

SGI Sustainable Governance Indicators 2011

Netherlands report

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Executive Summary

The nature of Dutch democracy, once considered a highly stable product of cooperation, compromise and consensus-seeking practices across socioeconomic and sociocultural lines, has changed. Whereas the accessibility and levels (not forms) of participation have changed little, autocratically led protest parties have won ground and in the polls draw support from a stable 15% – 17% of the electorate. Corruption prevention in politics, especially regarding party finances, appears to fall under the bar of international standards. Political rhetoric has grown increasingly polarized (or politicized) as the political middle is waning and extreme positions on either side are on the rise. The Dutch media landscape remains highly pluralistic, although there are some concerns about the growing concentration of media ownership, a situation aggravated by the present financial economic crisis, rapid commercialization, and international ownership of national media outlets. In legal arrangements, citizens' right to privacy is subject to pressures from the information revolution and the massive use of information technology (IT) in all kinds of policy fields, primarily relating to internal and external security. In addition, some conspicuous miscarriages of justice have spawned a public debate on the quality of the justice system, including the need for a special court charged with handling mistrials. Anti-terrorism and integration policies have put considerable pressure on the exercise of basic political liberties, such as the freedoms of speech, religion and press as well as protection against unreasonable search and seizure actions. Tough immigration laws have come under international legal scrutiny, in particular where the rights of children and family reunion are concerned. In short, although the quality of Dutch democracy remains satisfactory, it has suffered several blows in several areas.

Policy-specific performance during the Balkenende IV government – the coalition cabinet formed by the Christian Democratic Appeal (CDA), Labor (PvdA) and Christian Union (CU) parties – was in general incremental, save for the proposal to phase-in an extension of the pension age to 67 that was adopted by the cabinet in 2009. Policy performance in matters relating to internal and external safety remained adequate, although at rising public cost. The Health Care Insurance Act (Zvw) of 2006 was continued, although its impact on cost control issues and enhancing market-like competition between health care providers remains unclear. Stagnation continues to characterize environmental, research and development, and innovation policies alike. No changes have been made to education

policy, although it is now generally judged to be in crisis. Serious concerns have been raised about the lack of good teachers, literacy and numeracy skills among elementary students, and high attrition rates at all levels of education. As is the case in most other European countries, the financial and banking crisis (followed by the euro crisis) has proven detrimental to economic policy performance, which negatively affects prospects in almost all other policy areas.

Strategic Outlook

The long-term viability of the Dutch polity depends on the acumen with which the three following challenges are treated: the state's weakened fiscal position; facilitating technology innovation in order to develop an ecologically modernized and sustainable economy; and societal integration and coherence.

(1) Improving the state's weakened fiscal position. The state's financial problems can in large part be attributed to recent bailouts of Dutch banks and financial businesses, as well as individual euro zone countries and the euro itself. An effective long-term solution to these fiscal problems therefore requires (domestic as well as European-level) reforms involving stricter regulation and oversight in order to improve risk-management. The Dutch government must also undertake substantive reforms in the banking and financial sector.

(2) Improve technology innovation in order to ensure an ecologically modernized and sustainable economy. The Dutch government must invest more wisely in efforts targeting the transition to renewable and alternative energy sources, such as wind and solar energy. The government will also need to pursue a structural reform of the education system, which is in a state of crisis.

(3) Facilitate societal integration and coherence while implementing flexicurity policies. The Dutch welfare state urgently needs reforms that ensure continued investment in human capital while protecting workers and families from the brunt of structural adjustments. Opportunities for combining work and family life ought to be expanded and improved. The pension system and the moribund state of its financial underpinning must also undergo reforms. Social coherence will not be advanced through tighter immigration and citizenship policies. Instead, policies focused on urban and residential area renewal should be sustained through adequate funding.

A sound, functional democracy requires clearly structured forms of issue-specific, interactive policy-making in which citizens' voices are represented. In tripartite governance structures like that of the Netherlands, the primacy of politics vis-à-vis markets and civil society ought to be reconfirmed. Where possible, politics should respect the self-regulation of citizen life and markets. But as the only institution capable of regulating tripartite relations, the state must also live up to its responsibilities in maintaining the framework in which democratic decision-making takes place.

Status Index

I. Status of democracy

Electoral process

Candidacy
procedures
Score: 10

Electoral law and articles 53 – 56 of the constitution detail the basic procedures

for free elections at the European, national, provincial and municipal levels. The independence of the Election Council (Kiesraad), the organization responsible for supervising 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.

In international comparison, the Dutch electoral system is highly accessible. Anyone possessing citizenship, even minors, can initiate a political party with minimal legal and financial constraints.

Media access
Score: 9

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, provided they participate in elections throughout the country. 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 for breaches of Dutch anti-discrimination legislation. The individual

media outlets themselves, however, are entitled to decide exactly how much attention they 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 unequal treatment for newcomers is currently a matter of discussion in the Netherlands.

Voting and
registrations rights
Score: 10

Contrary to other civil rights, the right to vote in national, provincial or water board elections is tied to citizens in possession of Dutch nationality of eighteen years and older (as of election day). For local elections, voting rights are extended to all those registered as legal residents for at least five years. Convicts have the right to vote by authorization only; but some of them, as part of their conviction, may be denied voting rights for a period from two to five years over and above their prison terms. Since the elections in 2010, each voter is obliged to show a legally approved ID in addition to a voting card. In practice, this means that those with expired passports or drivers' licenses are denied access to voting booths, a policy that affects in particular senior citizens who no longer travel or drive. Citizens of the Kingdom of the Netherlands resident in the Dutch Antilles or Aruba may not vote in elections in the Netherlands because they have their own representative bodies.

Party financing
Score: 2

Party finances, until recently, were not a contested issue in Dutch politics. In general, the electorate was not particularly concerned with the issue, apart from mild concerns raised about small newcomer parties receiving foreign funding or the effect of one political party making its parliamentarians financially dependent on party leadership by demanding salaries be donated in full to the party. However, as one observer remarked, the absence of controversy over party finances is understandable given that the rules within the present legislation are so weak and underdeveloped, it would be hard to use them in creating a scandal and pinpointing gross violations.

According to the Group of Countries Against Corruption, Dutch legislation regarding transparency in and the surveillance of party financing falls short of the obligations stipulated in Recommendation Rec (2003)4 of the Committee of Ministers of the Council of Europe for joint regulations in fighting corruption in political campaigns and party financing. Dutch law does not guarantee the electorate sufficient access to information on the financial interests of political parties (and other groupings in parliament). Sufficient oversight and a system of balanced sanctions effective in deterring corruption are absent.

