

SGI Sustainable Governance
Indicators 2009

Netherlands report



Executive summary

The Netherlands is a small country with an open economy. It has traditionally had a strong international orientation, and the Dutch have always been strong supporters of the European Union. Thus, it was a big disappointment when the Dutch population voted against the proposed EU Constitution in 2005.

There have been no major institutional changes in the Netherlands during the period under review that have impacted reform activities. Policy-making is largely based on consensus and compromise both among parties and between parties and interest groups, the larger and more socioeconomically focused of which are institutionally integrated into the policy-making process. Academic advice is an integral part of policy-making, and regulatory impact assessment is systematically built into the process of policy renewal. Although the parliament is bicameral, the broad consensus built during the preparatory phases of drafting legislation makes the use of formal veto powers a very unusual event.

Paradoxically, however, owing to the various parties' different reform priorities, the parliament is stuck in a deadlocked situation regarding more fundamental institutional reforms. Nevertheless, a rather flexible system of continuous self-monitoring and adjustment to changing exigencies within the legal framework has been established at the administrative level. Dutch politicians and public officials tend to focus on policy adjustment "from within" rather than on closely watching developments elsewhere. As a result, the Netherlands has regularly been used as a model for other countries seeking to modify their institutions.

Major policy reforms have been implemented in the areas of labor market, health care and integration policy. In the labor market, measures have been taken to better control access to disability programs, arrangements for working times – and particularly those for long-term leaves of absence – have been thoroughly revised, and market elements have been introduced into the child care system. In the health sector, the introduction of a compulsory basic health insurance with private add-ons has introduced market elements into the health care system, and legislation aimed at improving the quality of health care institutions has been passed. The efficacy of these market mechanisms, however, has been partly counteracted by large-scale mergers of health care

institutions. Integration policy has been characterized by a considerable curtailing of immigration and the imposition of a requirement for completing a habituation course prior to entering the country.

Strategic Outlook

While the Netherlands has recently succeeded in implementing a series of important reforms in the labor market and the welfare state, during the period under review other sectors have received less attention. This was particularly the case in terms of enterprise, environmental and R&D policy but also for the smoldering issue of societal integration.

The Netherlands likes to think of itself as part of the vanguard in terms of environmental friendliness. In reality, however, the country lags behind its peers, and the government is unlikely to realize its objectives in time. While technological innovation has made manufacturing cleaner, the growth in consumption continues to harm the environment. Air and noise pollution, in particular, are causing damage to the public welfare, and more action is needed.

Adequate improvements in infrastructure are of vital importance for future growth. In a small country serving as a major international distribution center, increased congestion poses a significant threat to future prosperity, and large investments will be needed to avert this threat. In addition, substantial investment will be needed to better protect the security of the country from major environmental risks, such as floods precipitated at least partially by global climate change. For example, the country needs higher dykes, which will be particularly expensive. Owing to the global nature of the problem as well as the Netherlands' downstream location, international cooperation in this area is essential – but has yet to be reached.

In order to secure future economic growth by means of higher labor productivity, the Netherlands must make substantial investments and improvements in education. Mass education is in itself an admirable objective, but the country should set its educational goals even higher. The quality of the output from the various types of schools must be raised, and centers of excellence in the educational system should be created. The objective should be to develop and nurture top-level education institutions that attract and advance top-level students, particularly in the sciences.

Political priorities must be readjusted in order to achieve many of these future investment needs and goals. Politicians and the people they represent tend to be

mainly interested in immediate, topical issues. Moreover, it is financially imprudent to merely add these new expenditures on top of existing ones. Doing so would necessitate a strong increase in the tax burden, which would only bring considerable harm to the economy. As a result, current and future governments are confronted with difficult political choices, and prioritizing means deciding to spend less on other items. Given the magnitude of the issues discussed above, the Netherlands is in need of vision, leadership and courage.

Status Index

I. Status of democracy

Electoral process

Fair electoral process

Score: 10

Electoral law and articles 53-56 of the constitution detail the basic procedures for free elections at the federal, state and municipal levels. The independence of the “Kiesraad,” the organization responsible for supervising national and European elections, is stipulated by law. Whereas all Dutch citizens residing in the Netherlands are equally entitled to run for election, some restrictions apply in cases where the candidate suffers from a mental disorder, a court order has deprived the individual of eligibility for election, or the name of the candidate’s party is believed to be hazardous to maintaining public order.

Three events during the period under review underscore the state of fair electoral processes in the Netherlands. In 2005, a higher court ruled against the state continuing to finance a political party – the Reformed Political Party (SGP) – that did not allow women to become members of the party. In 2006, an additional article (Article 57a) regarding the replacement of government politicians in case of pregnancy or severe illness was inserted in the constitution in order to guarantee women equal access to eligibility. Finally, a party promoting the legalization of sexual intercourse between adults and underage persons – the Charity, Freedom and Diversity (NVD) party – was founded amid strong protests in 2006. The party’s right to exist was held up in court, where the judge ruled to let the voters decide on the validity of the party’s claims.

Annotation: International Constitutional Law Project (ICL), “Netherlands Constitution,” Article 53-56, http://www.servat.unibe.ch/icl/nl00000_.html

(accessed February 28, 2008)

Wet-en regelgeving sociale zekerheid, “Kieswet” (The Electoral Law), http://www.st-ab.nl/wetten/0172_Kieswet_KW.htm (accessed February 28, 2008).

*Fair electoral
campaign*

Score: 10

Media law (Article 39g) requires that political parties with one or more seats in either chamber of the States General, the Dutch bicameral parliament, be allotted time on the national broadcasting station throughout the course of the parliamentary term. The Commission for the Media also ensures that political parties are given equal media access that is free from government influence or interference (Article 11.3). The commission is also responsible for allotting national broadcasting time to political parties participating in upcoming European elections. This broadcasting time is only denied to parties that have been fined according to Dutch anti-discrimination legislation. The individual media outlets themselves, however, are entitled to decide exactly how much attention they will pay to political parties and their candidates.

Since 2004, state subsidies for participating in elections have only been granted to parties already represented in parliament. Whether this practice constitutes a form of inequality is currently a matter of discussion in the Netherlands.

Annotation: Ministerie van binnenlandse zaken, “Mediawet” (Media Act), Article 39 g, http://www.st-ab.nl/wetten/0199_Mediawet.htm (accessed February 28, 2008).

*Inclusive
electoral
process*

Score: 10

Article 4 of the Dutch constitution guarantees the right to vote to all citizens 18 years and older with residence in the Netherlands. The electoral law elaborates upon this right, and this right can only be revoked by a court order following the completion of a full review process or when the individual suffers from a mental disability.

Access to information

Media freedom

Score: 10

Article 7 of the constitution guarantees the freedom of expression and freedom of the press. The Commission for the Media supervises the media. However, since the media law (Article 134.2) prohibits governmental supervision of the content of radio and television broadcasting, this office is

independent of the government.

The media law lays down a number of regulations on public and commercial broadcasting. These regulations concern advertising, the guarantee of media pluriformity, the prevention of concentration in the media market and some quality standards.

Public television and radio are joined under the roof of the Dutch Broadcasting Foundation (NOS).

The media law requires that the public broadcasting network adequately represent different cultural, social or religious aspects of Dutch society. In addition, since public broadcasting is forbidden from focusing on profit-making, it is financially dependent on the government. Last but not least, the media law regulates how programming time is to be distributed between the different genres, including those of information, culture, education and entertainment.

