A Republican Assessment of Independent Fiscal Institutions

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Some economists have suggested that fiscal councils, rather than the government, should manage public debt. What are the democratic credentials of these institutions? This article answers this question from the point of view of republican democratic theory. In doing so, it develops a critique of Pettit's strategy of depoliticization as a proper way to preserve the nondomination of citizens. Borrowing from the literature on deficit bias, the article argues instead that citizens and parliaments should be given the informational resources needed to keep the executive under sufficient republican control. This suggests that fiscal councils should not manage public debt but rather be used as tools to reduce the information asymmetry between executives and parliaments that drives deficit bias and that results in public powers being used arbitrarily.

Should experts, rather than elected representatives, decide how much the state borrows from financial markets in order to finance its expenditures and investments? Some economists have recently suggested that fiscal councils (or independent fiscal institutions, to be used interchangeably in this article) of a "trustee" kind (Tesche 2019) would outperform politicians both at managing the business cycle through countercyclical spending and at decreasing the overall stock of public debt (Larch and Braendle 2018; Wyplosz 2005). Concurrently, public choice models have suggested some reasons why party politics and elections may lead policy makers to choose suboptimal fiscal policies and display the so-called deficit bias, namely, the tendency to finance spending plans or tax cuts through additional borrowing rather than by reducing other spending items. The best way to reduce the politicians' temptation to borrow, so the argument goes, is to depoliticize the policy area and hand it to an expert body insulated from electoral pressures and bound to a specific mandate.

No government has so far decided to take such a radical step and limited its own powers in this way.[1] Yet fiscal councils with more limited competences (than the trustee type that controls debt management) are now a permanent feature of most Western democracies.[2] For instance, in the United Kingdom the Office for Budget Responsibility was set up in 2009 with the objective of providing independent analysis on the country's public finances and 27 European Union member states now have fiscal councils involved (at different levels) in the fiscal policy-making process (Merlo and Fasone 2021).

This article sets out to evaluate these institutional innovations from the perspective of republican political theory. The fundamental idea of republican legitimacy as put forward by Pettit (1997, 2012) pivots around the observation that, as state's decisions can be seen as arbitrary and thus dominating from the point of view of citizens, it is necessary for state's powers to be appropriately constrained. At the same time, there is considerable disagreement between republican scholars as to what institutional arrangement can minimize domination (e.g., Bellamy [2007] places more emphasis on parliamentary powers, while McCormick [2011] emphasizes citizen's assemblies). Pettit (2004) expressed deep skepticism toward the idea that democratic participation and party politics can guarantee the nonarbitrariness of executives' decisions, since electoral incentives may push politicians to pass policies that favor themselves rather than the long-term interests of the polity.

Developing a critique of Pettit's position, this article argues that handing over to experts the task of managing public debt is not compatible with the republican commitment of making the use of public powers nonarbitrary. Insulating fiscal policy

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1. Fiscal councils may be set up as a result of international pressures, as in the case of Greece.
2. The argument here will focus on parliamentary systems rather than presidential ones.

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decisions from political control means that the set of reasons that can be adduced to justify the use of executive power is restricted and fixed. From a democratic republican perspective, these reasons are instead best left open for continuous contestation and filtered through a process of popular control, which embraces reasonable disagreement but minimizes information asymmetries between rulers and ruled. This means that even if citizens could agree at a certain point in time on a mandate for a Pettit-style spending commission, the future costs in terms of reduced avenues for instantiating popular control would outweigh the benefits in terms of improved macroeconomic performance.

This does not imply that Western democracies do not need to rely on experts and nonparticipatory agencies. On the contrary, the argument will highlight that the model of independent fiscal councils as "orchestrators" (Tesche 2019), tasked with the mandate of reducing the information asymmetry between executives and the polity, can actually increase the legitimacy of governments' fiscal policy decisions. This is because the task of these nonmajoritarian institutions is not to control the public purse, as a trustee-type fiscal council would, but to empower the kind of democratic collective action that makes the use of governmental powers nonarbitrary through continuous contestation.

While this argument is made with specific reference to fiscal councils, it echoes recent criticism levied against Pettit's justification of independent agencies with policy-making powers (Mayer 2015) and casts doubt on their capacity to minimize so-called *arbitrium*, namely, the domination of citizens by the state. From a republican perspective, insulating an area of economic policy from the day-to-day influence of politics can be justified only where there is ample evidence that this would increase citizens' democratic control. A crucial dimension of this kind of control is the capacity to change course of action as citizens' interests change together with their reasons for supporting a specific policy. This suggests that, agreeing on a long-term mandate at a certain point in time cannot guarantee that citizens will see the independent agency's decisions as nondominating. The fact that the alternative (i.e., to leave it to executives and politicians to control policy levers) can also result in domination, due to problematic informational asymmetries between citizens and decision makers, suggests that there is a clear role that independent agencies could still play, namely, as catalysts of citizen's control over government. The proposal presented here is thus an example of how expertise and independence can be embedded in the democratic process and used in support of the polity's ability to decide for itself the right macroeconomic policy.

The article is organized as follows. The next section rehearses the main arguments put forward by economists to explain the existence of deficit bias and argues that a similar kind of skepticism toward the system of political incentives that sustains representative democracies has been voiced by Pettit. However, this account is susceptible to a critique—well articulated by, among others, Bellamy (2008)—that, once applied to the case of fiscal policy, fundamentally questions the usefulness of having experts decide the appropriate level of public indebtedness. The following section argues that the republican normative vocabulary can still be useful to identify what is problematic about deficit bias, namely, that the democratic public cannot properly contest and control the decisions of executives as a result of problematic information asymmetries. In turn, the last section argues that, from the perspective of maximizing popular control, orchestrator types of fiscal councils are a normatively valuable addition to the national framework of macroeconomic governance.