Glaring shortcomings in this area include: the absence of legislation forbidding anonymous gifts by third parties (so-called alternative means of finance, or *Umwegfinanzierung*); individuals or organizations may cite privacy issues and object to their names being made public in financial reports; lack of definitional clarity on what constitutes a "gift" or "donation"; the regulatory exemption of local and regional branches of national parties, some of which can be quite influential politically in larger metropolitan areas like Rotterdam; and the absence of an independent monitoring body mandated with the ability

to enforcing sanctions against violators.

Although the cabinet has for several years promised a new bill on Financing of Political Parties, its introduction has been postponed until after the elections of May 2010. The bill is likely to be highly contested. New parties with one or a few members (e.g., Party for Freedom, PVV) reject government subsidies on principle. In April 2009, the influential Advisory Council of Public Administration recommended that donors who were not formally party members ought to be able to give unlimited gifts to political parties and afforded real influence (next to party members) in shaping the party platform, candidacy lists and choice of party leadership.

Access to information

Media freedom
Score: 9

Freedoms of the press and expression are formally guaranteed by the constitution (Article 7). The Dutch approach to public broadcasting is unique. Programs are produced by a variety of organizations, some reflecting political or religious currents in society, others representing interest groups. These organizations are allocated TV and radio airtime that is relative to their size in number of members. In principle, broadcasting corporations are independent, and autonomous organizations are responsible for their own programming, program content and budgets. However, broadcasting corporations are required to comply with regulations laid down in the Media Law (Mediawet, Stb. 1987, nr. 249).

Since 1988, the Dutch Media Authority (Commissariaat voor de Media) has been charged with enforcing the Media Law. It guards the independence, quality and diversity of information provided by public and private broadcasting corporations alike. The Commissariaat also guarantees the non-commercial character of the public broadcasting system, and honest relations between public and private media. This is no easy job, as public radio and TV channels face stiff competition from commercial stations, which mushroomed after a 1988 law lifted the ban on commercial broadcasting.

The Commissariaat is an independent governmental authority (ZBO), with its own, autonomous tasks and discretionary space. Although the Commissariaat has the right to make decisions on its own, it is accountable to the minister of education, culture and science, who nominates the Commissariaat's chairperson. The chair's political orientation appears to have become a less important issue over the years. Whereas the Commissariaat refrains from censorship and employs post hoc methods of law enforcement, politics do influence in

particular public media outlets through the Commissariaat in ways that may restrict their freedom. Examples include the prohibition of alcohol advertising before 9 p.m., the development of a code of conduct for “safe media-provision,” and salary ceilings for public media employees.

Media pluralism
Score: 8

The Dutch media landscape is very pluralistic but nonetheless subject to a development observed in other countries, namely the gradually increasing concentration of media ownership, which has been aggravated by the present financial economic crisis, internationalization and rapid commercialization.

The Dutch media landscape is characterized by one of the world’s highest readership of newspapers. Innovations in newspaper media include the successful run of two free daily newspapers, tabloids, Sunday editions, and new media editions (online, mobile phone, etc.). The concentration of ownership in the print media is high. Three publishers control 90% of the paid newspapers circulated and foreign ownership of print media outlets is growing.

As the circulation of traditional magazines decreases, publishers are launching new titles to attract readers. There are currently at least 8,000 different magazine titles available for Dutch readers. The Finnish publisher Sanoma publishes more than half of the general interest magazines circulated. Print outlets, both newspapers and magazines, carry a high share of advertising, but this is declining.

There are several public and private TV and radio stations at the national, regional and local levels. A Dutch television viewer can receive three public national channels, two foreign, Luxembourg-based channels and five commercial Dutch channels. According to 2005 records, the (Luxembourg) commercial station RTL 4 and public channel Nederland 2 were the most popular stations, each of which carried a 16% market share. Commercial broadcasters together have seen their market share rise to 50% (in 2005); the three public channels lost viewers and now have a market share of 35%. The Netherlands also shows one of Europe’s highest rates of cable-penetration (±95%).

Finally, Internet use in the Netherlands is high and diverse, and many people are connected through broadband (almost 50% of Dutch households). Ten million Dutch use the Internet on a regular basis, which amounts to almost 70% of the population over six years old.

Access to gvmt.
information
Score: 9

Article 110 of the constitution states: "In the exercise of their duties government bodies shall observe the principle of transparency in accordance with rules to be prescribed by Act of Parliament." Freedom of information legislation was first adopted in 1978. The Government Information (Public Access) Act (WOB) replaced the original law in 1991. WOB's legal scope entails both active and passive public accessibility of information. Passive accessibility (art. 3-7) means that administrative bodies are obliged to provide information on request; active accessibility (art. 8-9) concerns information that public bodies ought to make public on their own initiative.

Under WOB, any person can demand information related to an "administrative matter" if it is contained in "documents" held by public authorities or companies carrying out work for a public authority. In order to allow citizens maximum access, they need only to indicate the "administrative matter"; they don't have to specify the precise, concrete documents they are looking for. "Documents" are also broadly defined and may be information stored on paper, but also on other image- or sound storage devices, digital files on computer disks or other types of electronic information-carrying devices. The request can be either written or oral. The authority has two weeks to respond. Recommendations of advisory committees must be made public within four weeks.

Information must be withheld, however, if it would endanger the unity of the crown, damage the security of the state or, particularly, 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, or 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." Moreover, environmental information is frequently considered secret. This is because such information concerns financial and economic state interests (one of the grounds of exception), or if providing such information could damage the environment itself.

According to experts, the WOB is only lightly used, around 1,000 requests each year, mostly by a few newspaper journalists. The lack of interest stems from media and NGOs' belief that filing requests could damage good relations with government bodies, no tradition of political research, a lack of sanctions, broad exemptions and poor archives.

Citation:

<http://www.epractice.eu/en/document/288325>

Civil rights

Civil rights
Score: 8

The Netherlands guarantees and protects individual liberties, and all state institutions respect and, most of the time, effectively protect civil rights. The Netherlands will publicly expose abuses and report them to the U.N. Human Rights Council of the EU, and cooperate with the monitoring organizations of all international laws and treaties concerning civil liberties signed by the Dutch government.

Yet, on a number of counts, there are developments worthy of concern. Concerns over the right to privacy of every citizen top the list. Due to the government's abundant use of instruments made available through the information revolution, Dutch citizens are more at risk than ever of their personal data being abused or improperly used, which can lead to unjustified legal prosecution, stigmatization, exclusion (at the hands of the secret service, citing security issues), faulty verdicts, identity theft, and other nasty surprises. In addition, present policies regarding rightful government infringement of civil rights are shifting from legally well-delineated areas like anti-crime and terrorism measures toward less clearly defined areas involving the prevention of risky behavior (in personal health, education, child care, etc.). There is an urgent need to re-think privacy rights and the broad use of policy instruments within the context of the information revolution.

