



Stefano Merlo

Carmen Leung

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## Is the Office for Budget Responsibility anti-democratic?

*The Office for Budget Responsibility (OBR), established as an independent fiscal watchdog, plays a pivotal role in shaping fiscal policy through its forecasts and analysis. But, argue **Stefano Merlo** and **Carmen Leung**, while intended to enhance transparency and the accountability of governments, the way the OBR is being used may inadvertently constrain political imagination, skewing the balance of power between democratically elected politicians and unelected technocrats.*

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Few images capture the Chancellor's dilemma better than the chart circulating around Westminster. It shows how little fiscal space Rachel Reeves has left. With most headroom absorbed by existing commitments, and rises in income tax, NI and VAT ruled out, she faces politically fraught alternatives: stealth taxes, pension reforms, or even a wealth tax.

Yet before any plan faces public scrutiny, it must first pass the Office for Budget Responsibility (OBR). The OBR doesn't set policy but provides the official economic forecasts on which the budget is based. Critics argue that bodies like the OBR are problematic precisely because they are not democratically accountable, making consequential decisions without direct voter control. This concern is legitimate—but addressing it requires thinking carefully about what democracy requires. As part of a [recent project at LSE](#) we asked: who should shape fiscal policy? Elected politicians under pressure to win votes, or unelected technocrats claiming neutrality? And how much power should either really hold?

I recently argued that republican political theory offers a lens for understanding why democratic control of fiscal policy matters beyond elections. In this tradition, liberty is not simply the absence of interference by the state or other citizens; it is freedom from arbitrary power, or “non-domination.” Democracies are to be designed with the goal of upholding such freedom, which in turn secures legitimacy. Citizens are dominated when the state can impose decisions they have no meaningful

way to contest or influence. What matters, then, is not only who governs, but whether power is exercised under conditions that make it answerable to those affected by it. In a non-dominating state, even citizens who dislike the government's latest budget do not feel ruled by an alien force, because they know their standing as participants in shaping and contesting the law remains secure. In fiscal governance, republican liberty means ensuring that decisions are transparent and contestable; made under the standing threat of public challenge rather than beyond it.

## Short-termism and democratic control

**Public choice economists** often describe ministers as driven by short-term pressures: seeking votes, overspending, or responding to well-organised interest groups, leaving future governments with less fiscal room. The concern is usually framed in terms of inefficiency. From a republican perspective, however, the problem is the threat of arbitrary power.

Fiscal policy illustrates this well. Budgets are long, **technical**, and built on complex forecasts that are difficult even for elected representatives to evaluate. These information asymmetries give executives an informational advantage, enabling them to influence public perceptions about growth, spending, and debt. Parliaments, despite formal powers, often cannot meaningfully amend or challenge budgets; legislative debate is constrained by time, technical complexity, and entrenched executive authority. Even citizens' electoral influence is conditional: backward-looking accountability, namely judging politicians by past decisions, can be undermined if governments shape the story around their performance, while anticipatory mechanisms through which voters respond to expected policies can be manipulated through communication.

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The combination of technical complexity, parliamentary limitations, and conditional electoral mechanisms means that citizens' influence over fiscal decisions is fragile. Republican theory suggests that to prevent domination, an independent fiscal council can reduce informational asymmetries, make technical data accessible, and ensure executive choices remain contestable. This role strengthens, rather than replaces, democratic authority, allowing citizens to exercise meaningful control and safeguard freedom from arbitrary power.

# The limits of independent expertise

But here's a problem: an independent OBR may help us keep our government in check, but who polices the OBR's work? The OBR wields power not through policy decisions but through the *narratives* it constructs. Its Economic and Fiscal Outlooks do not simply describe the economy; they frame it. As [Ben Clift](#) shows, economic forecasting is not a mechanical or purely technical exercise, but a site of judgement, interpretation, and contestation. Choices about what models to use, what parameters to assume, or how to describe uncertainty are never neutral – they reflect particular understandings of how the economy works and, crucially, what the state's role is within it.