Freedom of expression and freedom of the press are guaranteed by Article 7 of the constitution. The Commission for the Media is charged with supervising the media, but is independent of the government as the media law (Article 134.2) prohibits governmental supervision of radio and television broadcasting content. The media law specifies regulations for public and commercial broadcasting with regard to advertising, guaranteeing media pluriformity, preventing media market concentrations and certain quality standards.

The media law requires the Dutch Broadcasting Foundation (NOS), which is responsible for public television and radio, to adequately represent a variety of cultural, social or religious interests. The media law also regulates the distribution of programming time across the different genres, including informational, cultural, educational and entertainment segments. Given that public broadcasting is prohibited from seeking profit, it is financially dependent on the government.

Annotation: The Scientific Council for Government Policy, "Media Policy for the Digital Age," Amsterdam University Press

<http://www.wrr.nl/english/content.jsp?objectid=3671> (accessed February 28, 2008).

Media pluralism

Score: 8

On the face of it, the Netherlands has a substantial and well-diversified array of media outlets. There is, however, an underlying concentration of media

ownership structures. The newspaper market is dominated by three publishers – Telegraaf Media Groep (TMG), the Koninklijke Wegener en PCM Holding and TMC – which together hold an over-75-percent share of the market in roughly equal proportions.

The television market is likewise dominated by three networks: RTL Nederland (part of the RTL Group), SBS Netherlands and the public broadcasting network NOS. These conglomerates have a combined market share of approximately 75 percent.

NOS is a strong player in the radio market as well, where it holds a market share of almost 30 percent. The biggest commercial players in radio are Sky Radio Ltd. and the Talpa Media Holding, which command a combined share of one-third of the market. The rest of the market is divided among smaller regional broadcasters.

News agencies also play an important role in providing diversity, but concentration processes are shrinking their number. Large news agencies, such as the Algemene Nederlands Persbureau (ANP), the Dutch national news agency, are increasingly becoming the editorial “back offices” of editorial “front offices,” which seem to be independent. As a result, it can be argued that players such as ANP are, due to no intent of their own, acquiring more power over information without being recognized as unintended information oligopolists.

Annotation: The Commissariaat voor de Media (Dutch Media Authority), “Concentratie en pluriformiteit van de nederlandse media 2005”

<http://www.mediamonitor.nl/dsresource?objectid=320&type=org> (accessed February 28, 2008).

*Access to
government
information*

Score: 10

Article 110 of the constitution and the Government Information (Public Access) Act (WOB, or “Wet Openbaar Bestuur”) guarantee access to government information. Under the WOB, any individual may demand information – either in writing or orally – related to an administrative matter if the information is contained in documents held by either public authorities or companies contracted to perform work for a public authority. The authority or company has two weeks to issue a response.

According to the act, advisory committee recommendations must also be made public within four weeks. Moreover, the act demands so-called “active publicity,” meaning that the government must take the initiative in providing the public with information regarding the policies it pursues and their results

and that this information be easily understandable for the average citizen.

Information must be withheld if releasing it could endanger the unity of the Crown, damage the security of the state, or if it relates to information on companies and manufacturing processes that were provided in confidence. Information can also be withheld “if its importance does not outweigh” the imperatives of international relations and the economic or financial interest of the state. Withholding is also allowed if the release of the information would endanger the investigation of criminal offenses, inspections by public authorities, personal privacy and the prevention of disproportionate advantage or disadvantage to a natural or legal person. In documents created for internal consultation, personal opinions shall not be disclosed except in anonymous form when it is “in the interests of effective democratic governance.”

According to experts, the WOB is only lightly used. There are approximately 1,000 requests each year, most of which are filed by newspapers. Appeals regarding the non-availability of certain pieces of information can be made internally and then forwarded to an administrative court with final say over the matter. The courts hear an estimated 150 cases regarding denied information requests each year.

The Personal Data Protection Act, which is overseen and enforced by the Data Protection Authority, allows individuals to obtain and correct personal information held about them by public and private bodies.

Annotation: Freedom Info Org, “The Netherlands”

<http://www.freedominfo.org/countries/netherlands.htm> (accessed June 28, 2008)

Civil rights

Civil rights protection

Score: 9

The Netherlands guarantees and protects individual liberties, and all state institutions respect and effectively protect civil rights. The Netherlands will publicly expose abuses and report them to either the UN Human Rights Council or the European Union. The Netherlands has signed the European Convention on Human Rights. However, recent policy measures meant to react to newly perceived dangers of international terrorism have resulted in changes in criminal laws and laws on public safety. These changes include providing police with expanded rights to undertake surveillance with cameras in public spaces, to conduct bodily searches, and to wiretap communications.

Non-discrimination
Score: 9

The Netherlands has signed the European Convention on Human Rights, which includes a prohibition of discrimination on any ground (Article 14) and that agrees with the European Constitution. In cases of alleged discrimination, appeal can be made to the Netherlands Commission on Equal Treatment (Commissie Gelijke Behandeling, or CGB) in accordance with the Equal Treatment Act (Algemene Wet Gelijke Behandeling). The prosecutor's office has established a National Centre on Discrimination that maintains a database of discrimination complaints, and it also provides training for prosecutors handling discrimination cases. The most recent CGB evaluation report indicates an increasing number of reports of unequal treatment between 2005 (621 reports) and 2006 (694 reports).

Approximately 3 million people in the Netherlands – or approximately 20 percent of the population – are foreign immigrants. This figure includes 1.7 million people who belong to ethnic minority groups. Incidents of physical assault against minorities were rare during the period of observation, but members of minority groups have reported being verbally abused and intimidated and at times being denied access to public venues, such as discotheques. Members of all immigrant groups have reported facing discrimination in housing and employment.

The government is actively pursuing a campaign aimed at increasing public awareness of racism and discrimination. It does not, however, have a policy of affirmative action. Nevertheless, Article 2.3 of the Equal Treatment Act stipulates that the prohibition of discrimination does not apply in the case of specific measures of affirmative action toward women or members of cultural minorities.

Rule of law

Legal certainty
Score: 9

In general, the government and administration act in a predictable manner and in accordance with legal provisions. Consistent and transparent regulations provide for legal certainty. All bodies of the central, provincial and municipal governments are legally obliged to be transparent about their actions, so as to allow for increased control and to enhance accountability and legal certainty. However, the accountability of independent agencies (known as the “Zelfstandige Bestuursorganen”) remains a point of concern, especially since a report of the Dutch Court of Audit recently concluded that there is a lack of political control over these agencies and a lack of knowledge regarding their internal proceedings.

Judicial review

It is clear that the Dutch judicial branch acts independently of the government.

Score: 10

Judges are appointed for life and are nominated by royal decision on appointment proposals by the court of justice.

Administrative law allows citizens to appeal any government decision to an independent judge. With some exceptions, appeals can also be filed with a higher court. For cases of administrative law, the appellate court is the Council of State, which consists of members of the royal family and individuals appointed by the Crown and has a secondary function as an advisory body to the national government.

Corruption prevention

Score: 9

In general, legal, political and public-integrity mechanisms effectively prevent public officeholders from abusing their positions. There is also a law on party financing that attempts to ensure transparency when it comes to political donations. In October 2007, another bill was under review that would set a maximum value for gifts that a politician or member of the government's administrative branch may receive in order to prevent conflicts of interest for both politicians and public administrators.