Political liberties
Score: 10

All the usual political liberties (of assembly, association, movement, religion, speech, press, thought, unreasonable searches and seizures, and suffrage) are guaranteed by the constitution. The Netherlands is signatory to all pertinent major international treaties (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, European Convention on Human Rights). The Economist Intelligence Unit Democracy Index for 2006 and the Freedom House ranking of political liberties for 2009 list the Netherlands as one of the most free countries in the world.

Non-discrimination
Score: 9

the Netherlands is party to all of the important international agreements relevant to counteracting discrimination. A non-discrimination clause addressing religion, life philosophy, political convictions, race, sex and “any other grounds for discrimination” is contained in Article 1 of the Dutch constitution. An individual can invoke Article 1 in relation to acts carried out by the government, private institutions or another individual. The constitutional framework has been specified by several acts that also refer to the EC Directives on equal treatment. In total there is a high degree of protection even though the definition of indirect discrimination that is provided by the EC has not been adopted by the Dutch legislator (Holtmaat 2009).

In terms of policy, the Dutch government is not pursuing any forms of affirmative action to tackle inequality and facilitate non-discrimination. Generally, the government relies on “soft law” measures as a preferred policy instrument.

The Dutch Supreme Court (Hoge Raad) quite recently condemned the religious right-wing Reformed Political Party (Staatkundig Gereformeerde Partij, SGP) for discrimination against women because they prohibited women from running for office on the SGP ticket on religious grounds. The Supreme Court argued that the non-discrimination principle in certain cases outweighs the freedom of religion principle. It is generally believed that this verdict by implication reflects beliefs about women in Islam.

Citation:

Holtmaat, Rikki: 2009 Country report on measures to combat discrimination – Netherlands. State of affairs up to 31 December 2009. http://www.non-discrimination.net/content/media/2009-NL-Country%20Report%20LN_final.pdf (30/01/2011).

Rule of law

Legal certainty
Score: 9

There can be no doubt that legality and legal certainty, applied equally to civil, penal and administrative law, are standards that Dutch governments and administrative authorities on all levels have internalized in their decisions and actions. Even the autonomous administrative authorities that, for a while, threatened to become exceptions to the rule of law have been brought “back on board,” that is, ministerial responsibility and parliamentary oversight of their decisions has formally been restored. Yet, a small number of glaring miscarriages of justice has demonstrated that legal certainty is, in fact, traded off against, on the one hand, timeliness and efficiency in

legal procedures in addition to a desire to produce outcomes (convictions) and, on the other, the risk of incidental injustices.” A heavy (and growing) case load and increased work pressure leads justices to poor, incomplete, and sometimes erroneous argumentation of verdicts. The significance of this is clear in light of the fact that only 3% to 4% of legal cases result in acquittals or release from prosecution. Furthermore, the Netherlands is characterized by a closed system of appeal and judicial review. In cases under civil and criminal law, decision by regular courts can be appealed in higher courts and cassation by the Supreme Court (Hoge Raad), in rare cases even by appeal to international law, such as the European Court for Human Rights in Strasbourg. This exhausts possibilities for appeal, except for very rare Supreme Court decisions for retrials.

Judicial review
Score: 8

Judicial review for civil and criminal law in the Netherlands involves a closed system of appeals with the Supreme Court as the final authority. The Dutch Supreme Court, however, unlike the U.S. Supreme Court, is barred from judging parliamentary laws in terms of their conformity with the constitution. A further constraint is that the Supreme Court must practice cassation justice, that is, it is mandated with ensuring the procedural quality of lower court practices. Should it find the conduct of a case (as carried out by the defense and/or prosecution but not the judge him/herself) wanting, it can only order the lower court to conduct a retrial. It ignores the substance of lower courts' verdicts, since this would violate their judges' independence. Recently, public doubts over the quality of justice in the Netherlands have been raised as a result of several glaring miscarriages of justice. This has led to renewed opportunities to re-open tried cases in which questionable convictions have been delivered). Appointments to the Supreme Court are for life (judges generally retire at 70). Appointments are in fact judicial co-optations, determined by seniority and (partly) peer reputation. Formally, however, the Second Chamber of Parliament selects the candidate from a shortlist presented by the Supreme Court. In selecting a candidate, parliament is said to never deviate from the number one candidate. Except for the re-opening of cases with questionable convictions, there is rarely any publicity regarding the Supreme Court's work.

Whereas the Supreme Court is part of the judiciary and highly independent of politics, administrative appeals and review are allocated to three High Councils of State (Hoge Colleges van Staat), which are subsumed under the executive, and thus not independent of politics: the Council of State (serves as an advisor to the government on all legislative affairs and is the highest court of appeal in matters of administrative law); the General Audit Chamber (reviews

legality of government spending and its policy effectiveness and efficiency); and the ombudsman for research into the conduct of administration regarding individual citizens in particular. Members are nominated by cabinet and appointed for life (excepting the ombudsman, who is serves six years only) by parliament. Appointments are never politically contentious.

In international comparison, the Council of State holds a rather unique position. It advises government in its legislative capacity, and it also acts as an administrative judge of last appeal involving the same laws. This situation is only partly remedied by a division of labor between an advisory chamber and a judiciary chamber, which has to do with the fact that several members have double appointments.

Justices, both in civil/criminal and in administrative courts, are appointed by different, though primarily legal and political, bodies in formally cooperative selection processes without special majority requirements. In the case of criminal/civil courts, judges are de facto appointed through peer co-optation; this is also true for lower administrative courts, but its highest court, the Council of State, is under fairly strong political influence, mainly expressed in a considerable number of double appointments. State counselors working in the Administrative Jurisdiction Division are required to hold an academic degree in law, although there are a few exceptions made.

In the Netherlands integrity policy has steadily been afforded greater attention on the political and decision-making agendas of public sector organizations, and it appears to show reasonable success. A large survey among local government officials (n=671) scored a 6.4 (on 0-10 scale) for integrity policy of 11 types of public sector bodies as reported in Huberts (2004). Almost all public sector organizations now have an integrity code of conduct, and there are plenty of workshops, conferences and training sessions where public sector employees' awareness of integrity policy and its instruments is enhanced. However, the soft law approach to integrity means that rules and sanctions against fraud, corruption and inappropriate use of administrative power are underdeveloped. There have been some major corruption scandals – particularly in the building sector – and a survey among over 300 representatives of public organizations revealed that over 3% of civil servants and 5% of politicians were deemed corrupt.