DEMOCRATIC COMPETITION IN FISCAL POLICY MAKING

If one of the most pressing economic problems of the postwar era (i.e., accelerating inflation) could be solved by depoliticizing the policy area and giving control to nonmajoritarian institutions (i.e., central banks), then perhaps a similar kind of strategy could be adopted to face a more contemporary challenge, namely, the rising level of public indebtedness. For some economists (Larch and Braendle 2018; Wyplosz 2005) the objectives of an independent institution in charge of fiscal policy and those of a central bank are similar. Inflation targeting can be thought of as the art of striking the right balance between, on the one hand, the short-run stabilization of output and, on the other hand, the attainment of low and stable inflation. Similarly, a trustee-type fiscal council that controlled the yearly government deficit would have to balance the long-run goal of keeping the overall stock of public debt sustainable versus the short-term need to pursue countercyclical economic policies.

If the observation that distributive considerations are intertwined with long-term concerns is paired with economists' skepticism toward the capacity of democracies to strike the optimal balance between the two, then budgetary policies seem a policy area that can safely be removed from political control. Indeed, supporters of trustee-like fiscal councils (Larch and Braendle 2018; Wyplosz 2005) generally highlight that the case for taking away some competences from elected representatives is vindicated by the literature on deficit bias, which highlighted how the institutional incentives within democracies can lead to suboptimal fiscal policy strategies. While pointing at different political economy factors, many models of deficit bias have one characteristic in common. They all show how states' spending powers can be used to further politicians' ends rather than to maximize an economic notion of collective welfare and guarantee optimal debt provision. For instance, one explanation of the tendency of politicians to overborrow from financial markets is that in drafting the yearly budget, parties in power have an incentive to increase spending and lower taxes, since the costs of such policies will spread into the future, while the benefits in terms of popular support or temporarily higher economic growth in general materialize quickly (Buchanan and Wagner 1977; Nordhaus 1975).

Not all deficit bias models imply that voters exhibit a so-called fiscal illusion and can be repeatedly fooled by politicians into underestimating the long-term cost of spending. Rogoff (1987) and Rogoff and Sibert (1988) suggest instead that politicians may want to use government spending as a way to signal their competence in macroeconomic management, thus ingratiating themselves with voters. Higher spending becomes a proxy for higher competence, since in these models citizens cannot accurately assess the capacity of politicians to offer public goods at the lowest cost, and, at the same time, they cannot observe all the details of the government's budget.

Spending can also be used as a political "weapon." Given the intertemporal dimension of fiscal policy, Alesina and Tabellini (1990) and Persson and Svensson (1989) describe in their models how incumbent governments can, by financing the deficit through financial markets, reduce the fiscal space that future governments of opposing parties will enjoy.

Finally, overborrowing may arise out of the uncoordinated attempt of government ministers to favor their own policy area in response to the pressures of different lobby groups. In a seminal model, Weingast, Shepsle, and Johnsen (1981) showed how multiple decision makers, each being able to mobilize state's resources, may fail to appropriately take into account the overall cost of their spending plans on the state's balance sheet and, by financing their preferred item of spending, make the budget deficit surpass its optimal level (see Krogstrup and Wyplosz [2010] and Von Hagen and Harden [1995] for more recent common pool models of deficit bias). Taken together these models reinforce the call for removing as much as possible the political discretion governments enjoy by, for instance, placing decision-making in the hands of independent experts (Larch and Braendle 2018; Wyplosz 2005) or setting clear rules and limits to spending or borrowing (Fabrizio and Mody 2006).

However, economists are not the only ones expressing reservations about the workings of representative institutions and politicians' discretion. Indeed, this same discretion, and the capacity to influence the lives of millions of citizens that comes with it, has traditionally worried republican political theorists. In particular, Pettit (2012, 165) argues that if the government can "form and act on a will or preference as to how precisely you should be restricted," then this same will must be appropriately constrained for it to be truly undominating toward citizens. In his view a state that follows the republican ideal should prevent people from dominating one another and simultaneously make sure that the government itself does not unjustly restrict citizens' republican freedom. It is in the context of this kind of "vertical" relationship between citizens and public power holders that Pettit fears that the latter will use their position to their own advantage.

In order to guarantee that politicians in power acting out of self-interest or galvanized by their electoral success do not become a source of arbitrary power, Pettit (1997) suggests a number of constitutional conditions. The rule of law features prominently in his list, together with a strong separation of powers and countermajoritarian safeguards (chap. 6). The residual sphere of discretion must be subject to an institutional regime that enables individual citizens to contest public decisions. Laws and policies should be challengeable on the ground of not being based on considerations that every citizen could be expected to endorse, so that the legal avenues that are created give individual citizens a powerful role to play in making public decisions nonarbitrary. For Pettit "the non-arbitrariness of public decisions comes of their meeting, not the condition of having originated or emerged according to some consensual process, but the condition of being such that if they conflict with the perceived interest and ideas of citizens, then the citizens can effectively contest them" (185). In this sense, the theory is deliberative in character, since citizens' contestation is aimed at reaching epistemically good decisions, where the criterion of goodness coincides with them being seen as tracking their "common recognisable interests" (56).