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The OBR sees itself as operating at the “non-normative” end of the spectrum, but as Clift argues, every forecast carries implicit political commitments. Its default *New Keynesian* view assumes that the economy tends back toward equilibrium and that long-term growth is driven mostly by supply-side factors, not public demand. This framework limits the perceived efficacy of fiscal policy, narrowing the range of what governments and citizens imagine to be possible. In short, the information gap fiscal councils were meant to close does not entirely disappear; it shifts from politicians to experts.

## Thin vs Thick disagreement

Still, not all disagreements are created equal. The debates that take place within expert bodies like the OBR differ from those among politicians. Economists may disagree over how fast productivity will grow, or whether the economy has reached its full potential. However these disagreements are, as [Laura Valentini](#) puts it, “*reasonable*” and “*thin*.” They are reasonable, because despite the fact that the evidence is often inconclusive in supporting one expert opinion or another, competing interpretations can coexist without one being seen as irrational. And they are ‘thin’ because experts share the same overarching goals, like keeping debt stable over the economic cycle, while disagreeing only about how best to achieve them.

Political disagreements, by contrast, are *“thick.”* They reflect fundamentally different ideas about justice, equality, and the good society. Citizens may disagree not just about the best means to achieve a goal, but about what the goal itself should be: whether the state should redistribute wealth, subsidize religion, or prioritize growth over welfare.

Delegating economic forecasting to an expert body like the OBR therefore makes sense: it places *thin* and technical disagreements in a setting designed to handle them, insulating them from the *thick* ideological battles that belong in the political arena. The purpose of delegation is not to eliminate politics, but to ensure that political debate rests on a shared and transparent set of forecasts – projections that can be scrutinised and contested, but not simply invented to suit partisan needs.

## Evidence-bounded policymaking and democratic imagination

The OBR may improve the quality of information and limit manipulation, but in its current relationship with the Treasury it also risks shrinking the boundaries of fiscal imagination. When the value of a policy is judged only by what can be credibly modelled, evidence-based policymaking turns into evidence-*bounded* policymaking. The very effort to make fiscal choices more rational can end up constraining what governments believe it is rational to attempt.

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These tensions become concrete in the OBR’s use of *dynamic scoring* (the process by which it estimates how policy measures affect growth and, in turn, fiscal outcomes). In principle, this method offers a more realistic picture of the feedback effects of tax and spending decisions. In practice, however, not every policy has well-identified “elasticities.” When impacts are hard to quantify the risk is that ministers simply decide not to implement the policy. The result is a form of

politics in which the Treasury is preoccupied with what *can* be scored, and so tends towards tweaking small, measurable incentives rather than proposing transformative measures whose effects lie beyond the model's reach. In this way, the OBR's authority shapes not only how policies are evaluated, but also what kinds of policies are conceived in the first place.

From a republican point of view, that is not the fault of the OBR; rather, it is the way ministers relate to it. The point of delegating power to independent fiscal bodies was to keep governments on their toes not to define, once and for all, what counts as a "responsible" choice. The responsibility for keeping fiscal policy imaginative, transparent, and contestable lies with ministers themselves. They must resist the temptation to hide behind the authority of the OBR, and instead use it as a platform for public justification — explaining why they disagree, and on what grounds. Otherwise, the shrinking bars on that chart will come to symbolise not just Britain's lack of fiscal space, but its lack of political courage.

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## About the author

### **Stefano Merlo**

Dr Stefano Merlo is Fellow in Public Policy and Administration at LSE. He is a political theorist with a background in economics and a keen interest in the messy business of policy. was Associate Lecturer and Deputy Programme Director at UCL's Department of Political Science as well as Guest Teacher at the Blavatnik School of Government, University of Oxford.

### **Carmen Leung**

Carmen Leung is a third-year Philosophy, Politics and Economics (PPE) student at the London School of Economics and Political Science. Her academic interests include global political economy and economic policy. She previously worked as a research assistant to Dr. Stefano

Merlo and now serves as a committee member of the Grimshaw Club at LSE, where she helps organise events and hosts a podcast on international affairs.

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