Under the Balkenende IV cabinet, efforts to prevent and control corruption gained some prominence. In one case, the mayor of a large town and several aldermen in local governments of a southern province resigned over controversies regarding conflicts of interest.

Appointment of
justices
Score: 7

Corruption
prevention
Score: 7

In at least three (out of 17) areas, the Netherlands is not living up to the guidelines for effective integrity policy as identified by Transparency International. All three involve preventing corruption and taking sanctions against corruption: there are no independent bodies for corruption monitoring, prevention and prosecution; corruption prevention in the private sector is left unattended; and there is no clear financial disclosure regulation for politicians and civil servants. In addition, in spite of many, hesitant initiatives on all levels of government, there is no transparent overview of how many disciplinary or civil court cases pertaining to corruption in a given year are actually conducted.

Citation:

Huberts, L.W.J.C. 2004. Integriteit en integriteitsbeleid: Nederlandse lessen? Artikel gebaseerd op een lezing aan de Katholieke Universiteit Leuven op 17 september 2004, Amsterdam: Vrije Universiteit Amsterdam. http://www.fsw.vu.nl/nl/Images/Huberts,%20L.W.J.C.%202004.%20Integriteit%20en%20integriteitsbeleid%20Nederlandse%20lessen_tcm30-35136.pdf (10 August 2010) <http://www.docstoc.com/docs/29914971/Corruption-and-Land-Administraton>, p.3

II. Policy-specific performance

A Economy

Economy

The Netherlands numbers among the top six SGI countries in terms of the highest per capita GDP (,225, whereas the statistical mean of the 31 countries is \$32,761).

However, the Dutch economy is shrinking. The CPB expects a contraction of 4.75% for 2009. Projections of 0% growth for 2010 are not encouraging. Unemployment in 2010 is expected to reach 8%, which is double the figure of unemployment in 2008. The number of jobs lost will be the highest since World War II. However, the unemployment rate in the Netherlands will still be among the lowest – if not the lowest – of the 31 SGI countries. The loss of jobs will affect youth and lower-educated citizens most. The purchasing power increased by 1.75% in 2009, but is expected to decrease by 0.25% in 2010.

Economic policy
Score: 8

Citation:

Macro-economische verkenningen 2010, CPB

Labor market

Labor market policy
Score: 7

Unemployment, at 5.7% on average, is quite unevenly distributed. The Netherlands' youth employment of 5.6%, the long-term unemployment rate of 1%, and the low-skilled unemployment rate of 4% are all very low. However, the unemployment rate of older individuals (55-64 years) remains high at 50.7%.

The Netherlands' tradition of wage moderation dates back to the Wassenaar agreement, which was reached 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 currently very relevant following the consequences of the economic crisis. Benefits in the event of job loss are relatively high and set at 70% of an individual's last-earned income. This percentage guarantees a certain level of income security.

The participation rate in the labor market is relatively high. In 2008, this included 83.2% of men and 71.1% of women. Participation by women, older employees and immigrants has been growing. Recently, the government implemented policy instruments to improve work and care for mothers. In 2008, the cabinet submitted a long-term childcare plan to the Lower House. Additionally a taskforce for part-time employees was initiated. Restrictions for seasonal foreign workers were loosened.

A high pay gap is usually characteristic of a labor market in which a significant proportion of women work part-time, as is the case in the Netherlands (75.3% of part-time workers are females).

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 (4% in 2009) and especially those in disability benefit programs.

Enterprises

Enterprise policy
Score: 7

The Dutch business sector's investment rate is not high. However, the share of investments in information and communication technology as part of total investments in the Netherlands is high. The business ownership rate in the Netherlands was higher in 2007 than it was from 2002 to 2005, which indicates that there is an increase in the number of people that engage in entrepreneurial activity. The business ownership rate has in fact risen in most countries, but the increase in the Netherlands was so distinct that the country improved its international position in this area.

The Netherlands scores well on some aspects of its investment climate. Both government policies and the stability of the political and economic system make the Netherlands attractive for foreign investments, despite the relatively high labor costs. The performance of the Dutch economy is characterized by a high per capita GDP, sustained GDP growth, high labor productivity (GDP per hour worked) and a high employment rate. However, the growth in the employment rate among the older aged (aged 55–65) is lagging slightly behind that of other countries. In addition, after Germany the Netherlands has the lowest number of hours worked, which depresses the GDP per person employed.

Business enterprise R&D expenditures have increased. However, this was not sufficient to improve the international position in this area. The number of innovative companies also increased, but not enough to lift the Netherlands out of the lower regions of the benchmark countries.

The self-employment rate in the Netherlands increased to such a level that the position within the group of benchmark countries has also improved. The birth rate of enterprises has also risen, but this was accompanied by an increase in the exit rate of enterprises. The amount of people that are actively engaged in starting-up a business is below the EU average of 5.5%. New enterprises in the Netherlands are characterized by an above-average size of enterprise, but with a persistently low proportion of fast growers.

Citation:

Dimireva, Ina, 2009: Netherlands Investment Climate 2009.
<http://www.eubusiness.com/europe/netherlands/invest> (30/01/2011).

Taxes

Tax policy
Score: 8

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 fact that taxes are dependent on income contributes to vertical equity. In general, income tax rates range between 30% and 52%. There are some tax benefits for high-income earners, such as favorable arrangements on mortgage interest. Personal income taxes are also levied on businesses that are not subject to the corporate tax system. The tax system includes only a limited set of deductibles, of which the one for interest payments on mortgages is most substantial. Furthermore, there are a number of subsidies that depend on taxable income. The most substantial are subsidies for child care, health insurance and renting a house. There is a separate tax for wealth.

Competitiveness may be harmed by the fact that the total of taxes and premiums on mandatory social insurance is relatively high when compared to international standards. The relatively low rates of taxation cannot offset the effect of payments into the social insurance system. In 2010, the Dutch government introduced several measures to help SMEs overcome shortages in working capital and liquidity problems due to increased payment delays on receivables, an increase in inventories and an increase in failures to meet financial obligations, insolvencies and bankruptcies. The Dutch government introduced measures to help SMEs by making, for example, tax rules more entrepreneur-friendly and by expanding a guarantee scheme (the so-called BBMKB scheme). Also, the maximum guarantee of the Guarantee Business Financing scheme was increased from €50 million to €150 million.

Insofar as state-levied taxes cover most government expenses, it can be said that taxation, until the economic crisis, generated sufficient income. This is not the case anymore, since additional measures will be necessary to provide national government with sufficient revenues for its budget.

Budgets

Budget policy
Score: 6

Budgetary policy has been sound over the course of the period before 2008. The economic crisis, however, has put severe pressures on the government budget. Over the course of the period under review, the national balance switched from a surplus in 2008 to a deficit in 2010.

