

Toward the Formulation of Long-Term Fiscal Projections and the Realization of Appropriate Fiscal Management

As Japan's population continues to decline and age, it may now be necessary for all citizens to share a long-term outlook for the nation's finances. In this issue of *My Vision*, we discuss the need for long-term fiscal projections.

About This Issue

Toward the Formulation of Long-Term Fiscal Projections and the Realization of Appropriate Fiscal Management

- Bequeathing Future Generations a Society and Economy that Offer Hope

Yuri Okina

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Japan's outstanding national debt has continued to increase cumulatively, and there is a great deal of concern among the public regarding the long-term sustainability of the nation's public finances. As Japan's population continues to decline and age, it is perhaps now time for the nation's citizens to share a long-term outlook regarding public finances in order to ensure peace of mind for future generations. Other countries have established independent fiscal institutions (IFIs) to play a specific role in ensuring the reliability of public finances. Does Japan need long-term fiscal projections? How could these projections be used to ensure fiscal sustainability? For this issue of *My Vision*, we discussed fiscal estimation with experts in a variety of fields.

Keywords...Long-term fiscal projections, checking of fiscal status, mechanisms for policy formulation

Expert Opinions

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Does Japan need to formulate long-term fiscal projections?

How could these projections be used to ensure fiscal sustainability?

Visualize the Future via Long-Term Fiscal Projections; Commence Management of the National Budget on the Basis of a Medium-Term Framework

Hiroko Ota

President, National Graduate Institute for Policy Studies

Keywords..."Super-aging society," visualization of the future, elimination of arbitrariness

Creation of a Non-Partisan Diet Members' Caucus toward the Establishment of an Independent Institution to Conduct Fiscal Projections

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Member of the House of Representatives

Keywords...Fiscal discipline, independent institution to conduct fiscal projections, non-partisan Diet members' caucus

Budgeting for the Future: The Critical Role of the Congressional Budget Office in Providing Independent, Nonpartisan Fiscal Forecasts

Philip G. Joyce

Professor, Public Policy in the University of Maryland's School of Public Policy

Keywords...Demographic trends, independent alternative, provision of impartial information

Improve the Accuracy of Projections and Provide the Public with Accurate Fiscal Information

Kazumasa Oguro

Professor, Faculty of Economics, Hosei University

Keywords...Provision of accurate information, validity of economic growth rate, objective estimation

The Roles of an Independent Fiscal Institution (IFI) Would Be Medium- to Long-Term Forecasting and Monitoring of Fiscal Plans

Kensuke Ueda

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Keywords...Medium-term fiscal plan, independent fiscal institution, guarantee of neutrality

Interview period : February - March, 2024

Interviewer: Kozue Sekijima (Associate Senior Fellow),

Jonathan Webb (Research Coordinator & Research Fellow)

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In January 2024, the Population Strategy Council, a group composed of private-sector experts, released “Population Vision 2100.” The Council considers the accelerating decline in Japan’s birthrate and population to be a crisis that limits the range of options for both individuals and society, and calls for two strategies to be advanced in unison: a “steady-state strategy” to reduce the speed of population decline and ultimately stabilize the population, and a “robustness strategy” to create a society with a small population size but rich in diversity and the potential for growth. One very important factor will be to consider the lives of the children who live with the aging and decline of the population. This

means, as the responsibility of current generations, implementing prudent fiscal management that increases the potential growth rate and conducts expenditures with a high social return, enabling these children to live their future lives with peace of mind. As a precondition for this, it will be necessary for the public to share an economic and fiscal picture of the future of their children’s generation, against the background of a population that is aging and declining at an accelerating pace, and to consider a variety of policies in response. With this in mind, this issue of *My Vision* asked experts in this area to share their views regarding long-term fiscal projections and the measures that will be needed in order to make use of these projections to realize sustainable public finances and social security.

Long-Term Projections Can Offer an Image of the Fiscal Future Resulting from Demographic Change

We first hear from Hiroko Ota, President of the National Graduate Institute for Policy Studies (GRIPS), who served as Minister of State for Economic and Fiscal Policy from 2006 to 2008. President Ota is concerned that her sense of impending crisis regarding Japan’s demographic change is not shared by the entire nation, and that Japan’s medium- to long-term fiscal management lags far behind that of Western nations. She points out that while we should be making efforts to visualize the future of the nation’s public finances based on data and using these projections as a basis to enhance the functioning of fiscal operation and management within a medium-term fiscal framework, it will also be necessary to establish a mechanism that offers an impartial view of public finances, independent of government departments, in order to weather the difficult phase of fiscal management over the next 30 years. President Ota also believes that it will be important to conduct policy evaluation on a program-by-program basis and to cease implementing policies that have no effect.