It should therefore come as no surprise that democratic participation and representation emerges as a double-edged sword in Pettit's writing. On the one hand, it is necessary to remedy the notorious shortcomings of plebiscitary arrangements. Interestingly, the example used by Pettit (2001) portrays an assembly of three party members that has to decide on the level of taxes and on the kind of spending items that will be funded. This example shows that even if individuals are rational and few in number, the result of their voting can be an inconsistent set of policies or, more specifically, "as irrational as reducing taxes and increasing spending" (731). On the other hand, the actual workings of representative systems based on elections seem to be prone to manipulation by charismatic leaders and driven by a "politics of passion" (Urbinati 2010). Indeed, even if Pettit uses the above example to argue that some form of parliamentary representation is essential, he still maintains that certain policy areas are better kept away from politicians' control.

It is from this normative framework that Pettit's (2004) call for a depoliticization of democracy should be read.

First, he worries that politicians' electoral interests will trump those of the community as whole (52), so that decisions in policy areas over which they have discretion will be decided by reference to what maximizes the representatives' chances of reelection, rather than the common good. Second, the game of politics and elections becomes the antithesis of a deliberative democratic order, to the extent that "they invest power in other sources of influence" (54) like popular passion and sectional interests.[3] To summarize, Pettit's republicanism explicitly denigrates the place of popular participation within democratic politics, betrays deep suspicions over the motivations of supposedly volatile average citizens, and expresses confidence in prudently responsible elites (McCormick 2011).

This call for a depoliticized form of politics squares well with economists' arguments in favor of limiting governments' fiscal activism. While for Pettit many government policies would prove "inconsistent" or "irrational" (Pettit 2001, 728) if left in the hands of self-interested politicians, for macroeconomists the problem lies in fiscal sustainability (Wyplosz 2005). Yet the two ways of thinking about the workings of real-world democracies are remarkably similar. Just as in the model of Alesina and Tabellini (1990), the decisions of elected representatives are described by Pettit (2001) as being motivated by the desire to remain in power and destined to privilege those constituencies or sectional interests that guarantee more votes: "If a government faces a decision that will benefit one constituency over another and it has a powerful party-related interest in favoring one of them then there is little or no hope that it will be guided just by considerations of the common avowable good" (732).

The most common solutions economists propose to prevent democracies from constantly piling up debt are similar to the one offered by Pettit to save his version of democracy from the politics of passion. In order to remove electoral incentives and bypass politicians' short-termism, some economists suggest assigning the task of public debt management and countercyclical stabilization to independent experts (Larch and Braendle 2018; Wyplosz 2005). Similarly, Pettit (2004, 54) suggests the creation of a commission that would "review and approve any proposed government expenditure" that is judged as being motivated by the temptation to win some marginal seats. While neither Pettit's (2004) nor the economists' proposal specifies that the role of this commission should be constitutionalized, the logic is still one of strong insulation from politics, which can be guaranteed by allowing the independent institution's authority to extend over successive legislatures.

WHO POSSESS THE RIGHT REASONS?

Both fiscal rules and independent experts serve as mechanisms to limit decision-makers' discretion in a policy area that can be administered in ways that will favor them but that in the long term can impose severe costs on the rest of society. Yet one may ask: What is so wrong about politicians trying to maximize their chances of reelection? After all, the idea of being able to understand and represent people's demands seems precisely the reason we prefer this system of government over an autocratic regime. What Pettit takes issue with are the "sectional interests" (2004, 57) that motivate the small subset of the population that possesses them to lobby against any measure that infringes on those very interests while, at the same time, benefiting the rest of society. In other terms, policies with diffuse benefits but concentrated costs (Olson 1965) incentivize those who come to bear those costs to lobby politicians in order to prevent these laws from being enacted. In so doing, politicians would block laws and policies out of the self-interested reasons of a small group. Similarly, politicians may try to win more votes by promising policies that greatly benefit a small group at the expense of the rest of society. In both cases, so the argument goes, the policies cannot be supported by reasons that can be recognized as relevant in common deliberation. Nonmajoritarian institutions, insulated from the self-interested demands of citizens or politicians, are thus the best chance to minimize the arbitrary interference that these unreasonable policies create.

However, it is not immediately clear why policies that benefit only some groups at the expense of the rest of society (or vice versa) would be necessarily seen as arbitrary and therefore illegitimate on the republican account. After all, citizens may recognize those policies as a necessary and just price to pay to live on equal terms with one another. For instance, different state pension contribution regimes for certain groups of workers may be acceptable to all, because they reflect citizens' judgment that those jobs deserve more public support than others. Tax advantages for self-employed workers would certainly benefit one group at the expense of the rest of society but be justified with reference to their more precarious employment status.

This highlights a general problem, already discussed by Bellamy (2008), with the definition of common avowable reasons used by Pettit (2004). The success of the argument for having nonmajoritarian institutions take over certain functions depends on the capacity of coming up with a specific list of common avowable considerations that should direct public reasoning in a specific policy area and in making sure that

3. He is particularly concerned, e.g., with politicians exploiting voters' fears to pass very harsh and unjust detention policies that do not act as a deterrent and actually have the opposite effect.

expert bodies correctly adhere to these reasons. However, as Bellamy notes, "in real politics the reasons none can reject is likely to be an empty set" (2008, 169, quoting Richardson 2002, 53). Indeed, it is difficult for Pettit's argument to gain traction if one believes that citizens ordinarily disagree both about what the goals of policies should be as well as how to weigh different information and considerations about those policies. The existence of value pluralism surely complicates things further, since it implies that a significant portion of the population may still see the policies decided with reference to a specific set of "appropriate" reasons as infringing on their freedom.