The deficit for 2009, registered at 4.6% of GNP. The prospects are not promising; the CPB expects this figure to increase to 6.3% by the end of 2010. Tax revenues will decrease further, while unemployment expenditures and interest will go up. Factors affecting the negative EMU-balance include disappointing gas benefits and a stimulating policy package to facilitate economic recovery following the Supplementary Policy Agreement by the national government. The rapid pace of budget deterioration is unequalled in Dutch history. The deficit of 6.3% is far worse than was expected two years ago. The same goes for the EMU-debt of 66%. The current plans to increase the age for retirement can be seen as a measure to improve budgetary sustainability.

B Social affairs

Health care

Health policy
Score: 7

The system of financing health care underwent a complete transformation in 2006. This more market-oriented system includes price competition for a standardized basic benefits package, community rating, sliding-scale income-based subsidies for patients and risk equalization for insurers. However, the Dutch health insurance model does not control costs or increases in consumer premiums, and insurance companies report large losses on the basic policies. Public satisfaction is not high and perceived quality is down. Consumers may not behave as economic models predict, as they may remain unresponsive to price incentives. Health insurers announced mergers that have been approved by the Dutch competition authority. After these mergers, about 90% of the population will be insured by six large insurance groups, while the other 10% will be insured by seven small regionally oriented health insurers.

In 2008, the electronic patient dossier (Elektronisch Patiënten Dossier, EPD) was introduced as a pilot project in order to facilitate the exchange of patient medical information between nursing staff, general practitioner and pharmacists. Participation is now on a volunteer basis but will be made mandatory in the future. The system saves time and money but is also highly debated because it touches upon privacy issues.

An international study on infant mortality showed that within a group of 25 European countries (plus Norway), the Netherlands has a higher

infant mortality rate than France and Latvia. The numbers of mortality are especially high during the pregnancy period and in the first week after birth. Women in the Netherlands are on average older at childbirth and more twins are born in the Netherlands, two factors which are associated with more complications during birth. The infant mortality rate is particularly high in the group of women with foreign background.

Citation:

CPB Netherlands Bureau for Economic Policy Analysis "Health care reform in the Netherlands" Retrieved from http://www.cpb.nl/nl/org/homepages/rcmhd/reform_english.pdf (April 16th 2010)

Rosenau, P.V. & Lako, C.J. "An Experiment with Regulated Competition and Individual Mandates for Universal Health Care: The New Dutch Health Insurance System". *Journal of Health Politics, Policy and Law* Retrieved from <http://jhpl.dukejournals.org/cgi/content/abstract/33/6/1031> (7th April 2010)

Social inclusion

Social inclusion
policy
Score: 8

The social security system is comprised of a national social security scheme (Volkverzekering) and an employee social insurance scheme (Werknemersverzekeringen). The national social security scheme concerns all residents of the Netherlands and the benefits are independent of salary. The employee insurance scheme concerns employees and benefits depend on the last earned income. The aim of the Dutch social security system is to provide guaranteed income for all those for unable to support themselves independently as a result of unemployment, invalidity or illness. The system thus ensures rights of equal political and civic participation. Social provisions are financed by general revenues.

In 2006, 1.2 million people (8% of the population, but 1,000 less than in 2005) were living in poverty, with children comprising a large portion (11%) of this figure. The risk of poverty is higher for single-parent households, the elderly and non-western immigrants. Despite the financial crisis, 75% of the Dutch public believes that the Netherlands is a prosperous country. People identify antisocial behavior, income levels, the economy, and crime and safety as the most important social problems. In a 2008 poll, 3% of the population as a whole stated they were not happy and 84% stated they are happy or very happy. Compared with 2006, these figures show some improvement: slightly fewer unhappy people and slightly more happy people (5% and 82%, respectively, in 2006).

Citation:

Euraxess “Dutch social security” <http://www.euraxess.nl/getting-started/social-security-pensions/dutch-social-security>

The Netherlands Institute for Social Research “Armoedebericht 2008” Retrieved from <http://www.scp.nl/> (March 15th 2010)

The Netherlands Institute for Social Research “The Social State of the Netherlands 2009” Retrieved from http://www.scp.nl/Publicaties/Alle_publicaties/Publicaties_2010/The_Social_State_of_the_Netherlands_2009 (March 20th 2010)

Families

Family policy
Score: 8

Family policy in the Netherlands is characterized by the need to recognize a child’s best interest, and to provide support for the family and the development of parenting skills. Day care centers for young children are not directly subsidized, but parents face considerable transaction costs. The subsidy depends on the taxable income and is a result of the Childcare Act that came into effect in 2005. Until 2011, the government invests €2.65 billion extra in child care. The government established an extensive system of child protection.

From January 2009 on, parental leave was extended from 13 to 26 weeks. According to the OECD, around two-thirds of Dutch working women choose part-time jobs, which bring down the country’s average working time to one of the lowest in the OECD. Next to individual preferences, there is a strong link between the incidence of part-time work to taxation and childcare. Although government decisions have facilitated the provision of childcare services and cost reductions, not all obstacles have been removed yet. Full-time female participation is hindered mainly by a high marginal effective tax burden on second earners, reflecting the withdrawal of social benefits conditioned on family income.

Citation:

Nederlands Jeugd Instituut “Youth policy in the Netherlands – Child Protection” Retrieved from <http://www.youthpolicy.nl/eCache/DEF/1/06/360.html> (11th April 2010)

OECD “Economic survey of the Netherlands 2008: Increasing working hours: Helping reconcile work and family” Retrieved from http://www.oecd.org/document/5/0,3343,en_2649_34321_39997701_1_1_1_37457,00.html (7th April 2010)

ifo Institut für Wirtschaftsforschung „Parental Leave in the Netherlands“

Retrieved from www.ifo.de/DocCIDL/dicereport209-rm2.pdf (7th April 2010)

Pensions

Pension policy
Score: 8

The Dutch pension system is based on three pillars. The first pillar is the basic, state-run old-age pension (AOW) for people 65 years and older. Everyone who pays Dutch wage tax and/or income tax and who is not yet 65 pays into the AOW system. Given that this contribution income is used immediately to pay out AOW benefits, the system may be considered a “pay-as-you-go” system. In comparison to other European countries, this pillar makes up only a limited part of the total old age pension system in the Netherlands. Because the current number of pensioners will double over the next few decades, the system is subject to considerable and increasing pressure. The second pillar consists of the occupational pension schemes which serve to supplement the AOW scheme. The employer makes a pension commitment and the pension scheme covers all employees of the company or industry/branch. The third pillar comprises supplementary personal pension schemes which anyone can buy from insurance companies.