Article 125 of the Officials Act regulates the accountability of officeholders. The act obliges public office holders to take an oath of office, to publicly declare – and forego – any additional employment that could possibly conflict with official duties, and to publicly declare any personal assets or financial interests.

II. Economic and policy-specific performance

<i>Basic socioeconomic parameters</i>	<i>score</i>	<i>value</i>	<i>year</i>
GDP p.c.	4.94	35120 \$	2005
Potential growth	1.57	1.7 %	2008
Unemployment rate	9.25	3.9 %	2006
Labor force growth	3.35	1.7 %	2007-2008
Gini coefficient	9.22	0.248	1999
Foreign trade	4.27	32.97	2005
Inflation rate	8.56	1.6 %	2007
Real interest rates	7.46	2.6 %	2007

A Economy and employment

Labor market policy

Score: 8

The level of unemployment in the Netherlands currently stands at 3.2 percent. Youth and long-term unemployment have come down, but the employment of older individuals has to some extent increased.

The Netherlands has a tradition of wage moderation reaching back to the Accord of Wassenaar agreed to during a period of economic stagnation in 1982 by employer organizations and trade unions. This policy has led to a relatively low level of unemployment in the Netherlands and is often referred to as “the Dutch miracle.”

The recent decline in unemployment is due to both cyclical and structural improvements. Favorable international developments, wage moderation, healthy growth in productivity and government reforms have contributed to this development. The recent governments led by Jan Peter Balkenende have undertaken reforms of the labor market in many areas, including unemployment benefits, health insurance and labor disability. In addition, the minister of social affairs has recently loosened restrictions on the dismissal of employees and introduced a maximum amount for dismissal compensation.

At 70 percent of the last-earned income, benefits in case of job loss are relatively high in the Netherlands. This percentage guarantees a certain level of income security. Nevertheless, other measures – such as the repeal of follow-up benefits in 2003 and the heightening of the obligation to seek work in 2007 – aim to ensure that these arrangements do not serve as disincentives for people to look for work.

At 73 percent, the participation rate in the labor market is high. In 2006, this included 82 percent of men and 64 percent of women. Although participation by women, older employees and immigrants in the labor market is still deficient, it has been growing. Measures taken to stimulate these groups to participate in the labor market – for example, changes in the early retirement scheme and the introduction of a new saving arrangement (“levensloopregeling”) – have had promising results.

Although unemployment is currently not considered a serious issue in the Netherlands, the labor market is not free of structural problems. Mobility within the labor force is low, dismissal protection is high, and minimum wages are among the highest in Europe. Unemployment among immigrants is

significantly higher than that of the native population, primarily as a result of low market qualifications.

Another fact that is detrimental to the very favorable rating of Dutch labor market policy is the relatively high proportion of economically inactive people in the Netherlands and especially those in disability benefit programs. At the end of 2002, the number of individuals in these disability programs came very close to the politically contentious level of one million, and these programs have been accused of being a means to hide true levels of unemployment. Legislative changes in 2004 and the 2006 reform of the system of disability benefits appear to have established stricter requirements for entry into these contested disability programs.

Enterprise policy

Score: 8

The Dutch government's enterprise policy basics entail stimulating macroeconomic policies and adhering to free market policies. The Dutch economy is a "consultation" economy, meaning that there is an almost constant process of mutual consultation between employers' associations, trade unions and the government aimed at reaching and maintaining consensus regarding relevant policies. Within this framework, the government encourages wage moderation as a means of improving competitiveness.

During the period under observation, Dutch governments introduced no major changes in enterprise policy. However, the Balkenende governments did attempt to start the admittedly slow process of reducing the bureaucratic administrative burden on companies.

The Netherlands scores well on many aspects of its investment climate. This is especially the case when it comes to preconditions for economic growth, such as the macroeconomic climate and the functioning of the government. Other strong points include adult participation in education (so-called "permanent education") and the amount of FDI in the Netherlands.

However, the country scores not as well as other countries when it comes to innovation. The Dutch do not seem to make the most of opportunities offered by new markets and knowledge. R&D spending is relatively low, and since 1998 companies have only directed an average of 1 percent of GDP to R&D. Moreover, innovative entrepreneurship is hindered by a rather culturally ingrained risk averseness on the part of potential entrepreneurs and by the difficulties associated with transforming technological knowledge into commercial products. In order to improve this situation, the government has arranged a subsidy framework ("Innovatiesubsidie Samenwerkingsprojecten")

aimed at supporting companies that invest in innovation. In addition, this framework encourages research centers to perform more contract research and rewards universities that have specific policies for supporting start-up enterprises or that cooperate with businesses.

Tax policy

Score: 9

Taxation policy in the Netherlands addresses the trade-off between equity and competitiveness reasonably well. There is horizontal equity in that the taxes levied do not discriminate between different societal groups or enterprises. The Netherlands has a progressive system of income taxation: the higher the income, the higher the percentage of tax on that income. The fact that taxes are dependent on income contributes to vertical equity. In general, income tax rates range between 30 percent and 50 percent. For high incomes, there are some tax benefits, such as favorable arrangements on mortgage interest. Personal income taxes are also levied on businesses that are not subject to the corporate tax system.

Corporate tax rates are also relatively low in the Netherlands. In 2006, the rate stood at 25.5 percent for up to €2,689 of earned profits and at 29.6 percent for any amount exceeding that figure. In January 2007, taxes were reduced to 20 percent on the first €25,000 of earned profits, 23.5 percent on profits up to €60,000, and 25.5 percent for profits exceeding that figure.

Insofar as state-levied taxes cover most government expenses, it can be said that taxation generates sufficient income. Competitiveness, however, may be harmed by the fact that the total of taxes and premiums on mandatory social insurance is relatively high when compared with international standards. The relatively low rates of taxation cannot offset the effect of payments into the social insurance system.

Budgetary policy

Score: 8

Budgetary policy has been sound over the course of the period under observation. The fiscal goals set by the European Monetary Union (EMU) are being met, and the government will even try to realize a small surplus in 2008. The long-term outlook, however, is far less positive. An ageing population will demand a very significant increase in spending on age-related care, and a shrinking active labor force will be forced to pay taxes and social premiums sufficient to finance the public sector. Health care expenditure will significantly increase, and the government will also need to invest far more

money in education, infrastructure and the knowledge economy in general so as to improve labor productivity and thereby avoid economic stagnation.

B Social affairs

Health policy

Score: 8

The Act on Quality of Health Institutions (“Kwaliteitswet zorginstellingen”) regulates the quality of health care provision. Although this act provides general quality guidelines, it leaves institutions much room for formulating how they will meet these standards. According to the Netherlands Health Care Inspectorate (IGZ), the country generally provides quality health care, although improvements could be made in terms of transparency and information in order to enable clients to make better medical decisions. In addition, it must be said that quality has recently decreased in some areas. For example, there are long waiting lists for certain types of surgery and an insufficient number of convalescent homes and youth-care facilities.

The system of financing health care underwent a complete transformation in January 2006. The new system obliges everyone living in the Netherlands and paying income tax to pay into a common insurance system that entitles all individuals access to a standard package of insurance benefits. Individuals are free to choose their preferred insurer, and insurers are obliged to accept all applicants. As a result, insurers in this system compete to attract subscribers. Moreover, insurers act as powerful purchasing agents by choosing between various offers for care from hospitals and other providers. In doing so, they exert pressure on the providers to offer quality health care at the lowest possible cost.