This is particularly problematic in the case of fiscal policy and public debt management. What are the common avowable reasons that should guide the decision to borrow or not from financial markets? To begin with, what is needed is broad agreement on the level of intergenerational redistribution, since public debt will be paid by future generations and can be used to finance state spending in times of crisis. While one can rightly say that future generations do not get a voice in the matter but only a "bill" to pay, it should also not be forgotten that they do derive at least some benefits from the public investments made by the previous generations. If it were not possible for the state to borrow each year, we would surely have fewer hospitals, schools, bridges, and dams but also lower provision of social services, which also require investments but whose capacity to create future gross domestic product (GDP) growth (and therefore make sure that public debt is sustainable) is very uncertain (e.g., elderly care, investments in art and culture). Choosing to spend public resources in one way or another always entails future costs and benefits whose evaluation and comparison with their short-term effects is subject to citizens' reasonable disagreement. From this perspective, there is no "correct" time preference that citizens should have and that experts can uniquely identify, nor is there a scientific definition of what a "responsible" fiscal policy is. Each budget will have an impact on current and future debt sustainability and will be supported by majorities that may reasonably attach more (or less) weight to its growth-enhancing qualities. Provided there is no discrepancy between politicians' and citizens' judgment on the future benefits of government spending (more on this condition below), one should not be concerned with policy makers being too responsive to voters, for that is precisely what is expected of them.

Moreover, public debt can influence financial markets and the level of private investment. In turn, deciding what the objective of a fiscal council should be will have consequences for the kind of balance between public and private control of society's savings. Absent agreement on these matters, the yearly decision of a trustee-type fiscal council would have consequences for citizens that they would see from their own point of view as arbitrary. Once we factor in this sort of disagreement about what social justice requires and accept that citizens advance conflicting yet reasonable views of the role of the state in society and on the future costs and benefits of government spending, deficit cannot on its own be seen as a bias.

From this perspective, it is possible to better appreciate what the act of delegation to an independent agency actually entails. The disagreement that one would expect the economists working in this institution to have are of a different kind than the ones politicians normally have with one another. Borrowing from Valentini (2013), we could say that economist's disagreement is both "reasonable" and "thin." "Reasonable" in the sense that experts may disagree about, for instance, whether there is enough evidence to say that the economy is at its full potential. Evidence may be inconclusive on this matter so that different opinions cannot be dismissed as implausible or irrational. Disagreement is "thin" in the sense that these same experts agree that their mission is, for instance, to keep the public debt at the same level over the business cycle, but they may disagree about whether reducing the deficit this year is conducive to this goal. In contrast to this, political disagreements are more often than not of a "thick" kind, in the sense that citizens "advance conflicting claims about justice and disagree about the truth conditions of those claims" (183). Some may believe, for instance, that a particular religion specifies what is just and would therefore support state subsidies toward religious institutions. Others, who consider themselves utilitarians or Rawlsians, would strongly oppose any such plans for different reasons. Disagreement in this case cannot be easily solved, as it stems from the impossibility of mutually recognizing what makes a claim about justice true or false. Under these circumstances, "when [disagreements] concern the truth conditions of statements about justice, finding experts is impossible" (184). In short, insulating a policy area from continuous political pressures means restricting the kind of claims that can be brought to bear to contest the use of public powers.

Granted, the question of whether to give a fiscal council decision-making powers may itself be a contested political issue over which citizens disagree. It therefore should be possible for a democratic government during its time in office to leave to experts the task of setting the yearly maximum budget and outsource that specific economic policy decision. Under this model, citizens would still see the governing parties as politically responsible for the macroeconomic outcomes reached during that term in office. What is problematic is the fact of having the same kind of trustee-like fiscal council decide over a period that spans multiple legislatures and that is prohibited from taking instructions from incumbent governments. The decisions of this independent agency would be consequential for the economic policy adopted under the responsibility of the government, and the latter would claim to simply not be in charge of that policy area.

In discussing the need for independent judges, central bankers, and electoral commissioners Pettit (2012, 237) suggests that if an independent institution is given a mandate with "presumptive popular support" and if there is a proper system of professional incentives, as well as public scrutiny, then its decisions will be the same that properly informed voters would agree to. However, there is little reason to assume that experts' decisions will indeed align with citizens' judgments on fiscal policy. Even if there were broad agreement among the polity at a specific time t_1 that public debt management should be handled with reference to commonly agreed standards (e.g., a speedy reduction over 50 years of public debt compatible with short-run aggregate demand management), the majority that supports such consensus may over time dissolve or turn into a minority.[4]

What is more, once a mandate is given and the policy area is insulated from political pressures, politicians elected in future electoral contests will not be able to contest the workings of the agency with reference to reasons and standards that are different from those written in the mandate. For instance, we can imagine that a 70% parliamentary majority decided to hand over to a board of economists the task of setting the yearly budget deficit/surplus. In the subsequent years, this fiscal councils would thus select the optimal amount of public debt with reference to those reasons that are appropriate to achieve the objective of countercyclical stabilization and debt sustainability. This could mean that certain spending items proposed by subsequent governments (at times $t_1 + n$) that would require deficits in excess of what the fiscal council recommended would have to be postponed or dropped altogether. The fiscal council's decision would effectively have primacy over the government's, and the legitimacy of the government at time $t_1 + n$ would clash with the legitimacy vested in the mandate signed at t_1. In that situation, politicians would claim that their reasons for spending more (or less) than what the fiscal council suggests should have priority, while the mandate of the independent fiscal institution would instead explicitly prohibit those working there from taking those reasons into account. If executives can be said to represent the views and attitudes of democratic publics and given the existence of reasonable disagreement around the issue of what the right fiscal stance is, it is hard to see how experts' decisions should have primacy over politicians'. While it is true that the authority conferred to this trustee fiscal council would not be absolute and could be revoked (Tucker's [2018] reconstruction of a republican argument for independent agencies highlights this), the point is that both the delegating act and the political costs associated with repealing it later on should not be there in the first place.