Professor Kazumasa Oguro of Hosei University points out that it is important to regularly formulate long-term fiscal projections in order to predict the degree to which long-term government debt might increase in the future, and to verify the validity of the figures for the economic growth rate

on which the fiscal projections currently being conducted are based. He stresses that this will require the political will to provide the public with correct fiscal projections. We require a function enabling continuous analysis of the causes of deviations between government forecasts and actual results; the accuracy of growth rate forecasts must also be improved. In addition, Professor Oguro points out the importance of long-term projections of not only the fiscal balance but also of social insurance premium rates, which are a burden on the working-age population.

President Ota and Professor Oguro point out that in order for the aforementioned functions to be adequately fulfilled, we should take as our reference systems such as those in effect in the United Kingdom and the United States, where impartial institutions conduct long-term fiscal projections or check government projections and monitor the government's fiscal management.

What Types of Fiscal Projection and Checking Mechanisms Have Other Countries Established?

Professor Kensuke Ueda of Sophia University, who has extensively studied the Office for Budget Responsibility (OBR) in the UK, here discusses the Office's structure and functions. The OBR is under the authority of the UK Treasury, and is responsible for formulating economic forecasts. Based on the data that it provides, the government formulates five-year budget plans, and announces its fiscal commitments in numerical terms. The OBR evaluates the extent to which the government meets its commitments and functions as a "soft law," so to speak, that monitors the administration. Based on this example, in addition to pointing out the need for the Japanese government to be held accountable after the fact for deviations from forecasts based on its projections, Professor Ueda also suggests that functions such as those of the OBR should be strengthened in Japan, with the government obliged to formulate a medium-term fiscal plan and reflect it in the budget for each fiscal year, and monitored to check compliance with the plan.

Taking an example from another country, the Congressional Budget Office (CBO) in the United States was established in the 1970s as a nonpartisan organization and, unlike the case of the United Kingdom, is under the authority of Congress. Professor Philip G. Joyce of Public Policy in the University of Maryland's School of Public Policy tells us that the CBO conducts 30-year projections in order to adequately consider public finances in light of demographic changes, in particular the aging of the population, which has a significant impact on public finances. The CBO does not have the role of making recommendations to the government. Professor Joyce stresses that instead, the CBO has gained trust, and consequently promotes sound government decision-making, through its long history of producing impartial forecasts that present alternatives to the information issued by the Office of Management and Budget (OMB) within the Executive Branch, which is made up of civil servants and political appointees who are susceptible to presidential influence.

Discussing the Mechanism and Type of Governance Suitable for Japan

In Japan, a non-partisan group of Diet members is working to establish an Independent Institution to conduct Fiscal Projections. Yoshihisa Furukawa, a member of the House of Representatives, recognizes that Japan's Diet does not adequately supervise the government's fiscal management and believes that in order to restore fiscal discipline, it will be important to present accurate reports on the status of and the outlook for public finances, enabling the public to stay aware of the government's fiscal management. He also believes that such an institution should be

established under the authority of the Diet, the people's representative body. He believes that this in itself would demonstrate to the market and to the world that the Japanese people are willing to work toward the realization of fiscal soundness, and would be significant in the sense of fulfilling the promise of fiscal democracy.

The Cabinet Office released its long-term fiscal projections to the year 2060 in early April of this year. This can be seen as a step forward in policy discussions based on a long-term perspective. Three scenarios are presented, combining assumptions regarding productivity, the labor participation rate, and the fertility rate, with real growth rates ranging from 0.2% to 1.7%. It will be necessary in the future to establish a mechanism allowing ongoing review of the validity of these assumptions and forecast results, and to determine how to use these economic projections to ensure fiscal sustainability and appropriately manage the nation's public finances. With a declining birthrate, an aging society, and a declining population, how should Japan devise a uniquely Japanese mechanism and type of governance, taking into consideration a variety of examples from overseas, in order to bequeath a society and economy that offer hope to our children? I look forward to discussion on these issues gathering momentum in the future.