The government’s attempt to increase the age of retirement from 65 to 67 was met with controversy in the country. As a result of the financial crisis, pension fund assets are shrinking. At the same time, however, the liquidity ratio of pension funds must be maintained at a minimum of 105%. But some funds failed to properly estimate their liquidity ratios in the context of the economic crisis. As a result, the funds have to report to the Nederlandsche Bank (DNB), which is the financial authority in this matter, as to how they aim to achieve this level. The timeframe for the recovery was increased from three to a maximum of five years.

Citation:

Public Services International “The principles of the Dutch pension system” Retrieved from <http://www.world-psi.org/TemplateEn.cfm?Section=Home&Template=/ContentManagement/ContentDisplay.cfm&ContentFileID=23259> (6th April 2010)

Ministerie van Sociale Zaken en Werkgelegenheid “Informatie over pensioen en de kredietcrisis” Retrieved from http://home.szw.nl/index.cfm?menu_item_id=13755&hoofdmenu_item_id=13825&rubriek_item=391841&rubriek_id=391817&set_id=3636&doctype_id=6&link_id=163263 (6th April 2010)

Integration

Integration policy
Score: 8

All non-EU nationals who immigrate to the Netherlands are required to learn the Dutch language and develop knowledge about Dutch society.

The Civic Integration Abroad policy requires obligatory integration tests in the country of origin for family reunion applicants. However, Human Rights Watch stated that this poses some concerns because it clearly applies only to family migrants from certain nationalities, mainly from non-western countries. The number of applications decreased and further financial restrictions (€350 for each time the test is taken) infringe upon the right to family life.

Compared to other countries, immigrants benefit from several measures targeting employment security and labor market integration. In terms of political participation, the Netherlands performs very well on immigrants' political liberties in forming associations and political parties. Nonetheless, applicants for national citizenship can be rejected for not participating in the mandatory Naturalization Day ceremony.

Citation:

Narcis "Bridging the social divide? Reflections on current Dutch neighbourhood policy (2009)" Retrieved from <http://www.narcis.info/publication/RecordID/oai:uva.nl:332409> (April 11th 2010)

<http://www.integrationindex.eu/topics/2592.html>

"Memorandum on Integration Policy 2007-2011 Netherlands" European Web Site on Integration http://ec.europa.eu/ewsi/en/resources/detail.cfm?ID_ITEMS=4141 (7th April 2010)

Human Rights Watch "The Netherlands: Discrimination in the name of Integration" Retrieved from <http://www.hrw.org/en/reports/2008/05/13/netherlands-discrimination-name-integration> (March 2010).

C Security

External security

External security
policy
Score: 8

The expenditures for defense increased from €7.9 billion in 2007 (1.5% of GDP) to €8.2 billion in 2008 (1.66% of GDP). During the period under review, the Netherlands took an active and leading role

in the peacekeeping military campaign in Afghanistan. The Netherlands was also involved in operations in Iraq, Bosnia and Herzegovina, Kosovo and Somalia. The Balkenende IV cabinet was unable to agree on whether the Netherlands' military involvement in International Security Assistance Force (ISAF) after December 2010 should continue. For that reason, the Labor Party ministers and state secretaries tendered their resignations, and the Christian Democrat and Christian Union ministers and state secretaries indicated their readiness to give up their portfolios.

In March 2008 the National Coordinator for Counterterrorism (NCTb) raised the general threat level for the Netherlands from "limited" to "substantial." This was due mostly to the Dutch military presence in Iraq and Afghanistan, but also to the release of "Fitna," an anti-Muslim movie by right-wing politician Geert Wilders.

Internal security

Internal security
policy
Score: 8

During the period under review, several trends affecting security policy were identified. Members of local autonomous networks have increased their contact with international jihadist groups, while the number of anti-Islam statements on Dutch web sites has increased in the last few years. Right-wing parties, in particular the Geert Wilders-led Party for Freedom (PVV), have gained traction in Dutch society, which may indicate that further polarization is underway. However, the resistance to polarization, radicalization and terrorism remains high within the Dutch Muslim communities. In addition to problems associated with terrorist attacks, there are other forms of internal risks – such as the beach riots at Hoek van Holland – that should be addressed. The incident at Hoek van Holland, in which the public attacked police, drew national attention and sparked public debate. Citizens' perception of safety also receives attention in Dutch policies. The aim has been to increase the perception of safety by 25% from 2002 to 2010. Perceived safety by citizens also receives attention in large policy programs, for instance the Large Cities Policy program (GSB).

D Resources

Environment

Environmental
policy
Score: 5

In the Netherlands, 90% of environmental improvements derive from the application of clean technologies in production and transportation. This will not change in the future. In the short term, the environment will benefit from the economic recession, especially with regard to emissions and air quality. In the long run, the crisis will have negative effects on the environment as it will slow the development of environmentally friendly techniques. The environmental policy goals set for 2015 will be partially met. Most 2020 goals, however, are not within reach and require a readjustment of current policy strategies. Readjustment will render short-term goals concerning emissions of greenhouse gasses and other air pollutants feasible. The same applies to noise reduction. Fundamental policy change is needed, however, in the fields of energy conservation, renewable energy alternatives, surface water quality, soil protection, biodiversity and odor pollution in order to meet long term goals. In most cases, this demands that new green technologies – many of which are applied only in protected experimental arenas – be implemented.

Citation:
Milieubalans 2009, PBL.

Research and innovation

Research and
innovation policy
Score: 5

Although the Netherlands aims to number among the top 5 most innovative countries, its capacity to meet this goal is fading. The Balkenende IV cabinet placed innovation high on its agenda and pursued policies facilitating innovation in the Dutch economy. However, the requisite circumstances for such a platform to succeed were undermined by the centrifugal forces of departmental interests and special interests pursued by government insiders. During the review period, progress in innovation policy was achieved in only a few sectors.

In June 2008, the government presented its long-term strategy for sustainable productivity growth. However, research and development (R&D) investment has kept pace neither with GDP growth nor with investment levels in other developed countries. Although there are some promising individual measures in the policy mix, the

Netherlands lags behind other countries in terms of measures taken to expand the number of SMEs, and develop and exploit (technological) knowledge. Considering innovation performance, the Netherlands is just above the EU-27 average (European Innovation Scoreboard 2008), but the rate of improvement is below that of the EU-27.

In its Strategic Plan 2007-2010 the Netherlands Organization for Scientific Research (NWO) states that in the past years the investments in scientific research and innovation have structurally failed to meet the ambitions of the Netherlands. Recently the Council of Economic Advisors states that an additional annual investment of 10 to 15 thousand million euros for the knowledge system as a whole is needed in order to meet the country's targeted policy objectives. The economic crisis will negatively affect R&D investment and innovation. Businesses in the high-tech sector have already reduced R&D spending and shifted attention toward short-term and low-risk innovation.