To summarize the points raised so far, it was argued that the requirements of Pettit's condition for democratic legitimacy, namely, that policies be based on common recognizable interests, may be infeasible once we take seriously the fact that citizens may reasonably disagree about what social justice requires when it comes to financing fiscal policies. Not only do people reasonably disagree about what the right fiscal stance is, but they may also change their views and attitudes on this policy as time passes and new social issues emerge. It follows that the strategy of deciding on a fiscal mandate and letting experts deliver it by controlling the policy area does not seem compatible with the goal of minimizing the arbitrary use of public powers.

While this suggests that this argument for delegation, which relies on Pettit's (2004) definition of arbitrariness, rests on shaky normative foundations, this should not lead us to conclude that a republican conception of democracy does not have much to offer when it comes to evaluating fiscal institutions. The next section revisits Pettit's conception of democracy and zooms in on the notion of public control as necessary to avoid domination.

POPULAR CONTROL AND EXPERTISE IN FISCAL POLICY MAKING

How can the interferences caused by governments' decisions in the fiscal domain be considered nonarbitrary, given that citizens may reasonably disagree about what the right way to finance public policies is? Imagine a government deciding to increase the budget deficit to finance new public investments that its party base deems necessary to fulfill their vision of a just society. Some will feel the positive effects these investments bring about, while others may be negatively affected by, for instance, the effect that more borrowing has on the availability of credit in the economy. Pettit (2012, chap. 3) argues that the latter group should not feel dominated, provided the decision was reached through a process that grants citizens a specific kind of control over those in power. Citizens will be able to see the outcomes of policy decisions they do not favor as the result of tough luck and not of the influence of a malign, alien will, only to the extent that they can meaningfully contest and shape how those decisions are reached.

Popular control corresponds to the influence of citizens coupled with a certain direction. This influence can be active

4. The dissolution (over time) of majorities with particular views and attitudes also suggests that it is not possible to justify trustee-like fiscal councils through a citizen's self-binding argument. This is the idea that voters can recognize that they need a fiscal council to constrain their future selves.

and of an "authorial" kind, when citizens select the representatives who share their preferences and attitudes toward the way public powers should be employed (Pettit 2006). But citizens also have continuous access to the democratic process through contestatory mechanisms. These allow citizens to obtain an explanation of why public powers are used in one way instead of another and, at the same time, inhibit power holders from reneging on their promises for fear of voters' reactions. This form of control, Pettit (2012) suggests, can materialize thanks to different mechanisms and is not directly exercised by the principal (i.e., the citizens) but is rather virtual, in the sense that it involves a disposition to amend what the agent who actively controls the process does, should it deviate too much from the principal's preferences. This indirect form of control can be observed, for instance, when the government fears the public's reaction to a specific measure or is incentivized to take a course of action in search for citizens' approval. Opposition parties are another example of this kind of constraint on political power: parliamentary representatives can question and demand justification for the executive's actions, so as to provoke further contestation by citizens and social groups. What all these forms of popular control have in common is the capacity to preempt government's actions by ensuring their contestation, forcing their justification in the appropriate forums or anticipating the political cost associated with them. Ideally, once governing parties are forced to give an explanation of their decisions, either in parliament or in other public forums, it will be impossible for them to hide the role played by, for instance, powerful actors and lobby groups in shaping public decisions. This unearthing of the reasons and incentives that motivates executives' actions contributes to the eradication of domination, because it raises the cost of deception that governments face, by increasing the probability that the executive's position will be forced into the open. So conceived, the process of contestation should also allow final laws and policies to be seen as contributing to a reasonable conception of social justice. Not everyone will agree with such views, but nobody will see them as having been dictated by hidden interest groups steering the process or foreign interests meddling in domestic affairs.

My contention is that this way of understanding what is required for state powers to be regarded as nondominating ultimately implies a different distribution of powers in the policy-making process in contrast with Pettit's (2001, 2004) depoliticization strategy. This is particularly clear in the case of fiscal policy. In Pettit's writings (2001, 2004), the fact that politicians may use state spending powers in a self-interested way lends support to the conclusion that fiscal policy has to be handed over to a committee of experts. However, if the conception of democracy turns on the idea of popular control, then the reason we should be concerned about deficit bias is not that it leads to suboptimal debt levels but that citizens cannot effectively control the actions of their representatives as a result of normatively problematic information asymmetries. Indeed, the common denominator of many of the models of deficit bias is the lack of appropriate information on the part of both citizens and opposition parties, as transparency in the budgetary process is a key variable that leads to more opportunistic behavior by executives (for an empirical study of the impact of transparency on deficits, see Alt and Lassen [2006]).[5]

Unfortunately, fiscal policy is an area that is particularly difficult for citizens and parliament to monitor because of its technical nature. For one, the budget that the government drafts is a long and technical document, which builds on the state's account and pools together all the different spending items that government wants to finance with the revenues it aims to collect. Moreover, the future impact of current spending decisions on debt dynamics is based on the forecast of output growth, whose reliability is particularly hard for a citizen or even politicians to evaluate. In other terms, it may be particularly hard for citizens to see how their active influence in the democratic process—as expressed, for instance, by the vote to a specific party that showed a disposition for higher spending—is translated into actual policy. At the same time, it makes the contestatory role of social actors, parliaments, and media impossible to perform, since their judgments depend on the same technical analysis they are meant to scrutinize. If these information asymmetries are pervasive in the budgetary process, the idea of popular control and of constraint on executive action becomes a chimera. If citizens cannot appropriately evaluate the government's performance and its motivations for spending, they will not be able to exercise either the kind of virtual influence that should keep the government on its toes or the authorial form of control, which presupposes a judgment both on the competency of the representatives to further citizens' interests and on the likely consequences of their decisions while in power.