Dr. Okina is an Executive Vice President of the Nippon Institute for Research Advancement (NIRA) and Chairperson of the Japan Research Institute (JRI). She holds a Ph.D. in economics from Kyoto University. She is Chairperson of the Government Tax Commission, the acting Chairperson of the Fiscal System Council of the Ministry of Finance, and a member of the Social Security Council of the Ministry of Health, Labor and Welfare, among numerous other public positions.

Expert Opinions

Visualize the Future via Long-Term Fiscal Projections; Commence Management of the National Budget on the Basis of a Medium-Term Framework



Hiroko Ota

President, National Graduate
Institute for Policy Studies

All members of Japan's baby boom generation, born between 1947 and 1949, will reach their late seventies in 2025, but this is only the beginning of a long and difficult phase. The peak will come in 30 years, when a quarter of Japan's population will be in the later stages of old age. We are now on the cusp of becoming a "super-aging society," and I feel a sense of impending crisis, given that this problem is not being directly addressed. How will Japan be able to manage its public finances during this period? It is essential that we avoid further constraining the choices of future generations. To this end, we must visualize the future based on data, share our understanding of this difficult situation with the public, and create the ground for discussion. This is precisely the reason that I believe Japan needs long-term fiscal projections on a 30-year basis. The first important step in changing the current situation is that everyone

shares the recognition that it is important to visualize the future state of the economy and public finances using data. Projections of the nation's fiscal status could initially be made by any organization.

Japan has no medium- or long-term fiscal management system. Currently, the only goal that exists is to achieve a primary balance surplus by 2025. However, there are no fiscal rules regarding how to manage policy toward this goal, and there is no medium-term fiscal planning framework. Although the nation briefly had a medium-term fiscal restructuring plan, there was significant resistance to the imposition of constraints on the formulation of budgets, and there were strong calls for the abolition of the plan immediately following its introduction. There was also an attempt to present a long-term outlook, but no plan was implemented because of problems in the assumptions used in the projections, such as consumption tax rates and public service expenditures. The social atmosphere in Japan makes it difficult to achieve a shared recognition of the need for medium- to long-term projections.

Western countries have managed their public finances on the basis of fiscal rules and medium-term frameworks for some time. Nevertheless, despite this, they have been unable to overcome major shocks such as the global financial crisis; this has led to the establishment of independent fiscal agencies. Compared to these countries, Japan has lagged far behind. Japan, too, must establish an independent fiscal institution (IFI) that takes an impartial view of public finances. This is essential because government sector projections are readily influenced by politics and policy agendas, and there are concerns that arbitrariness cannot be eliminated. Designing a system to ensure the independence, transparency, and objectivity of such an institution will be very difficult, but it is now time that we focus seriously on this goal.

At the same time, there is a risk that ineffective policies will continue to be implemented, and it will also be necessary to reform policy evaluation. For example, in the case of policies in which multiple ministries and agencies are involved, such as measures to address the declining birthrate and global warming, we should adopt the concept of "program-specific" budgets, and policies should be evaluated on a program-by-program basis, rather than on the basis of the specific ministry or agency. Ideally, these budgets should be requested across ministries and agencies, but it would perhaps be more realistic to start with ex-post-facto policy evaluation.

President Ota specializes in economic policy and public finance policy. While holding the position of Professor at the National Graduate Institute for Policy Studies (GRIPS), in 2002 she was transferred to the Cabinet Office, where she was responsible for economic and fiscal policy as Director of Policy Analysis, Deputy Director General for Economic Research, and Director General for Economic Research. For two years from 2006, she served as Minister of State for Economic and Fiscal Policy in the Abe and Fukuda Cabinets, where she led policy management and promoted reform based on private-sector perspectives and ideas. She then returned to the National Graduate Institute for Policy Studies, where she served as Vice President and Senior Professor before assuming her current position in September 2022. She has held a number of public positions, including Chairperson of the Cabinet Office's Regulatory Reform Promotion Council and member of the Government Tax Commission (Cabinet Office). President Ota is the author of numerous books.

Expert Opinions

Improve the Accuracy of Projections and Provide the Public with Accurate Fiscal Information



Kazumasa Oguro

Professor, Faculty of Economics,
Hosei University

The Japanese government has been working to restore fiscal soundness, with the goal of achieving a primary balance surplus in FY2025. While the government's efforts have achieved a certain level of success, measures to increase the accuracy of fiscal projections, which will serve as the basis for discussion regarding reform, are still in their early stages. As Japan's population declines and ages, is the government providing a sufficient amount of correct information to encourage the public to be more aware of the state of public finances? Pension reform in 2004 was prompted by the government's announcement of future projections, including the necessary premium rates, to maintain pension finances despite the aging of the population. This sparked a debate in the business community, and the reform was achieved. The provision of accurate information can act as a trigger for

reform. The political will to provide the public with correct fiscal information is needed now more than ever.