The government hopes that this highly regulated and supervised market-oriented system will be more consumer-friendly and, above all, improve the system’s efficiency. However, the merging of many large organizations in the industry threatens to reduce the competition these changes were meant to encourage and thereby prevent the intended reductions in costs and improvements in quality. In addition, some fear that the substantial power of the big insurance companies – and their focus on cost reduction – will result in a decrease in quality care.

Social cohesion

Score: 9

Although there have been some noticeable reductions in recent years, the welfare state in the Netherlands is still rather comprehensive. Within the Dutch social security system a distinction is made between social insurance programs and social welfare provisions, but both are based on the concept of solidarity. Social insurance benefits are financed by compulsory contributions, and premiums are determined under a pay-as-you-go system. Social provisions are financed by general revenue and intended to prevent households from falling into poverty. Wage-replacement schemes are in place that cover employees in case of loss of earnings due to unemployment, sickness or disability, thereby maintaining their standard of living. There are also national welfare programs that safeguard the subsistence levels of citizens affected by old age, the death of the household breadwinner and insufficient means. The most important welfare provision aims to boost benefit incomes to the level of a general social minimum.

The progressive tax system in the Netherlands systematically levels off large income disparities. The disparities in terms of disposable income underwent only marginal changes between 2000 and 2005. During that period, the richest 20 percent of the Dutch population had an income of over four times that of the poorest 20 percent, which can be considered a relatively modest disparity.

According to a newly established definition of poverty, 4.3 percent of the Dutch population lived below the poverty line in 2004. But according to the European definition of relative poverty, the figure was closer to 12 percent.

The risk of poverty is highest for single-parent households, the elderly and non-Western immigrants.

Annotation: Sociaal en Cultureel Planbureau, and Central Bureau voor de Statistiek, "Armoedebericht 2006"

http://www.scp.nl/publicaties/boeken/9035718518/Armoedebericht_2006.pdf (accessed February 13, 2008).

The different concepts of poverty are explained on pp. 10-14. The percentage of people in the Netherlands in 2004 living on an income below 60 percent of the median income (i.e., the Eurostat definition of poverty) can be found on p. 53.

Family policy

Score: 9

Women in the Netherlands are integrated into the labor market very well. More than 55 percent of women are employed outside the household, although many of them only hold part-time positions. In the Netherlands in general, 36 percent of all positions are part-time, entailing 12 to 34 hours of work per week.

In 2005, the government introduced a new regulation for child care entitling parents to share its cost with the government and their employers. However, employers are not obliged to contribute, although in practice most do. Their obligation is usually dependent upon collective wage agreements.

A household's earnings determine its level of governmental financial support, and single-parent families are eligible for extra support. In addition, there is a special financial arrangement for women returning to the labor market that helps them to balance the demands of work and child-rearing.

Since June 2005, it has been possible to take long-term period of leave so as to provide care to a relative suffering from a life-threatening illness. The period is limited to six times the individual's weekly working hours per year. Moreover, men and women can use a new savings arrangement called "life time arrangement" and introduced in 2006 to more easily combine work and care obligations without serious loss of income by saving money during periods of employment for extended leaves of absence, such as those involved in child-rearing.

Pension policy

Score: 9

The comprehensive pension system in the Netherlands guarantees all citizens a decent minimum income. The system's first pillar is a basic old-age pension that provides all citizens 65 and older with a flat-rate pension benefit that, in principle, guarantees 70 percent of the net minimum wage. This benefit is financed by means of a pay-as-you-go system, whereby today's contributions finance today's pensions. The aging of the general population will most likely put pressure on this system of financing in the future.

The system's second pillar – and the largest in terms of the overall Dutch pension system – entails the occupational, non-statutory pension schemes supplementing the state pension. Although employers are under no obligation to make pension commitments to their employees, the vast majority (over 90 percent) of employees in the Netherlands participate in a job-based pension

scheme. Occupational pensions are subject to negotiation between the social partners and must be financed by means of capital funding. If an individual has contributed fully to the system for 35 to 40 years, the total pension benefit – including first pillar benefits – will be around 70 percent of his or her final salary. In 2002, 93 percent of all active members of the workforce were participating in a pension benefit scheme, one-third in a career-average pay scheme and two-thirds in a final-salary pay scheme. Thus, for the time being at least, it can be said that the Dutch pension system is rather effective at preventing old-age poverty.

The third pillar of the Dutch pension system comprises individual pension provisions financed by payments to private insurance providers.

Annotation: Dutch Government, Ministry of Social Affairs and Employment, “Old Age Pension Provisions”

http://internationalezaken.szw.nl/index.cfm?fuseaction=dsp_rubriek&rubriek_id=13017 (accessed June 28, 2008).

C Security and integration policy

Security policy

*External
security*

Score: 8

The Netherlands is a member of the European Union and NATO. As a small country, the Netherlands depends upon these affiliations, rather than its own military capabilities, to guarantee the safety of its citizens against external security risks. At the same time, the Dutch government makes relatively large contributions in terms of manpower as well as equipment to international military operations.

In recent years, defense expenditures have remained nominally stable, which implies a relative decrease owing to inflation. In 2005, annual military expenditures stood at €7.5 billion, or 1.5 percent of GDP. The share of material investment stood at 19.9 percent of the total in 2005 and at 20 percent in 2006. There were plans in 2007 to enhance the military’s abilities to deploy so as to improve its ability to effectively participate in responding to international crises. The country has a relatively large and well-equipped navy and air force.

Nevertheless, the Dutch generally feel that security risks and the protection of

national interests cannot be left to its military forces alone. Digital paralysis, terrorist attacks, floods, ethnic and religious conflicts, and energy dependence are examples of problems that could threaten national security and interests. The main conclusion of a National Security Project report, composed with the participation of all relevant ministries in 2006, was that the Netherlands is not sufficiently prepared for major calamities.

Internal security

Score: 8

Internally, the Netherlands must deal with a rise in international organized crime, especially those from Central and Eastern Europe. Particular problems involve human trafficking, money laundering, ram-raids and large-scale cigarette smuggling. Moreover, the murders of Theo van Gogh (2004) and Pim Fortuyn (2002) indicate that there are home-grown problems that decrease the level of internal security.

A 2006 report of the National Security Project stated that one of the most important problems affecting the maintenance of internal security is the compartmentalization of responsibilities across several ministries and other organizations. Inter-organizational cooperation was found to be unsatisfactory owing to conflicts of interest and the general complexity of issues.

In order to address these new challenges to internal security, expenditures for public order between 2005 and 2006 were raised by 12 percent to €300 million billion. Police capacity has increased, and there are now performance agreements between the police and the Ministry of the Interior.

One result of these changes is that political parties and the public paid significantly less attention to security issues in the 2006 elections than they did in the 2002 elections. At the same time, the national security monitor indicates a decline in the number of citizens who feel unsafe from 31 percent in 2002 down to 24 percent in 2006.