Crucially, these information asymmetries are also hard to redress through parliamentary scrutiny, since executive powers in this area are highly entrenched. In most European countries, executives are at the top of the policy-making process, in the sense that they draft financial plans, decide on sovereign debt issuance, oversee states' use of public resources, and control the content of public accounts (Bateman 2020).

5. Among the models of deficit bias that rely on voters' imperfect information, see, e.g., Shi and Svensson (2002, 2006). Not all models of deficit bias rely on information asymmetry. The argument is instead that this information asymmetry is problematic, as it prevents popular control from steering the use of public powers.

Similarly Schick (2002) describes how, over time, parliaments have lost their effective capacity to steer the fiscal decisions as "it was taken for granted in all countries that budgeting is an executive function carried out by the executive, not by the legislature" (21). Despite considerable heterogeneity in the level of control of the budgetary process, most national parliaments in Europe do not have the power to meaningfully amend either the government's budget or the draft budget and thus to challenge prospective and past policy choices. On top of this, the limited time afforded to parliaments to even discuss the budget confirms the idea that "the annual ritual of domestic budget approval amounts to little more than a constitutional myth" (Wehner 2010, 141).[6]

Under these circumstances, not only can governments escape the ex post scrutiny of its spending choices, due to their long-term impact on economic activity, but it can also avoid being guided by citizens' virtual influence, by preventing certain key budgetary decisions from being publicized and consequently creating specific dispositions against them in the electorate. The existence of deficit bias also suggests that democratic influence is not unconditioned but rather dependent on the will of those in power. Indeed, if deficit bias can be explained by a model like that of Persson and Svensson (1989), in which politicians can use fiscal policy as a tool to constrain future governing parties, then it is likely the case that the democratic input from voters is not acting as a binding constraint on the government's agenda.

Moreover, while the argument has so far relied on the idea that there is something normatively valuable in politicians' keeping their promises, this is only one of the many ways in which voters can direct government's policies and be said to control the interferences that follow from these decisions. Indeed voters' representation does not always follow a forward-looking model, in which politicians in office are bound by the mandate given to them at the past election, but can also be described as backward looking if citizens vote with representatives' past behavior and decisions in mind. This "anticipatory" form of representation (Mansbridge 2003) is at the heart of Pettit's idea of virtual influence and of the kind of control citizens should have over their representatives, yet the consequences in terms of distribution of power in the policy-making process of employing this mode of representation have not been fully articulated. If voters' preferences are constant, the backward-looking judgment on the actions of a politician will simply reinforce the incentive of that same politician to deliver on promises. However, if the interests and preferences of citizens are not fixed but emerging (as could be the case when it comes to choosing a fiscal path in light of the latest macroeconomic shocks that hit the economy), politicians have an incentive not only to gauge the people's mood but also to influence their judgments through communication. In the case of fiscal policy, executives are in a particularly good position to do this, as they enjoy a strong informational advantage when it comes to the state's accounts and can thus easily sell the narrative that favors them the most. In other terms, when this "anticipatory" mode of representation operates alongside strong information asymmetries between executives and the polity, the government stops being a passive agent that responds to its principal (i.e., citizens) and can thus free itself from some of the constraints that make its decisions nonarbitrary. All in all, if government's operation is not sufficiently transparent and if executives can easily manipulate the public discussion on the budget, the public will not be able to exercise the kind of efficacious control that guarantees that its influence on those in power will impose the preferred direction "so unfailingly that when decisions go against particular citizens, they can take this to be just tough luck, not the sign of a malign will at work in their lives" (Pettit 2012, 302).

To summarize the argument so far, the appropriate institutional response to the problem of deficit bias cannot be to remove power from the political domain but rather to try to find more effective ways for public control to steer the executive's decisions. To let independent experts have decision-making power over the budget is to insulate those decisions from the very system that is meant to legitimate it.[7] At the same time, this system of popular control requires decisions to be contestable in a public forum, which, in turn, necessitates information on what the executive does to be as accessible as possible.

A corollary of this argument is that, if one takes seriously the goal of instantiating popular control, then any proposal to place a specific policy area at arm's length from politicians should be justified with reference to its capacity to give citizens' more control over it (Mayer 2015). The next section proposes a form of fiscal council that would fulfill this republican desideratum. In other terms, it proposes the creation of an independent agency that can increase citizen's continuous control over the fiscal policy-making process.

6. For instance, Investigative Reporting Project Italy (Cicculli and Indiano 2021) reported how Italian members of parliament voted and scrutinized a recovery plan worth €191 million, which was different from the one that was actually sent to Brussels by the Draghi government.

7. Similarly, Markell (2008) argues that democratic participation is one of the conditions that "enables and sustains the contestatory practices that Pettit counts on as a check against the arbitrariness of state power" (29).