There are two main problems with regard to current fiscal projections: first, the Cabinet Office's Economic and Fiscal Projections for Medium to Long Term Analysis cover only a 10-year period and do not provide a clear picture of long-term trends in outstanding debt; unless we regularly formulate long-term fiscal projections for 50 years, or at the very least 30 years into the future, and unless we face harsh fiscal realities, real progress toward the realization of fiscal soundness will not be achieved.

Another issue is the validity of the economic growth rate on which fiscal projections are based. If a high and optimistic growth rate is assumed, the outlook for tax revenues will also be optimistic, and we will not obtain accurate projections of the fiscal balance. The January 2024 Cabinet Office projections assume a nominal growth rate of about 3% for the high-growth case and about 0.7% for the low-growth case. However, given that the average growth rate from 1995 to 2023 was 0.54%, even the low-growth scenario is an optimistic figure. It is necessary to examine the causes of the divergence between previous forecasts and actual results and to improve the accuracy of the growth rate on this basis.

The Cabinet Office's medium- and long-term projections reflect the policy objectives of the administration and are therefore readily influenced by politics. It would be more desirable for a neutral institution that maintains a distance from politics to make objective projections of public finances and provide information to the public. To this end, such an institution should be independent of the government, but still have access to the information necessary for estimation and verification. It would be important to devise methods of enhancing trust in such an institution by referring to mechanisms such as the Office for Budget Responsibility (OBR) in the UK, in addition to utilizing academic expertise and projections from private-sector think tanks.

In addition, the burden of social insurance premium rates should also be projected, allowing us to incorporate not only the fiscal balance but also the future outlook for social security. It is planned that the current measures targeting the nation's declining birthrate will be financed by raising premium rates for medical insurance. There is no doubt that this will be a significant burden for the working-age population. As the population ages and expenditure on medical benefits is expected to increase, to what extent will premium rates have to be raised and insurance premiums increased? It will be essential to offer the public objective and transparent information and seek their understanding.

Professor Oguro specializes in the area of public finance. His main areas of research are demographics, public finance and social security, and issues related to intergenerational equity. He has made numerous proposals notable for flexible ideas in a wide range of fields. After entering the Ministry of the Treasury (now the Ministry of Finance), he served in a variety of positions, including Assistant Judicial Examiner in the Documentation Division of the Minister's Secretariat, Assistant Director of the Enforcement Division of the Customs and Tariff Bureau, and Senior Research Fellow in the Policy Research Institute of the Ministry of Finance. He held the position of Associate Professor at Hitotsubashi University before taking his current position in 2015. Professor Oguro has also served as a Special Investigator for the Board of Audit, and as a member of the Fiscal System Subcommittee of the Ministry of Finance's Fiscal System Council in addition to numerous other government committees. He holds a Ph.D. in Economics from Hitotsubashi University.

Expert Opinions

Creation of a Non-Partisan Diet Members' Caucus toward the Establishment of an Independent Institution to Conduct Fiscal Projections



Yoshihisa Furukawa

Member of the House of
Representatives

Despite the fact that Japan's public finances are markedly worse than those of other advanced economies, political management without fiscal discipline has become the norm even when the nation is not undergoing an emergency situation. If interest rates and prices rise in the future, fiscal risk will increase dramatically. It is difficult to have confidence that the Diet is adequately supervising the government's fiscal management. Furthermore, trust in party politics has been thoroughly shaken by the "slush fund scandal." Party politics lost the trust of the people before the Second World War, spurring the rise of the military. I believe that Japan once again stands at a historical crossroads. Unless all Japan's politicians grit their teeth, face the fiscal crisis together with the people, and have the courage to take on the thankless task of addressing the issue, we will not be able to play the role of holding the reins of

government finances. With a view to restoring fiscal discipline, a non-partisan Diet members' caucus has been launched to urge the establishment of an independent institution to conduct fiscal projections, and momentum behind this initiative is gathering.

