

Bertelsmann Stiftung (ed.)

Sustainable Governance Indicators 2011

Policy Performance and Governance Capacities in the OECD

Contents

Preface	7
Theoretical Framework and Methodology	13
Sustainable Policy Outcomes, High Democratic Standards, and Sound Political Steering as Benchmarks for Measuring Sustainable Governance in the OECD	15
<i>Daniel Schraad-Tischler, Najim Azahaf</i>	
The Status Index: Sustainable Governance and Policy Performance	21
<i>Friedbert W. Rüb, Tom Ulbricht</i>	
Democratic Governance: The Strategic Capacity of the Core Executive and Social Groups	51
<i>Werner Jann, Markus Seyfried</i>	
Sustainable Governance Indicators 2011: Concepts and Methodology	73
<i>Martin Brusis, Jörg Siegmund</i>	
Empirical Findings	95
Status Index Findings for the SGI 2011: A Comparison of Policy Performance	97
<i>Kathrin Dümig, Reimut Zohlhörer</i>	
Management Index Findings for the SGI 2011: A Comparison of Performance in Governance among OECD States	119
<i>Markus Seyfried</i>	

Contents

Summaries and Outlooks for 31 OECD Countries	145
Australia	147
Austria	150
Belgium	153
Canada	158
Chile	163
Czech Republic	169
Denmark	173
Finland	179
France	182
Germany	186
Greece	190
Hungary	193
Iceland	196
Ireland	200
Italy	203
Japan	208
Luxembourg	211
Mexico	215
The Netherlands	219
New Zealand	222
Norway	225
Poland	230
Portugal	233
Slovakia	237
South Korea	240
Spain	244
Sweden	250
Switzerland	252
Turkey	257
United Kingdom	261
United States	265
Appendix: Comprehensive List of Indicators	269
The Authors	279
The SGI Board	281
Regional Coordinators	283
List of Experts	285

Preface

The OECD world has been hard hit by the global economic and financial crisis. In 2009, many countries experienced their worst recession since the end of World War II, and many continue to struggle today with the severe aftereffects of crisis. The Sustainable Governance Indicators 2011 (SGI 2011) survey period stretches from the beginning of May 2008 to the end of April 2010, thus covering precisely the time in which governments were particularly challenged to react to the crisis quickly and resolutely. Yet the acute, short-term pressure of looming problems, as the crisis produced and continues to produce, must not lead to neglect of the fundamental need for sustainability. Indeed, policymakers must retain a focus on the long-term viability of sociopolitical, economic, and environmental systems in order to maximize the opportunities and quality of life afforded both to current *and* future generations.

Decisions on investment, consumption, conservation, and the exploitation of resources are not made by abstract “generations” but, rather, by quite specific individual and collective actors. In the sustainable creation and protection of citizens’ opportunities, government action plays an undeniably prominent role through concrete policies and steering activities in areas such as finance, education, health, family policy, pensions, the environment, and research and development.

It is with an eye to the issue of sustainable governance that the SGI 2011 allow the strengths and weaknesses of OECD states’ political and economic systems to be identified with considerable precision. This is true of countries’ crisis-related vulnerabilities and short-term crisis-management capabilities as well as of the capability to successfully meet critical future challenges. These include not only ongoing economic globalization, but also demographic change in the form of aging societies, migration trends, new security risks, and the increasing scarcity of resources. As broad drivers of policy-making, these various challenges can be broken down into specific issues and a variety of separate policy areas, in each of which weaknesses rather than optimum performances are often clearly evident. From this analysis of strengths and weaknesses emerges a clear picture of each country’s reform needs.

OECD states’ reform needs are represented as a part of the SGI 2011’s Status Index, which provides answers to two essential questions: First, how successfully do individual countries realize sustainable policy outcomes in the context of a socially responsible market economy?

And, second, what is the quality of the country's rule of law and democratic framework? For it is only in the context of a solid democratic order, which ensures truly equal opportunities for participation and a rigorous adherence to the rule of law, that sustainable policy outcomes can ultimately be achieved.