*New security
policy*

Score: 8

When it comes to new security risks, the Dutch government pursues a highly effective and forward-looking set of policies to protect its citizens. Close cooperation between members of the European Union is used to respond to new security risks, including those arising from international terrorism, international organized crime and human trafficking. Furthermore, in September 2006, the position of a national anti-terror coordinator was established together with a national early-warning system, and new legislation on terrorism was passed that introduced more severe punishments in cases of terror-related activities. The Netherlands also made significant contributions to international, cooperative military activities. In 2004, for example, a special budget – known as the “Stability Fund” and amounting to €64.2 million – was created in order to provide swift aid to conflict regions in the developing world deemed to be of special importance to Dutch foreign policy (e.g.,

Africa, Afghanistan and the Balkans).

The Netherlands contributes personnel and material to the military capacity of the European Union and the United Nations. A total of 1,300 troops are made available to the NATO Response Force (NRF) and EU military forces.

Funding for non-military-related activities derive from the Homogeneous Budget for International Cooperation (HGIS). The HGIS is a separate budgetary construction in the annual federal budget that lists and briefly describes the most important areas of Dutch expenditure on international cooperation. These areas include: the strengthening of the international legal order and respect for human rights; the promotion of peace and security as well as conflict management; the reduction of poverty and the increase and more equal distribution of wealth; the promotion of human and social development; and the protection and improvement of the environment. In 2006, the HGIS had a budget of almost €6 billion. The projected budget for 2008 is approximately €6.5 billion.

Annotation:

Ministerie voor Buitenlands Zaken, "Homogeneous Budget for International Cooperation. The funding of foreign policy"

http://www.minbuza.nl/en/ministry_policy_and_budget/homogeneous_budget_for_international_cooperation_xhgisx.html (accessed February 28, 2008).

Integration policy

Score: 7

Integration in the Netherlands appears to be reasonably well-developed, and members of ethnic minorities are represented in all public bodies. Moreover, owing to a mixed housing policy, there is relatively little spatial segregation. While freedom of education exists in the Netherlands, more attention is focused on ensuring that education in special schools also contributes to societal integration, and public schools are taking increased measures to prevent educational segregation. While non-Western immigrants and their children still perform more poorly in terms of educational and labor market attainment, a slight improvement in educational performance was reported for the period between 1999 and 2005.

The main integration-policy objectives of the center-right cabinet in power between 2002 and 2006 was to respond to societal discontent by putting controls on immigration and improving the integration of ethnic minorities. In

order to curb immigration levels, a 2000 law on foreigners aimed at limiting illegitimate requests for asylum started being more strictly enforced. In 2006, the immigration system was changed by the Civil Integration Abroad Act, which requires prospective immigrants to enroll in a habituation course at the Dutch Embassy in their country of origin. As of 2007, immigrants can only acquire Dutch nationality once they have successfully completed this course, which tests their knowledge of Dutch language and society.

Moroccan and Turkish immigrants are considered the most problematic in terms of integrating immigrant groups. Related problems were aggravated by the 2004 murder of Dutch film director Theo van Gogh by a radicalized teenager of Moroccan descent. This incident significantly heightened societal tensions, but fortunately it did not escalate into a sustained level of conflict.

D Sustainability

Environmental policy

Score: 6

Recent years have witnessed decreases in the depreciation of natural resources and in environmental pollution, according to the report “Environmental Balance 2006” by the Netherlands’ Environmental Assessment Agency. The agency also anticipates the continued decoupling of economic growth and environmental impact in the period up to 2010. Nevertheless, the agency stresses that environmental pollution – including that of water reserves – is too high and does not meet EU environmental objectives. One of the main problems for the Netherlands in reaching EU goals is that it is much more densely populated than other EU member states. As a result, it has much higher emissions per square kilometer than other EU member states and than those agreed to in the European Union’s Environment Action Programme, and continued urban development counteracts efforts to lower noise levels and emissions levels of nitrogen dioxide and particulate matter, and thereby improve air quality. Furthermore, EU norms are frequently transgressed when it comes to heavy freight traffic. In this regard, both the Netherlands and Belgium face similar problems. Owing to their central locations and important seaports, both countries serve as major transit crossroads for international road haulage. The fact that the means of public transportation have not sufficiently reduced car usage only aggravates this problem.

Water management presents another large challenge in the Netherlands with respect to environmental safety. In particular, continued development is greatly reducing the amount of land needed to serve as floodplains between

rivers and built-up areas. Furthermore, as of 2001, only half of the barrages met legal standards. As a result of these factors, the Netherlands has become more vulnerable to flooding in recent years, which is a development that openly contradicts stated policy objectives.

Research and innovation policy

Score: 7

With respect to scientific productivity and technological output (i.e., the number of patents registered), the Netherlands scores relatively well. The majority of these patents come from the private sector, and the number deriving from public institutions is small and has seen recent decreases.

At 1.8 percent of GDP, however, R&D expenditure in the Netherlands is substandard and far below the Lisbon Strategy's objective of 3 percent of GDP. The deficiencies in R&D investment can be explained by the Dutch economy's transformation from a manufacturing economy characterized by intensive R&D to a service economy.

Nevertheless, R&D activities are high on the policy agenda, and there are a number of objectives the government believes it should meet in order to keep the Netherlands attractive as a place for R&D-intensive businesses, to attract new R&D-intensive companies, and to retain those already there. Current policy proposals include:

- nurturing a more active relationship between the Ministry of Economic Affairs and large and medium-sized companies in the Netherlands
- preserving "key areas" of R&D and innovation and continuing "hot spot" policies (i.e., programs on water technology, food and nutrition industries, creative industries, and automotive and maritime industries)
- improving investment conditions by paying more attention to the quality of the knowledge infrastructure, improving links between public and private research institutions, encouraging the transfer of knowledge between research establishments and industry, and securing the needed availability of qualified personnel.

An important part of this last policy involves encouraging research centers to conduct more product-related research. The government rewards universities involved in establishing start-up companies or cooperating with businesses. This policy aims to improve the competitive edge of companies by easing knowledge transfers from pure research environments to applied and productive sectors of the economy.

Education policy

Score: 8

The labor force in the Netherlands has a relatively low percentage of individuals with higher degrees. In 2005, 9 percent of the population aged 15-64 held a university degree, and another 16 percent had completed advanced vocational training. Nevertheless, over the past few years, the number of students advancing to institutions of higher learning has been increasing, particularly among students of non-Western descent.

Between 2001 and 2006, the labor force's average level of educational attainment increased. In 2001, 28 percent of all citizens aged 25-34 had graduated from some institution of higher learning as opposed to 34 percent in 2005. The share of people that had participated in advanced training programs also increased. The level stood at 15.9 percent in 2005, and an increase leading up to 20 percent is predicted by 2010.

Nevertheless, for these improvements to continue, increased attention must be paid to the quality of secondary education. Only 31 percent of the schools engaged in secondary education evaluate the quality of their educational programs and learning processes, and the graduates of these schools appear to be significantly undereducated in terms of mathematics.

Standards for access to education for weaker or immigrant students are met in 79 percent of these schools, and these groups perform sufficiently well in 71 percent of these schools. Nevertheless, the fact that students are channeled in certain education directions at a rather early stage in their educational careers hinders access to higher education at a later stage. Moreover, too little attention is paid to the attainment levels of students from ethnic minorities and lower socioeconomic strata. As a result, the educational system is characterized by inequalities based on social status.

A final, critical point is the fact that only a very low percentage of university students graduate with degrees in science and technology. A 2005 study by the Research Centre for Education and the Labour Market predicts continued shortages in the respective professional groups for the period up to 2010.