Education

Education policy
Score: 6

The 2007 parliamentary inquiry into educational policy revealed a deep sense of professional crisis, a severe lack of high-quality teachers at all levels of education, and an alarming drop-out rate. Equality and equity are still important characteristics of the Dutch educational system. Policy aims at striving for inclusion of all pupils. This is visible in the accessibility of education. Although compulsory education starts at the age of five, most children start school at the age of four. Education, which emphasizes equality, is open to all students. Key goals of education in the Netherlands include the provision of equal opportunities for participation in society as part of the larger goal of facilitating social cohesion. There are a number of policy measures in place targeting these goals. One of the main policy objectives is to reduce the number of early school dropouts by 50% between 2002 and 2012. As part of this policy, schools receive €2,000 less of government funding for each dropout.

Primary schools in the bigger cities have high numbers of students with non-Western backgrounds. In cities like Amsterdam and Rotterdam, this percentage is more than 80% in some schools. These students start school with considerable deficits, especially concerning language.

During the 2007 – 2008 academic year, 19,000 full-time university students obtained a bachelor's degree. Although the course of study

takes three years, the average student required 4.5 years to complete the requirements for their bachelor's degree.

Citation:

European Agency for Development in Special Needs Education "Development of inclusion – Netherlands" Retrieved from <http://www.european-agency.org/country-information/netherlands/national-overview/development-of-inclusion> (11th April 2010)

Centraal Planbureau voor de Statistiek "Fewer school – leavers without starter qualification" Retrieved from <http://www.cbs.nl/en-GB/menu/themas/onderwijs/publicaties/artikelen/archief/2010/2010-3093-wm.htm> (11th April 2010)

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 5

As a country with several sociocultural minorities, a considerable floating vote, a multiparty system and proportional representation, Dutch governments are frequently minimal winning coalition cabinets. Strategic (political and policy) planning is formally laid down in a government policy accord (regeerakkoord), which formally brings coalition-building and cabinet formation to an end. Strategic issues in the policy accord are derived from three sources: political party platforms; strategy documents drafted by top-level senior civil servants within a ministerial department during the period between the fall of one and the establishment of a new cabinet; and specially prepared strategic documents by formal knowledge institutes (e.g., the Bureau for Economic Policy Analysis, CPB, or the Health Council, Gr, or the Scientific Council for Government Policy, WRR), but also by powerful lobbies and interest groups (like trade unions and employers' associations; but also Greenpeace, the Association of Homeowners or Automobile Owners).

Formally, the prime minister is responsible for coordinating policy across the government. The Balkenende IV cabinet sought to maintain a strategic focus within government and guarantee consistency in planning by installing six coordinating ministers (a weak "core cabinet") and chairing six cabinet committees derived from the six programmatic pillars in the government's "Work Together, Live Together" agreement. After a 100-day "meet-and-talk-to-the-citizens" period, the cabinet selected 10 projects per programmatic pillar. The minister of finance also coordinates government policy, but has considerable more budgetary resources and surveillance instruments (including regulatory impact assessments, see RIAs) at his disposal than the prime minister. If both ministerial posts are in fact occupied by the political leaders of the major political parties making up a coalition cabinet, stalemates or arduous compromise are sure to follow (as was the case during the Balkenende IV cabinet from 2008 to 2010) since these individuals will

closely monitor other ministers of the same political party. The rivalry between Prime Minister Balkenende and his minister of finance, both of whom were keen on keeping a strong party-political profile in contemporary Dutch drama-democracy, especially during and after the financial-economic crisis, was the root cause of the fall of his cabinet's demise in March 2010. The brief history of Balkenende IV is a painful reminder of the limits to strategic capacity on the cabinet level. It is telling that this cabinet, in response to the budgetary problems that resulted from the bank bailouts during the financial crisis, assigned 20 working groups of civil servants to create ideas on how to cut back €28 billion per year without any ideological-strategic political guidelines or constraints whatsoever.

Scholarly advice
Score: 7

Dutch government used to be surrounded by a densely populated ring of so-called planning agencies, think tanks, or centers for policy analysis in economics (Centraal Planbureau, CPB), and sociocultural (Sociaal en Cultureel Planbureau, SCP), spatial (Ruimtelijk Planbureau, RPB) and environmental (Milieu- en Natuurplanbureau, MNP) issues. The government also worked with other legally mandated advisory bodies in policy sectors that somewhat mirrored divisions found in ministerial departments (e.g., in spatial planning, development aid, public health), as well as knowledge institutes for technology and innovation (TNO, Rathenau Institute), health and environment (RIVM), and statistics (CBS). After this network of cooperation was slimmed down in the late 1990s, the Balkenende IV cabinet sought to harmonize and further trim this network from 2007 to 2010. Even the number of highly reputed planning agencies was reduced by merging the MNP and RPB into one agency, the Environmental Assessment Agency (PBL). In addition, the legal, financial and organizational status of the agencies – which were formally parts of departments, but with guarantees for scientific independence and rights to determine their own working programs – were harmonized. Several advisory bodies were either abolished or merged together in anticipation of broader, integrated policy fields. The recommendations made by these non-administrative advisory bodies are legally prescribed by the Government Information (Public Access) Act (WOB). However, the Council of Ministers is no longer obliged to respond. The watered-down function of advisory services in departments has been strengthened through the establishment of “knowledge chambers” and, following American and British practice, the appointment of “chief scientific officers” or “chief scientists” as advisory experts. The idea is that departments, depending on the nature of policy issues, may flexibly mobilize the required sciences and scientists, instead of relying on fixed advisory councils with fixed memberships. It appears that the political and governmental demand for advice is undergoing centralization and

that there is a shift toward instrumental (rather than strategic) advice from less independent advisory bodies. Parliament's access to services provided by planning agencies and advisory bodies has formally improved. But it is too early to tell whether parliament is going to use its increased opportunities for external advice.

Citation:

http://wetten.overheid.nl/BWBR0005471/geldigheidsdatum_30-01-2010

Inter-ministerial coordination

GO expertise
Score: 6

As head of a coalition cabinet, the Dutch prime minister is less a "boss" than a "primus inter pares." The other ministers serve with, not under him (Daalder). He is nonetheless formally in charge of coordinating government policy as a whole, and has a concomitant range of competencies: deciding on the composition of the cabinet agenda and formulating its conclusions and decisions; chairing cabinet meetings, committees (onderraad) and (in most cases) ministerial committees; adjudicating interministerial conflicts; serving as the first speaker to the press and in parliament, and especially in international forums and arenas (e.g., EU and the United Nations) on behalf of the cabinet and Dutch government as a whole.