Alongside the question of reform needs is that of whether political systems have the fundamental *capacity* to implement critical reforms and political measures effectively. Answering this question is not a trivial task, as the formulation, passage, and implementation of reforms in modern democracies involve the participation of numerous actors. The SGI 2011 measure the *reform capacity* of the various OECD states through its Management Index, which seeks to do justice to the issue's complexity through a broad set of individual indicators. The Management Index closely examines governments' political steering capabilities as well as their interactions with other institutional and societal actors—particularly citizens, legislatures, interest groups, and the media—through each phase of the policy cycle. In taking this broad perspective, the SGI project goes far beyond other comparable indices.

The overall approach of the Bertelsmann Stiftung's *Sustainable Governance Indicators* is driven by the premise that the higher a government's reform and policy-shaping capacity, the more likely its actions are to improve the country's political, economic, and social state in the medium to long term with respect to the above-noted key issues, thus effectively addressing the country's reform needs. This hypothesis should not be taken to imply that a reform-capable government always carries out the "right" reforms (whatever those may be) and thus achieves the best possible results. It simply suggests that reform needs should decline in countries whose governments demonstrate a strong capacity for reform, and vice versa. Only time will tell whether this holds true throughout the OECD member states.

The development of the SGI 2011 took place in part through a thorough internal and external evaluation of its 2009 pilot-edition predecessor. This led to various adjustments being made both in the survey process and in the index design itself, placing methodological limits on the ability to make direct comparisons between the SGI 2011 and the SGI 2009 results. However, in the course of the SGI 2011 survey, a process of interpolation was carried out for the adjusted indicator sets that was aimed at developing correspondingly adjusted values for the SGI 2009 survey period (January 2005 through March 2007). This has made possible a comparison between the recalculated SGI 2009 results and those of the newly released SGI 2011 (particularly through the project's website, found at www.sgi-network.org).

The 2011 edition of the SGI was also the first of the project's editions to incorporate new OECD member Chile, which—as the results show—had no need to fear comparison with many longtime OECD states. The Sustainable Governance Indicators 2013 will also evaluate Slovenia, Israel, and Estonia, which have joined the OECD in the interim, but could not be considered in this round.

More than 80 renowned experts from around the world participated in the SGI 2011's complex and multi-stage process of data collection and data review. As in the SGI 2009 pilot edition, the focus of interest lies not solely on quantitative data, but also on country experts' detailed qualitative evaluations. The full conclusions of the SGI 2011 are thus not to be found in a single number or ranking but, rather, in the systematic comparative treatment of a variety of qualitative assessments, their transparent portrayal, and their comparison with other coun-

tries' results. In order to provide this layer of added value on top of simply quantitative data, our SGI country experts have compiled extensive reports on each of the 31 surveyed OECD countries, working on the basis of a detailed, standardized codebook.

This publication is meant to serve as an introduction to the project as whole. The contributions presented here draw upon the vast body of data and knowledge collected and made available at www.sgi-network.org. The website not only provides users full access to all the data, assessments, and results; it also allows users to draw comparisons between countries at each level of assessment. The SGI's combined total of nearly 150 qualitative and quantitative indicators outline the sustainable policy performance in each OECD country surveyed.

This volume begins by explaining the theoretical and methodological underpinnings of the SGI as a rather complex measuring tool. In their contribution "Sustainable Policy Outcomes, High Democratic Standards, and Sound Political Steering as Benchmarks for Measuring Sustainable Governance in the OECD," Daniel Schraad-Tischler and Najim Azahaf provide a short introduction to the approach used by the SGI team in measuring sustainable governance. Focusing in particular on the two pillars of the SGI, the Status Index and the Management Index, they establish the context for the two following contributions, in which the conceptual and theoretical roots of both indices and their components are explored. In "The Status Index: Sustainable Governance and Policy Performance," Friedbert W. Rüb and Tom Ulbricht discuss the theoretical framework of the Status Index, its constituent parts, and how they relate. They examine from a theoretical perspective the conditions for sustainable governance in terms of the quality of democratic standards and how well policies perform in 15 areas, using these premises to delineate the composition of the Status Index.