The establishment of such an institution, which would provide accurate current and projected information regarding public finances, would be a powerful tool to enable the public to monitor the government's profligate fiscal expenditure. Most developed countries have such institutions; Japan does not. The lack of an institution of this type can be seen to be related to the fact that Japan has lost fiscal discipline. In order for such an institution to be effective, it will be important not only to establish a system that enables the formulation of trustworthy data and projections, but also to position it as an authoritative body and ensure that its pronouncements have weight. Similar to the procedure for the appointment of the Governor of the Bank of Japan and other officials, I would recommend that appointments to the institution be made with the consent of the Diet, and that the term of office be guaranteed for a specific number of years.

The non-partisan Diet members' caucus believes that an independent institution as described above should be established under the authority of the Diet, the body which represents the people. As such, it would demonstrate to the markets and to the world that the Japanese people have the will to work towards the realization of fiscal soundness. It would also be desirable in the sense that it would fulfill the requirement of Japan's constitution for "fiscal democracy," or in other words, that resolutions passed by the Diet are necessary to authorize the nation's fiscal activities. Demonstrating that the Diet has an important role to play in holding the reins of public finance will also make Diet members more aware of their role.

The non-partisan Diet members' caucus is currently engaged in the process of formulating a concrete proposal, and is still debating whether the independent institution under discussion should be placed under the authority of the upper house or of both houses of the Diet. There was, in fact, a move towards the establishment of such an institution about 10 years ago, but this did not come to fruition. It is to be hoped that this time, we will be able to make it a reality as soon as possible.

Among his many positions in government, Mr. Furukawa has served as Minister of Justice, State Minister of Finance, Chairperson of the House of Representatives' Committee on Financial Affairs, and Parliamentary Secretary for Justice, giving him a thorough knowledge of a wide range of policies, including fiscal and judicial policy. Mr. Furukawa graduated from the University of Tokyo with a bachelor's degree in law. After joining the Ministry of Construction (now the Ministry of Land, Infrastructure, Transport, and Tourism), he worked as a Policy Secretary to a member of the House of Representatives before being elected to the House for the first time in 2003. He is currently serving his seventh term. He serves as Secretary General of the non-partisan Diet Members' Caucus for the Establishment of an Independent Institution to conduct Fiscal Projections, which was established in 2021 on a voluntary basis by Diet members from the ruling and opposition parties, and is working to establish an institution that will conduct projections of Japan's fiscal situation independently of the government. He is also currently serving as the Chairperson of the Liberal Democratic Party's Headquarters for the Promotion of the Fiscal Consolidation.

Expert Opinions

The Roles of an Independent Fiscal Institution (IFI) Would Be Medium- to Long-Term Forecasting and Monitoring of Fiscal Plans



Kensuke Ueda

Professor, Department of
Law, Sophia University

While it is not a direct violation of Japan's Constitution to defer fiscal burden onto future generations, policy discussions must consider the sustainability of public finances, taking into account future generations. Not knowing at what level the outstanding debt will cause the nation's economy to collapse is itself a risk, and it is essential that information should be analyzed and disclosed in an impartial manner.

As indicated by the fact that Japan today does not have an adequate medium-term fiscal plan, there is a lack of government involvement and responsibility in the area of public finances. The example of the United Kingdom is instructive in this regard. In the UK, although the law does not stipulate specific numerical fiscal targets, there is a mechanism that requires the government to be involved with and responsible for public finances. The Office for Budget Responsibility (OBR), an institution with a

high level of independence from the government, formulates an economic outlook, and on this basis, the government announces numerical fiscal commitments and targets for a five-year period. The OBR, in turn, assesses the extent to which the government has met its pledged targets. While there are no penalties or other legal liabilities if the government does not meet its commitments, this process functions as a "soft law" to ensure compliance with the standards that the government itself has imposed.

In Japan, the establishment of an IFI like the OBR would be desirable in order to provide information regarding public finances to the Diet and the public from an impartial standpoint. One of its roles would be to provide medium- to long-term economic and fiscal forecasts. The Cabinet Office currently makes economic forecasts, but it is necessary to reflect these forecasts in the formulation of budgets for ministries and agencies, in addition to ensuring ex post facto accountability for deviations between forecasts and actual results. Another role of such an institution would be the monitoring and review of fiscal planning. To change the current situation in Japan, the first step would be for the government to formulate a medium-term fiscal plan for a period of three to five years, to reflect this in the budget for each fiscal year, and to establish a mechanism by means of which an IFI checks whether the plan is being followed.