ORCHESTRATOR FISCAL COUNCILS AND THE DEMOCRATIC PROMISE OF EXPERTISE

How can the democratic process that leads to the definition of the budget be made subservient to the interests of citizens, given the fact that the area under scrutiny requires specific expertise to be evaluated? One solution is to set up an "orchestrator-type" fiscal council (Calmfors 2003) that contributes to public contestation and allows voters and parliaments to hold the government to account. In contrast to a trustee-type fiscal council, an orchestrator type would not manage public debt or set the yearly maximum public deficit but rather serve as an expert body at the service of the whole polity. The success of this institution at constraining executives' actions depends on its capacity to enlist other social actors in the polity (i.e., parliaments and civil society) who will constrain power holders. So conceived, the expertise of a fiscal council can ensure that the kind of unconditioned and efficacious influence described by Pettit (2012, chap. 4) delivers its promise of steering governments' policies.

The justification of this form of expertise can be summarized as follows. Voters' (positive or negative) reactions to government's fiscal plans depend on these plans being correctly evaluated, but if the only source of analysis comes from government's ministers, then voters' view of the state of public finances can be easily manipulated. This section will thus claim that the proper task of an independent fiscal institution is to limit the capacity of executives to use to their own benefit the informational advantage they enjoy in the fiscal policy-making process.

The idea is that an independent agency that is granted enough visibility in the media and can be heard in parliament would increase the epistemic quality of the public debate by offering an independent opinion on the future impact of government's spending decisions. Because uncontrolled and therefore arbitrary interferences result from the capacity of politicians to avoid justifying their choices or concealing their impact by avoiding public scrutiny, one of the major tasks of this type of fiscal council would be to evaluate the long-run sustainability of the executive's budget. In addition, the institution should conduct ex post and ex ante analysis of whether the budget meets the government's stated objectives (e.g., employment, deficit reduction, equality) also in comparison with alternative strategies (Calmfors and Wren-Lewis 2011; Debrun and Takahashi 2011). By evaluating the quality of the budgetary process and doing so in a transparent, public way, an orchestrator fiscal council can "affect the ability of voters to monitor fiscal choices, in turn determining the extent to which policy makers can manipulate voters into seeing them as more competent" (Eslava 2011, 665). The risk that governments' sustainability forecasts are used strategically to convince the public of the probity of their proposal can be reduced by having an additional institutional voice checking their claims (Jonung and Larch 2006).

The technical assessments and opinions drafted by the fiscal council would be discussed in parliaments and used by opposition parties and media to pressure governments to justify or modify their plans. The idea is that the executive would be compelled to offer reasons for its decisions in a public forum and that these reasons would be considered convincing by parliaments and citizens only to the extent that they belong to a "stock of admissible considerations established in common consciousness" (Pettit 2006, 308), a stock that the fiscal councils would help to curate. In turn, the justification of the use of power would activate the various democratic mechanisms that punish or reward those very same decisions.

In principle, this reason-giving exercise can be organized and supported through different institutional solutions, depending on the features of the national political system as well as the different constitutional traditions. While it would be hard to claim a priori that, for instance, only a parliamentary office can fulfill the republican goal of eliminating informational asymmetries, it is still possible to highlight a combination of institutional features that should make this more likely to happen. For instance, orchestrator fiscal councils could have the power to initiate a comply-or-explain procedure, which would see the Treasury's officials called to discuss in front of the appropriate parliamentary committee the reasons they used some optimistic GDP forecasts in the budget.

Critically, however, an orchestrator fiscal council would not simply be a parliamentary body tasked to serve members of parliament but would also have an external public role aimed at informing public discussion more directly.[8] Thus, such a council serves a wider range of civil society and media actors in their involvement in macroeconomic deliberation and contestation of both the government as well as the parliament (see Claeys [2019] for a quantification of fiscal councils news appearances).[9]

Yet how can one be sure of who these experts are and that they will not, over time, become dependent on the good will of the same politicians they were meant to check? As far as the identification of experts is concerned, the most common solution is to rely on epistemic communities that decide on their

8. This public role would distinguish the institution from other think tanks and nongovernmental organizations interested in macroeconomic policy, who have no public mandate to perform their analysis.

9. There is no simple way of guaranteeing through rules that citizens will value and listen to the fiscal council's analysis. However, the elimination of domination depends on not only the existence of rules but also a contestatory attitude on the part of citizens, part of what republicans generally call civic virtue (Pettit 2012).

criteria for membership with reference to the professional qualities that have been demonstrated through years of work. In the case of independent fiscal institutions, the problem with this strategy is that economists do not enjoy the same authority as doctors and physicist, as different schools of thought within economics offer sometimes radically different ways of understanding the same phenomenon.[10] The task of identifying which economists and therefore which methodologies are "correct" may seem to be an ideological choice. This could be particularly problematic when it comes to two important tasks that orchestrator fiscal councils should perform, namely, the estimation of the impact of government's policies on GDP and the estimation of potential output. Every economic model is built on specific assumptions about how the economy works that can systematically discount the benefits of specific policy decisions. The risk is therefore that, over time, the democratic public itself becomes dependent on the will and interests of a nonmajoritarian body whose input in the democratic process is actually informed by unstated ideological commitments. Unfortunately, there is no simple solution to this problem, since it depends in large part on the openness and the culture of the epistemic community, not to mention the system of professional incentives that supports this specific form of expertise.