Management Index

I. Executive Capacity

<i>Cabinet composition</i>	<i>Prime minister</i>	<i>Parties in government</i>	<i>Type</i>	<i>Mode of termination *</i>	<i>Duration</i>
	Jan Peter Balkenende	Christian-Democratic Appeal (CDA), Liberal Party (VVD), Democrats 66 (D'66)	minimal winning coalition	4	05/03-06/06
	Jan Peter Balkenende	Christian-Democratic Appeal (CDA), Liberal Party (VVD)	multiparty minority government (caretaker government)	1	07/06-02/07
	Jan Peter Balkenende	Christian-Democratic Appeal (CDA), Labour Party (PvdA), Union of Christs (CU)	minimal winning coalition	-	02/07-

* The following modes of termination should be distinguished: elections = 1; voluntary resignation of the prime minister = 2; resignation of prime minister due to health reasons = 3; dissension within cabinet (coalition breaks up) = 4; lack of parliamentary support = 5; intervention by head of state = 6; broadening of the coalition = 7.

A Steering capability: preparing and formulating policies

Strategic capacity

Strategic planning

Score: 8

Every ministerial department has its own strategic-planning and research unit that aims to execute established strategies as well as to prepare and evaluate potential processes of intra-ministerial coordination. Strategic planning as a whole is coordinated by the governmental policy accord (“regeerakkoord”), which is presented after elections and which details negotiated policy

priorities.

The government has many internal and external advisory bodies, of which the Netherlands Bureau for Economic Policy Analysis (CPB) is particularly influential. The CPB provides forecasts and scientific analyses relevant to government and parliamentary policy-making as well as to other societal actors, such as political parties, trade unions and employers' associations. Although the CPB is part of the Ministry of Economic Affairs, its research is considered to be independent.

The Social and Cultural Planning Office (SCP), which is part of the Ministry of Health, Welfare and Sports, is another influential body. Its tasks are: to describe the social and cultural situation and expected developments in the Netherlands; to contribute toward responsible choices of objectives and resources in social and cultural policy and to develop related alternatives; and to assess government policy and particularly inter-ministerial policy.

Another important advisory body is the Social and Economic Council (SER). This public institute consists of representatives of employer and employee organizations as well as so-called "crown members," who are independent experts – usually professors of economics, law, finance or sociology appointed by the Crown. The SER's main and best-known task is to advise the government on social and economic issues.

*Scientific
advice*

Score: 9

Academics in the Netherlands have a high degree of influence on government policy. The administrative system has an extremely high number of external consulting bodies consisting of academics, researchers or éminence grises from the political world, who give their advice and opinion either on request or on their own initiative. Article 79 of the constitution calls for the maintenance of so-called "advisory councils" (Colleges van Advies) that deal with legislation and policy-making while remaining outside the official government apparatus.

Two of the most important advisory councils of the government in general and the Ministry of General Affairs – as the prime minister's office is called – in particular are the Wetenschappelijke Adviesraad (WRR), a scientific advisory board, and the Social and Economic Council (SER, see also "Strategic planning"). The prime minister is obliged by law to respond to the reports of these bodies in detail.

In addition, the Science Council for Government Strategy (Wetenschappelijke Raad voor Regeringsbeleid, or WRR), the Advisory Council of Science and Technology Policy (Adviesraad voor het Wetenschaps- en Technologiebeleid, or AWT) and the Health Council of the Netherlands (Gezondheidsraad) advise

the government and the Council of Economic Advisors (REA), an independent counseling body for the parliament made up of six academics.

The renowned Clingendael Institute (Netherlands Institute of International Relations), an independent, not-for-profit organization, serves as an important external advisory body to the government.

Inter-ministerial coordination

GO expertise

Score: 7

The Ministry of General Affairs has a small but highly qualified expert staff of 12 senior advisers and 10 adjunct advisers. Most of these advisers will have previously worked in other ministries. They are active policy coordinators and serve as the secretariat for cabinet meetings. Because of its relatively small staff, the Ministry of General Affairs relies on some sectoral policy expertise, but it does not evaluate draft bills.

An example of this advisory staff's effects on policy is the political breakthrough in 2006 on employment legislation, particularly the Occupational Disability Insurance Act (Wet arbeidsongeschiktheid, or WAO) and the Dutch Employment and Income According to Capacity for Work Act (Wet werk en inkomen naar arbeidsvermogen, or WIA). This staff is largely attributed with these successes.

GO gatekeeping

Score: 9

The prime minister and Ministry of General Affairs can return any items envisaged for the cabinet meeting on the basis of policy considerations. However, as a result of extensive prior consultation on various levels, including the interdepartmental level, this right hardly ever needs to be exercised.

Line ministries

Score: 9

Line ministries regularly brief the prime minister or the Ministry of General Affairs on new developments affecting the preparation of policy proposals. One of the reasons for this practice is that the line ministries want to increase the chances that the prime minister will support their new policy proposals. Final success, however, does not only depend on factors such as the timeliness of briefings but also on the prime minister's party affiliation and the personal relationship between the respective minister and the prime minister.

Cabinet committees

Score: 9

The large majority of issues are reviewed by cabinet committees before they are put before the cabinet – known as the Council of Ministers – as a whole.

Senior ministry officials

Score: 10

Senior ministry officials also play an important role in the preparation of the meetings of the Council of Ministers. More than 70 percent of the items on the council's agenda arrive early enough to be reviewed by senior officials before

they are put before the entire council.

*Line ministry
civil servants*

Score: 9

Civil servants of line ministries effectively coordinate the drafting of policy proposals with other ministries so that political coordination bodies and the Council of Ministers can focus on strategic policy debates.

Regulatory impact assessments

*RIA
application*

Score: 8

In 2003, a formal RIA structure was implemented in order to establish a process of regular impact analysis for new regulations. All departments are obliged to follow the elaborate procedure in preparing policy proposals. During the lawmaking process, all laws and decisions presented to the government for approval are subjected to this assessment process.

The review process has two phases: the quick scan and the impact analysis. There are different impact measures, including the Business Effect Test (BET), the Environment Test (MET) and the Feasibility- and Sustainability Test (U&H). After the assessment has been completed, it becomes part of the legislative record and is presented to the government and parliament as input for decision-making.

Annotation: Ministerie van Economische Zaken, “Effectbeoordeling voorgenomen regelgeving, 2003”

http://www.minez.nl/dsc?c=getobject&s=obj&objectid=147696&!dsname=EZInternet&isa_pidir=/gvisapi/ (accessed February 14, 2008).

Needs analysis

Score: 9

RIA is considered to be of great importance, and much effort is invested in taking clear, concise and specific measurements. In the first stage of the obligatory assessment process, needs analysis is accomplished by means of the quick scan. The quick scan’s protocol requires that policy proposals be scrutinized on the merits of their necessity and desirability. Consideration must also be given to the purpose and justifiability of both proposed legislation and the choice of specific policy instruments. There are no formal publicity requirements or consultation mechanisms regarding the results of such assessments.

*Alternative
options*

Score: 8

Alternative options to proposed legislation are considered in the first phase of a RIA, the quick scan. RIA guidelines do not, however, require the quantification of the costs and benefits of alternative options.

