Make Debt Meet Two Possible Goals in 2046

<table>
<thead>
<tr>
<th>Goal</th>
<th>Percentage of GDP</th>
<th>Increases in Revenue</th>
<th>Reductions in Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>39% of GDP</td>
<td>2.9% of GDP equal to a 16% increase in revenues</td>
<td>9% increase in revenues</td>
<td></td>
</tr>
<tr>
<td>75% of GDP</td>
<td>1.7% of GDP equal to a 14% cut in spending</td>
<td>8% cut in spending</td>
<td></td>
</tr>
</tbody>
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If the aim is for debt to equal...

| Goal                        | Percentage of GDP | Each year revenues would need to be increased, or noninterest spending reduced by...
<table>
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In 2017, that would amount to...

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<tr>
<th>Goal</th>
<th>Percentage of GDP</th>
<th>Effect in 2017</th>
<th>Impact on Taxes/Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>$560 billion – $1,700 per person</td>
<td>$330 billion – $1,000 per person</td>
<td>Increase in taxes per household</td>
<td>Lower Social Security benefits</td>
</tr>
</tbody>
</table>

Source: Congressional Budget Office
IMAGINE - A RADICAL PROPOSAL

NEXT STEPS

Case Studies - IFCs and Think Tanks
Prototype Practices - exemplars of strategic foresight and policy making
Develop capacity - training and support

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Thank You
SELECTED READINGS


