

The OBR and the limits of impartiality

At Labour's recent party conference in Brighton the Shadow Chancellor, Ed Balls, announced that he was asking the Office for Budget Responsibility (OBR) to take on the task of reviewing Labour's tax and spending plans. Balls made his request in the knowledge that the OBR – set up to be a politically neutral source of fiscal scrutiny and economic forecasting – could say yes only if its remit was extended well beyond that envisaged by its architects.

Most commentators think that the prize for Ed Balls in all of this is the prospect of Labour's tax and spending plans being signed-off by (arguably) the most authoritative economic body in the land. With sign-off, so the argument goes, come instantaneous credibility and a readymade shield against charges of fiscal bombshells and black holes. Of course, Balls' move brings with it risks also, most obviously that the OBR, far from giving Labour a clean bill of fiscal health, ends up telling the world that the party's political opponents were right all along.

The impulse to refer politically controversial issues to an impartial umpire runs deep in our constitutional system: whilst the architecture of British public life is constructed to give partisanship and impartiality alike the space to breathe, it also maps out how their coming together should be handled. But there is no easy way of predicting the outcome when these two forces collide and the way an institution handles political controversy can make or break its reputation as a neutral arbiter.

Against this background, what calculations of cost and benefit might the OBR be making at the moment? On one level, OBR is public-spirited enough to recognise that an extension of its remit would further the cause for which it was established, that of providing the public at large with independent, high-grade scrutiny of government economic policy making. If the public benefits from the OBR scrutinising the government of the day, would it not also benefit from the organisation scrutinising governments in waiting? And if the OBR is helping to improve the quality of economic debate between general elections, would not extending its remit help improve the quality of debate at election time itself?

The answer to both of these questions looks to be yes. Moreover, giving the OBR licence to audit the economic plans of the political parties would, seemingly, have an enormous impact on its own standing, transforming it into the final court of fiscal

appeal: securing OBR approval might very soon top the list of priorities for any aspiring prime minister.

Then again, there is another way all of this might go. First, there is the question of what about their economic manifestos the political parties would be asking the OBR to sign off. To say that it is whether the sums in the manifesto add up underestimates the complexity of this seemingly straightforward task. Often the sums rest on assumptions about the effects of pulling different economic levers, effects that are themselves contested between different schools of economics and different political parties. Economics is not accountancy and economic policies do not lend themselves to being disaggregated into a ledger whose entries either do or do not tally. You might even say that if we agreed on what would have to be true for the sums to be said to add up, there would not be a political argument to begin with: the political parties could resolve disputes about their manifestos by the simple device of running them through a commonly accepted algorithm.

Second, it is important to be clear on who would be entitled to ask what of the OBR, when – a point the organisation's chairman, Robert Chote, highlighted in his 2010 pre-appointment hearing. If, on grounds of democratic inclusivity and public education, the OBR is to make its expertise available to all-comers, it has to recognise that the political spectrum is broader than it was in the days of two and a half party hegemony. Would Sinn Fein have the same claims on the OBR's attention as any other political party? Would the organisation's doors be open to the BNP?

On the issue of timing, Balls' request for a fiscal audit of Labour's plans has come well in advance of the 2015 general election. Is his idea that the OBR should constantly be on-hand to adjudicate upon his sums as the manifesto goes through its various iterations over the next eighteen months or is this to be a one-shot deal? Could not the SNP legitimately claim that the referendum on Scottish independence in a year's time is of greater significance north of the border than any general election centred around parliament in Westminster and therefore precisely the sort of political event for which the OBR's views can be sought? To do its work properly, will not the OBR have to insist that the political parties depart from past practice in finalising their manifestos many months ahead of the election date, thereby rendering those manifestos peculiarly insensitive to changes in economic circumstances?

Third comes the question of what would happen were the OBR to find itself in a public stand-off with one or more of the political parties, either because it disagreed with what party A said about its own fiscal sums or because it found itself being cited in evidence by party A against party B. Faced with a choice between, on the one hand, publicly disagreeing with the OBR and thereby keeping its own electoral hopes alive and, on the

other, publicly agreeing with the OBR and thereby damaging its electoral hopes irreparably, it is hard to imagine any political party choosing the former over the latter. In short, there is no electoral incentive to respect the OBR's authority when it is not exercised in your party's favour: no one wins votes by acknowledging their incompetence.

It could be countered here that there already exist a number of constitutionally neutral institutions – the Electoral Commission, the courts themselves – that daily rub up against party political controversy and that survive with their reputations for impartiality intact. But here too the picture is complex. The work of the Electoral Commission is focused on the form rather than the content of politics: it is concerned with passing judgement on the rules of the game rather than on the much more controversial issue of which side deserves to win. And which politicians are, any longer, frightened of criticising the courts or holding back from the charge that judges sometimes appear to have highly political axes to grind?

The noises coming out of the OBR so far in response to Balls' proposal have been a mixture of welcoming (Robert Chote sees extending the remit as a way of elevating the level of public debate about the parties' economic programmes) but cautious (in recognition that cross-party consensus would be a precondition of any moves in this direction). This is a space well worth watching.