Annotation: This assessment is based on the RIA guidelines alone. As the RIA

are not published, an empirical assessment is not possible. For the RIA guidelines, see “Effectbeoordeling voorgenomen regelgeving.”

Societal consultation

*Mobilizing
public support*
Score: 9

The consociational democratic government in the Netherlands seeks to secure the early cooperation of the various interest groups. Incorporating these interest groups into the policy-making process has been facilitated by the creation of advisory boards, tripartite councils and quasi-autonomous nongovernmental organizations (so called quangos). Such bodies advise the government on new policy proposals, and some of them may even issue binding resolutions for which the government bears no responsibility.

One of the clearest examples of this political culture can be found in the socioeconomic sphere of policy-making. In this field, two organizations – the Social and Economic Council (SER) and the Labor Foundation (Stichting van de Arbeid) – serve as partners and co-evaluators of governmental policy proposals. The Labor Foundation is a federation of different employee and employers associations. The foundation usually meets with the Council of Ministers twice a year to propose future policy recommendations. In many cases, these consultations facilitate the acceptance of and support for government policies by societal groups.

Policy communication

*Coherent
communication*
Score: 7

Since 2006, the ministers have met regularly at the Ministry of General Affairs in order to streamline their communication to the public and thereby insure that the government speaks with one voice. Nevertheless in a coalition government with at least three different parties and specific political personalities, it is not always possible to actually accomplish this goal. When differences between coalition partners are strong, it may well happen that the public perceives the government as having several voices.

The government is currently developing a logotype shared by all government ministries in order to insure that government information can always be easily identified as such. For example, on public television, commercials aired by the government to inform the public about policy developments are branded “Postbus 51.” In 2006, the government made significant investments in publicizing its “Postbus 51” branding tool in the hopes of increasing its effectiveness.

B Resource efficiency: implementing policies

	<i>Total</i>	<i>Share</i>
<i>Legislative efficiency</i>		
Bills envisaged in the government's work program	182	
Government-sponsored bills adopted	169	92.86 %
<i>Veto players</i>		
Second chamber vetos	0	0 %
Head of state vetos	-	- %
Court vetos	-	- %

Effective implementation

Government efficiency
Score: 8

The government has been partially successful at implementing its own policy objectives. This results to some degree from so-called “enabling legislation,” whereby the government opens up policy corridors to lower-level implementation bodies. However, these bodies do not always have the means to employ the discretion they are granted.

The proposed national budget for 2007, in which the policy objectives of 2006 are evaluated, confirms this assessment of partial success.

Annotation: Ministerie van Financiën, Additional sources, “Miljoenennota 2006” (Budget proposal),

<http://www.minfin.nl/binaries/minfin/assets/pdf/informatieblad/samenvatting-miljoenennota-2006.pdf> (accessed February 14, 2008).

Ministerial compliance
Score: 7

Negotiations between the parties wishing to form a coalition take place after the Second Chamber elections. The formal result of these negotiations is the coalition agreement, which is the coalition's policy program. This program sets out the main policy objectives that the proposed new coalition wishes to achieve. The prospective ministers endorse the agreement at its inaugural meeting, and they are formally obliged to act according to its stipulations .

One of the main principals of government organization in the Netherlands is the concept of “individual ministerial responsibility.” This principle implies that ministers are more directly accountable to the parliament than they are to the prime minister. This state of affairs provides weak incentives for ministers

to implement the government's program, especially as a result of the system of coalition building in parliament. It also limits the power of the prime minister in the Netherlands.

*Monitoring
line ministries*

Score: 8

The fact that there are no formal instruments for the Ministry of General Affairs to monitor the line ministries adds to the individual ministers' lack of incentives to act in accordance with the government program. Instead, the task of the Ministry of General Affairs is to support the prime minister in his or her role as a coordinator. The ministry employs a small number of experienced advisers, who usually have excellent networking connections with the various ministries and are usually good coordinators (see also "GO expertise"). Nevertheless, the ministry does not have sufficient staff resources to double up ministerial jurisdiction as is possible, for example, in the German Federal Chancellery.

*Monitoring
agencies*

Score: 7

Executive agencies, which are often semi-public administrative organizations (Zelfstandige bestuursorganen, or ZBOs), operate under the jurisdiction of their respective ministerial department. These agencies must provide accounts of their operations in annual reports and are evaluated in terms of efficiency and effectiveness by the Dutch National Audit Office. Random inspections are used as another controlling mechanism aimed at insuring the proper performance of these agencies.

Task funding

Score: 9

Subnational governments are funded by the local authority funds ("Gemeentefonds" or "Provinciefonds"). Subnational governments can rely on their own resources, if the central government does not fund a particular activity. In order to do so, they have the right to levy their own taxes.

*Constitutional
discretion*

Score: 5

The central government formally respects the constitutional autonomy of subnational self-governments, but in practice it narrows their scope of discretion. In practical policy, fiscal and legal rules limit subnational autonomy.

One example of a federal decision that narrowed the scope of discretion for subnational governments concerns the role of the electric utility companies. These companies were formerly public utilities, and (sub)national governments exercised a strong degree of influence over them. A shift in policy attitudes toward a more market-driven orientation led the government to privatize these utilities. One consequence of the privatization was that the power companies decided to merge in order to survive in an increasingly competitive market. A further result was that subnational governments lost influence over those utility companies, while the national government's influence grew. This change happened at a time when there were developments in the electricity market that the government particularly

disapproved of and then counteracted with regulatory legislation. In effect, the scope of discretion of subnational governments was limited through policies of the national government.

National standards
Score: 8

The national government uses three methods for insuring that subnational self-governments meet the standards it set for the public services: It can revoke administrative decisions of subnational governments, as it did in 2005; it can reduce its financial contributions if it believes the subnational government's insufficient quality of service is insufficient or if it does not support a certain policy; and it can establish legal rights for citizens vis-à-vis lower-level public administrations.

C International cooperation: incorporating reform impulses

Domestic adaptability

Domestic adaptability
Score: 6

The Dutch government does not usually respond to international and supranational developments by adapting the organization of its ministries, the method of cooperation among ministries or the organization of the Council of Ministers. Most of these structures date back to 1815, when the current constitution was adopted.

Nevertheless, a certain degree of evolution has taken place in the interim period, including some amendments to the constitution. One of the more recent examples of such a change was the reconfiguration of the committee system in the Second Chamber, which resulted, for example, in its no longer mirroring the government's jurisdictional structure. However, such changes should not be seen as reactions to international developments but, rather, as being motivated by internal reasons. That said, the European Union does increasingly leave its mark on domestic political structures and decision-making processes.

However, the fact that the central government is increasingly facilitating the participation of municipalities in international activities is an example of how some international developments have an active effect on national political structures.

External adaptability

International

Dutch public-sector reforms, such as the Open Method of Coordination, are

*coordination activities**Score: 8*

widely considered to be exemplary in the context of EU-wide mutual learning procedures. However, this does not seem to result from the Netherlands' actively attempting to spread its own successful policies and political structures.

The Netherlands also actively participates in UN and NATO activities, in the Kyoto process, and in WTO initiatives aimed at bringing about a more equal distribution of wealth between poor and rich countries.