In a similar manner, Werner Jann and Markus Seyfried provide a theoretical overview of the Management Index and its architecture. They explore in particular the theoretical underpinnings of governance as a concept and how it is understood—in terms of political steering—within the SGI context. The architecture of the Management Index reflects the SGI's dynamic understanding of governance by examining both a government's capacity to act ("Executive Capacity") and the extent to which non-governmental actors and institutions are endowed with the participatory competence to hold the government accountable to its actions ("Executive Accountability"). This includes citizens, legislatures, parties, associations, and the media, that is, actors that monitor the government's activities and whose effective inclusion in the political process improve the quality of governance. Ending the theoretical-methodological section is the contribution "Sustainable Governance Indicators 2011: Concepts and Methodology," by Martin Brusis and Jörg Siegmund, in which the weighting and aggregation methods used to calculate SGI results are described, as is the SGI's multi-stage process of data collection, review, and validation. This multi-stage process involves individual country experts, regional coordinators, and a board of scholars and experts, each monitoring the results provided by the other in order to deliver the highest possible measure of objectivity, reliability, and validity.

The second section of this volume is concerned with the empirical results of the SGI 2011: How well do the 31 OECD states surveyed fare in terms of their reform needs and reform capacity? What are their respective strengths and weaknesses? In their contribution, Kathrin Dümig and Reimut Zohlnhöfer focus on the overall results for the Status Index. In the follow-

ing contribution, Markus Seyfried examines the cross-national results for the Management Index. His analysis shows that the northern European states of Sweden, Norway, Finland, and Denmark, together with New Zealand, perform best in both the Status Index and the Management Index. These countries underscore the fact that, even in globalized world fraught with interdependencies, governments continue to exercise considerable agency in formulating and implementing effective, sustainable policies. The institutional layout of government bureaucracies is in no way the only factor decisive in shaping a government's steering capacity. For this reason, the Sustainable Governance Indicators emphasize the importance of participation in policy-making processes by exploring the extent to which governments effectively incorporate the knowledge and feedback of societal actors through sound democratic institutions.

The two contributions discussing the results for the Status Index and the Management Index also provide initial inroads into the variety of comparisons and research opportunities presented by the Sustainable Governance Indicators. However, summary overviews of the results are limited in their capacity to deliver the substantive contexts needed for more targeted research questions and interests. This volume therefore includes excerpts from the individual country reports—the executive summary and strategic outlook—for each of the 31 OECD countries surveyed. These excerpts, which summarize the key findings for each country and identify the urgent challenges to be addressed, introduce the reader to the substantive quality of the SGI project, the full extent of which can be explored online at www.sgi-network.org. Readers are encouraged to download full reports and explore the variety of comparisons made possible by the website.

The website allows users to pursue their individual interests and identify concrete examples of successful practices that can inspire or influence reform measures in other countries. This is not to suggest that policies and approaches yielding success in one country will necessarily yield the same success in another political system. Long-standing institutional path dependencies, the diversity of political cultures, and diverging concepts of the welfare state must be taken into account when considering the state of affairs in another country. Nevertheless, this should not prevent those in search of effective approaches to draw inspiration from the priorities set and success of measures taken in other countries. The SGI 2011 deliver a vast body of qualitative and quantitative data with enormous potential for those vested in improving the state of governance.

An international project of this academic caliber and complexity that sets such high standards of independence and political relevance would not have been possible without the help of several individuals whose knowledge and expertise fueled the two years of work involved in developing this edition of the Sustainable Governance Indicators. We would therefore like to thank the experts from around the globe for providing the individual country reports and the seven regional coordinators—Nils C. Bandelow, Frank Bönker, César Colino, Aurel Croissant, Detlef Jahn, Martin Thunert, and Reimut Zohlnhöfer—for taking on the responsibilities involved with evaluating these reports in order to establish the final reports and scores. We extend our thanks and appreciation as well to the members of the SGI Board, whose expertise and counsel have favorably informed the process. We thank as well all those who have provided technical and practical support in handling, managing, visualizing, and publishing the

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Evidence-Based Policies

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