The question of which authority to place an IFI under is a significant issue. If such an institution was placed under the authority of the government, there is a possibility that it would defer to the government; if it was placed under the authority of the Diet, there is a possibility that it would be overly influenced by the opposition. In the UK, the aforementioned OBR is under the authority of HM Treasury, while in the U.S., the Congressional Budget Office (CBO), which serves as an IFI, is under the authority of Congress. In these cases, the government (in the UK) or Congress (in the U.S.) utilize information from their respective independent fiscal agencies when they formulate a budget. Because the Cabinet formulates the budget in Japan, it may be best to place a fiscal institution under the authority of the Cabinet if the information it produces is to be reflected in the formulation of the budget. However, if economic and fiscal forecasts are to be presented independently of the government and the government's forecasts are to be reviewed, it should certainly be possible to create a system allowing the information it provides to be used in a nonpartisan manner through the establishment of an IFI under the authority of the Diet.

Professor Ueda specializes in comparative constitutional law. He conducts historical legal research that compares Japan with the UK, with a focus on the authority of the Prime Minister and Cabinet Office and their degree of control over policymaking. He also researches fiscal systems, and is advancing an examination of the significance of and challenges for fiscal control and the necessary direction for expenditure control, focusing on fiscal discipline in the UK. He has been a full-time lecturer in the Faculty of Law of Nara Sangyo University (now Nara Gakuen University), a full-time lecturer and Associate Professor in Kindai University's Faculty of Law, a Professor in the Kindai University Graduate School of Law, and a Visiting Scholar at the University of Glasgow. Professor Ueda holds a Ph.D. in Law from Kyoto University. He is the author of numerous papers.

Expert Opinions

Budgeting for the Future: The Critical Role of the Congressional Budget Office in Providing Independent, Nonpartisan Fiscal Forecasts



Philip G. Joyce

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The growth in the federal budget and deficit of the United States in recent decades has been largely driven by the movement of long-term demographic trends, most notably population aging. As the baby boomer generation, one of America's largest, has transitioned to being recipients of Social Security and Medicare, it has put immense pressure on the federal budget, highlighting the need for long-term forecasts. Accounting for future demands on the federal budget falls to the United States Congressional Budget Office (CBO), which provides long-term projections, legislative cost estimates, and budgetary analysis. Although initially only issuing five-year forecasts, these were eventually expanded to 30-year projections to better account for demographic changes. For budget enforcement purposes, CBO expanded from 5 to 10-year cost estimates of legislation to deter attempts to conceal the long-term impact of policy proposals by frontloading benefits and deferring expenses.

Established in 1974 as a nonpartisan institution within Congress, the CBO provides a reliable, independent alternative to information from the Office of Management and Budget (OMB). This is critical as the OMB's structure, situated within the executive branch, subordinate to the president and composed of both civil servants and political appointees, limits its objectivity, and disincentivizes projections beyond the four- to eight-year limit of a president's time in office.

Over the course of its 50-year history, the CBO has grown into one of the most trusted institutions in an increasingly divided America, in part due to a willingness to publish forecasts that challenge presidential ambitions, regardless of which political party controls the presidency or the Congress. The mere threat of a CBO contradiction sometimes dissuade OMB political appointees from publishing overly optimistic figures. The CBO's focus on objective, nonpartisan analysis, is largely the result of the CBO's first director, Alice Rivlin, who limited its role to providing impartial information without recommendations, thus ensuring decisions were left to elected officials. While some may question this approach given the growing federal deficit, the CBO was never designed to force Congress's hand; policy recommendations, even those based in fact, would be perceived as partisan, risking the CBO's credibility and existence.

The CBO's publishing of accessible forecasts, cost estimates, and long-term studies equips Congress, the press, and the public with the analytical capacity to anticipate future budgetary demands, understand long-term economic implications, and make informed decisions.

As countries worldwide grapple with political polarization and the fiscal challenges of aging populations, the CBO serves as a model for how independent fiscal institutions can be vital neutral arbiters promoting transparency, deterring dishonest accounting, and ultimately fostering sound decision-making in government.

Philip Joyce is Professor of Public Policy in the University of Maryland's School of Public Policy. He is the author of *The Congressional Budget Office: Honest Numbers, Power, and Policymaking* (Georgetown University Press, 2011), two other books, and more than 50 other publications focusing primarily on public budgeting. He is a Fellow of the National Academy of Public Administration, and received the Aaron Wildavsky Award for lifetime scholarship in public budgeting and finance in 2012.