At the same time, this risk can be managed through careful institutional design. One potential fix—which goes against current practice (see Closa Montero, González De León, and Losada Fraga 2020, 26)—is to structure the fiscal council as a collegial body appointed by the parliament. The goal would be to ensure both expertise and diversity by devising a selection system that avoids giving veto power to current majorities. University representatives—through an academic oversight board—could also be included in this process and alert the public in case the proposed experts do not meaningfully represent the various of views in the field. The selection of multiple experts by different parliamentary forces would push the new body to reach a consensus among its members before publishing its analysis, rather than working as a highly hierarchical structure similar to government agencies. Moreover, the analysis and methodologies used by the institution, as well as the internal discussions among its economists, should be public and open for consultation. The public accessibility of the institution's functioning and reasoning promotes another democratic value that reinforces both its independence and its capacity to inform public deliberation, namely, publicity.

Because the goal is for this institution to become a credible voice in the public debate, capable of checking the executives' work, it is best for the members of this institution not to see specific parties or politicians as their principal. In this sense the members of the fiscal board should be appointed for terms longer than the parliament's. Notice how this would not contradict the argument made above, that giving the task of managing public debt to a fiscal council at time t would be seen as arbitrary at time $t + 1$. The difference is in the kind of influence the two types of fiscal councils would exert on the policy-making process. While a trustee fiscal council (to whom the argument above applied) would directly control fiscal policy (by setting the yearly maximum deficit/surplus), an orchestrator type only affects policy choices through the information it provides to members of parliament and citizens. The orchestrator's influence is thus conditional on the willingness and capacity of democratic publics to challenge executives, so that there is no risk of its decisions being seen as arbitrary at $t + 1$, since no one is effectively forced to follow them. In this sense, one would better describe the output of the work of this kind of independent agency as "opinions" or "recommendations."

A more serious risk is rather that experts fail to "speak truth to power" and become deferential to government officials, in order to avoid punishment or financial repercussions. This suggests that orchestrator fiscal councils should be in closer institutional proximity with the parliament and that their capacity to produce timely analysis should be protected by a clear set of laws that imposes duties on different governmental agencies. This means that, for instance, budgetary information should be submitted by the different ministries on time and that the institution has sufficient and reliable financial support to perform all its tasks.

To summarize, knowledge of what power holders decide is a precondition for effective popular contestation and a "democratic resource" that under certain conditions can be made more widely available through expert bodies. The Hungarian government knew this well enough, and it is thus emblematic that in its relentless effort to dismantle the foundations of an open society it decided to reduce the funding to the national fiscal council (Debrun and Takahashi 2011). At the same time, fiscal councils cannot be given the status of superior decision makers, since this too would remove the capacity of democratic polities to continuously control the policy area. Instead, these expert bodies should serve the essential function of allowing parliaments and democratic publics to monitor what the government does with one of the most important tools at its disposal, namely, government spending. By reducing the information asymmetry enjoyed by executives in the policy-making process, fiscal councils hold

10. This is not to discount the disagreement that still exists between researchers in the natural sciences. In both cases, though, experts' disagreement is of a "thin" and "reasonable" kind, meaning that experts agree on what counts as evidence of a certain phenomenon but disagree on how to weigh this evidence.

the promise of allowing democratic procedures to better express the republican ideal that no one is superior to anyone else.

CONCLUSION

In the nine years before the onset of the Global Financial Crisis the Ministries of Finance of France, Italy, Germany, and Greece were all justifying their macroeconomic plans to the public and selling their preferred narrative using overoptimistic forecasts of the future government balances (Frankel 2011). By reducing the future capacity of these countries to borrow at lower rates, these decisions had considerable effects on the capacity of states to respond to their citizens' needs once the crisis hit in 2010. The appropriate republican response to this policy failure is not to remove debt management from political control, though. This is because the normative problem of deficit bias does not lie in the outcomes it produces. Instead, what is unjust is that its existence reflects power asymmetries between rulers and ruled. In republican terms: citizens do not enjoy the kind of efficacious control over the setting of fiscal policy that could secure their undominated status. We cannot reduce the democratic gap that deficit bias reveals by removing fiscal policy from the political domain. Instead, this analysis argued for the strengthening of citizens' and parliamentarians' competence and resources to hold their governments to account. In order to make fiscal policy decisions legitimate from a republican standpoint, it is necessary to give independent fiscal institutions the power and institutional support to contest executives' fiscal policy decisions and politically empower domestic publics and parliaments by giving them the institutional means to question the country's fiscal path.

In more general terms, echoing Mayer (2015), this argument implies that a republican justification of independent agencies in the economic realm should pivot around the latter's capacity to increase citizens' continuous control over government. This kind of control implies leaving the set of reasons, which can be employed to justify each policy decision, open for debate and modification by future majorities. At the same time, the democratic process that leads to the identification of these reasons must be supported by expert bodies that should be given functional autonomy from politics as well as the institutional safeguards needed to empower democratic collective action. So conceived, independent agencies in the economic sphere can help eliminate the power imbalances between rulers and ruled that allow public powers to be decoupled from citizens' control.

This analysis raises the wider question of which other policy areas may be better steered and controlled by the democratic public if an independent institution were given the task of checking on the choices made by executives as well as their justification. Future research might, for instance, show that governments are able to sell the narrative they prefer when it comes to fighting climate change, since the data and the models used are particularly complex and the impacts of the decisions taken difficult to assess. Conversely, it may be relatively easy for voters and parliaments to hold their government to account when it comes to criminal sentencing and policing. This might suggest that independent climate councils could contribute more than independent criminal commissions to the enhancement of popular control.

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