*Exporting reforms**Score: 7*

Governments of other states often utilize the Dutch system as a blueprint for their own reform activities. In Germany, for example, a number of local German governments assisted by the KGSt, the largest local government association in Germany adopted New Public Management strategies from model Dutch cities in the early 1990s. The Tilburg model to structure the city administration like a corporate group is one such example. Nevertheless, the Netherlands does not actively spread its reform priorities via supra- and international channels. In addition, although the country participates actively in the Lisbon Strategy, it follows its own course in most policy fields.

D Institutional learning: structures of self-monitoring and -reform**Organizational reform capacity***Self-monitoring**Score: 7*

The institutional arrangements of governing are monitored regularly in terms of their appropriateness. However, the subject is very controversial in the parliament, as there is no consensus on what constitutes appropriate procedures. Consequently, it is rather hard to say whether this monitoring has any significant effect.

*Institutional reform**Score: 6*

The government's strategic capacity is adequate. Nevertheless, the government is trying to reduce the size of the civil service and make it more efficient. Budgetary considerations and public pressure drive this push toward reductions. In theory, this downsizing is justifiable. In practice, however, such a reduction might ultimately be detrimental to the government's strategic capacity. Future developments will show whether this is truly the case.

II. Executive accountability

E Citizens: evaluative and participatory competencies

Knowledge of government policy and political attitudes

*Policy
knowledge
Score: 6*

According to data from the second round of the European Social Survey (ESS), Dutch respondents claim to typically spend slightly more time than the average European respondent on gathering political information via television, radio or newspapers. While the average ESS respondent spends between 1.5 and 2 hours a day consuming news, Dutch respondents spend between 2 and 2.5 hours.

Nevertheless, the broader public does not seem to be well-informed on a broad range of government policies. This is not due to a lack of information, as there are abundant information sources and thresholds to accessing information are low. However, information must catch the attention of potential recipients if information is to be effective. As many people find political information emanating from the Hague complicated and/or uninteresting, they often fail to pay attention to it. At the same time, however, Dutch society is generally characterized as being civically very active with numerous active political groups. Members of these groups are usually very well informed, although their knowledge is often focused on specific areas of government policy.

F Parliament: information and control resources

Structures and resources of parliament, committees, parliamentary parties and deputies

Number of deputies	150
Number of parliamentary committees	18
Average number of committee members	25
Average number of subcommittee members	-

Pro-government committee chairs appointed	10
Deputy expert staff size	1
Total parliamentary group expert support staff	
Total parliamentary expert support staff	50

Obtaining documents
Score: 9

According to the Government Information Act, any person may request information related to an administrative matter if such information is contained in documents held by public authorities or companies under contract to a public authority. As a result, parliamentary committees face no difficulties in obtaining the government documents they need for their work. In addition, the parliament's right to obtain such information is inscribed in the constitution. The government is obliged to respond to such requests for information within six weeks of their receipt, a period which is generally respected. Delays may occur when needed information is required from a third party.

Summoning ministers
Score: 9

Parliamentary committees may invite ministers to provide testimony or answer questions. Outright refusal to answer such a request occurs only rarely. In such instances of refusal, the parliament can exert moral pressure, and the minister refusing an invitation might suffer a worsening in his or her general relationship with parliament. Ministers will usually accept invitations to avoid any such worsening. Nevertheless, ministers often do not answer the questions in a manner as forthright as parliamentarians might wish. If a minister happens to be abroad at the time he or she is invited to appear before the parliament, a substitute might appear instead.

Summoning experts
Score: 10

Parliamentary committees can and often do invite experts to answer questions. Limited finances are usually the only real constraint on the number of experts summoned.

Task area coincidence
Score: 10

Parliamentary committees with jurisdictions mirroring those of the ministries monitor the ministerial departments. However, there are additional committees, such as the Committee on European Affairs, whose jurisdictions overlap those of several ministerial departments. Committees mirroring departments effectively monitor their work.

Audit office
Score: 9

The Netherlands Court of Audit is the independent organ that audits the efficiency and legitimacy of the national government's spending. The court reports to parliament and is appointed by the cabinet based on the parliament's recommendations. Parliament frequently consults with this institution.

Annotation: "Netherlands – Constitution," International Constitutional Law Project (ICL), Articles 76, 77, 78 and 105,

http://www.servat.unibe.ch/icl/nl00000_.html (accessed February 28, 2008).

Ombuds office

Score: 9

The National Ombudsman of the Netherlands describes itself as a “high council of state on a par with the two houses of parliament, the Council of State and the Netherlands Court of Audit. Like the judiciary, the high councils of state are formally independent of the government. Another sign of the National Ombudsman’s independence from the executive is that he or she is appointed by the parliament’s Second Chamber, not by the Crown, which is highly unusual in Dutch constitutional law.

The appointment of the ombudsman by the Second Chamber follows a recommendation by a committee comprising the vice president of the Council of State, the president of the Supreme Court of the Netherlands and the president of the Netherlands Court of Audit. The ombudsman’s appointment is for a term of six years, and reappointment is permitted.”

The institution of National Ombudsman is established in order to give individuals an opportunity to file complaints about the practices of the government before an independent and expert body. Where the government is concerned, it is important to note that the National Ombudsman’s decisions are not legally enforceable. The ombudsman publishes his or her conclusions in annual reports. The government is not obliged to act upon these reports, but – owing to the public nature of the office – the ombudsman acts as an efficient mechanism for parliamentary control of the government.

Annotation: Dutch Government, National Ombudsman of the Netherlands, “High Council of State”

http://www.ombudsman.nl/english/ombudsman/the_institution/high_council_of_state.asp (accessed June 28, 2008).

G Intermediary organizations: professional and advisory capacities

Media, parties and interest associations

Media reporting

Score: 9

Dutch television and radio stations produce high-quality information programs on a daily basis analyzing government decisions. The main public news channel, NOS, is required to report for 15 hours on political issues every week.

Fragmentation

Parliamentary election results as of 11/22/2006

<i>Name of party</i>	<i>Acronym</i>	<i>% of votes</i>	<i>% of mandates</i>
Christian-Democratic Appeal	CDA	26.5	27.33
Labour Party	PvdA	21.2	22.00
Socialist Party	SP	16.6	16.67
Liberal Party	VVD	14.6	14.67
Party for Freedom	PVV	5.9	6.00
Green Left Party	GL	4.6	4.67
Union of Christs	CU	4.0	4.00
Democrats 66	D'66	2.0	2.00
Animal Party	PvdD	1.8	1.33
Political Reformed Party	SGP	1.6	1.33
Others		1.2	0

*Party competence**Score: 8*

The major Dutch political parties are mature, professional organizations. They broadly meet the criteria of plausibility and coherence in their electoral programs, though within the confines of their ideological positions. They also seem to increasingly understand that financial restraints are real and that choices are inescapable. As a result, party programs seem to have become on average more fiscally sound over time.

*Association competence**Score: 8*

In the Netherlands, since the consultation approach to policy-making is of paramount importance, the question of association competence only covers the reality to a limited extent. As a result, there is no lobbying culture in the usual sense.

*Association relevance**Score: 8*

As has been discussed, policy-making in the Netherlands has a strong neo-corporatist tradition that systematically involves interest associations in the early stages of the policy-making process. Owing to their well-established positions, employers associations, trade unions and the consumer association known as the “Consumentenbond” can influence policy-making through the existing consensus-seeking structures.

This country report is part of the Sustainable Governance Indicators 2009 project, which assesses and compares the reform capacities of the OECD member states.

More on the SGI 2009 at www.sgi-network.org

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