Cabinet meetings involve ministers exclusively; there are no deputy ministers or top-level civil servants present at these meetings. In cabinet meetings, ministers make decisions based on documents that have been prepared, discussed and coordinated first in interdepartmental administrative commissions, or "nodes," and interdepartmental "front gates" (so-called voorportaal, or nodes that steer and coordinate other nodes), and then in ministerial or cabinet committee meetings. The stratification of interests along line ministry or party lines is a powerful force at each stage of the process in preparing documents for the cabinet. Formally, ministers represent their respective departments and rely heavily on the advice provided by their departments in all meetings. Ministers from one coalition party are accompanied by a deputy minister (who is not part of the cabinet, but a member of the coalition partner's party) in order to ensure ministerial bipartisanship. The forces of compartmentalization are exacerbated by the fact that parliament's committee system stringently follows budget allocations for departments within each ministry. A further factor to consider is the fact that in the media, the prime minister must act as the political leader of his party – less so of the coalition cabinet.

The prime minister's own Ministry of General Affairs office has at its disposal only some 14 advising counsels (raadadviseurs, with junior

assistants), who directly advise him on policy proposals and serve as secretaries of cabinet and ministerial committees. The advising counsels are top-level civil servants, not political appointees. In addition, the prime minister has a special relationship with the Scientific Council of Government Policy (WRR). Sometimes, deputy directors of the planning agencies play the role of secretaries for interdepartmental “front gates.” Nonetheless, it is safe to say that the prime minister, his administrative staff and scientific advisors hardly have sufficient expertise to assess departmental bills and white papers in detail, although this depends on their respective leadership qualities and grasp of policy issues. (Former prime ministers such as Ruud Lubbers and Wim Kok are generally considered to have demonstrated a strong grasp of policy issues, unlike the members of the Balkenende IV cabinet).

Citation:

<http://www.rijksoverheid.nl/regering/bewindspersonen/jan-peter-balkenende/taken>

http://www.nationaalarchief.nl/selectielijsten/BSD_Coordinatie_algemeen_regeringsbeleid_stcrnt_2009_63.pdf

GO gatekeeping

Score: 6

Given the nature of Dutch politics, which features a strong departmental culture and fragile coalition governments, the Ministry of General Affairs has little more to rely upon in carrying out its gatekeeping functions than the government policy accord (regeerakkoord).

Ministerial departments have considerable power in influencing the negotiations that take place during the elaborate process of preparing cabinet decisions. Each line ministry – that is, its minister or deputy minister – has a secretariat that serves as the administrative “front gate.” By the time an issue has been brought to the cabinet level, it has been thoroughly debated, framed and reframed as a consequence of the bureaucracy between the involved ministries. Gatekeeping in the Dutch system is one-directional; policy documents are moved from lower to higher administrative levels, and (almost) never the other way around, which results in a strong tendency toward interest stratification (Korsten et al., 2010, 62). In theory, the prime minister, through his representatives, could play a prominent role in coordinating this process. But given the limited scope of his monitoring capacities and staff, he can steer the course of events for only a fairly small number of issues, even when highly ambitious.

Nevertheless, the Balkenende IV government earnestly pursued new modes of interministerial coordination through its pilot projects, Governing with Programs (Regeren met programma's). These projects were conceived as part of a larger program for National Government Renewal. The Balkenende IV government had two program ministers for urgent problems that reach across ministerial task areas: the first for

Youth and Family Affairs; the second for Affairs of Housing, Residential Areas, and Integration.

Citation:

A.F.A. Korsten, P. de Jong, and C.J.M. Breed, *Regeren met programma's. Interdepartementale kabinetsprogramma's van het kabinet-Balkenende IV: voortgang en samenwerking*, The Hague, February 2010.

R. Bekke, *Liaisons dangereuses. Thoughts on employment relations in government, specifically between politicians and civil servants*, Inaugural Address, Leiden, 2009.

Line ministries

Score: 8

Generally, the initiative by a line ministry to start drafting new legislation or a white paper is rooted in the government policy accord and subsequent cabinet decisions to allocate drafting to one or two line ministries. With complex problems, draft legislation may involve considerable jockeying for position among the various line ministries. Given the tight fiscal situation brought about by the financial and economic crises and the ensuing bailout of Dutch banks, the Balkenende IV cabinet was compelled to repeat policy accord talks. These talks resulted in 20 working groups, comprised of staff members from across all ministries, to develop proposals for several dozen billions of cutbacks. As this example demonstrates, the prime minister is always involved in the kick-off of major new policy initiatives and sometimes in the wording of the assignment itself. After that, however, it may take between six months and an entire cabinet period before the issue reaches decision-making stages in ministerial and cabinet committees, and thereby come under the formal purview of the prime minister again. Meanwhile, the prime minister is obliged to rely on informal coordination with his fellow ministers.

Cabinet committees

Score: 9

Cabinet committees (*onderraad*) involve a separate meeting of the Council of Ministers chaired by the prime minister. Ministers directly or indirectly involved with the topic of discussion participate in these meetings. Each committee has a coordinating minister responsible for relevant input and prepared documents. Discussion and negotiations focus on issues not resolved by prior administrative coordination and consultation. If the committee fails to reach a decision, the matter is pushed up to the Council of Ministers. The Balkenende IV cabinet had six standing cabinet committees: International and European Affairs; Economics, Knowledge and Innovation; Social Coherence; Safety and Legal Order; and Administration, Government and Public Services. In addition, the Balkenende IV cabinet had another committee of six ministers involved in various aspects of financial and socioeconomic policy. Given the elaborate process of consultations and negotiations, few issues are likely to have escaped attention and discussion before reaching the Council of Ministers.

Senior ministry
officials
Score: 8

According to the constitution, relations between ministers and top-level civil servants depend on the doctrine of ministerial responsibility towards parliament. Parliamentarians, instead of expanding their own professional staffing (as is done, for example in the United States), use the media to profile themselves as individuals acting to monitor the executive. This leads to avalanches of parliamentary questions and inquiries that annoy ministers and departments as “incidentalism” and hamper good governance and strategic focus. Under intensified public scrutiny, ministers have responded by narrowing ministerial responsibility from general risk accountability for all ministerial activities to accountability by guilt, which effectively shifts responsibility to their bureaucratic staffs. In addition, the 2006 and 2010 elections politicians and taxpayers together demanded a reduction in the number of civil servants of approximately 13,000 in the next years. All this has undermined the traditional relations of loyalty and trust between (deputy) ministers and top-level officers. The former have broken the monopoly held by senior staff on advice and information by relying increasingly on outside sources at an estimated cost of €1.2 billion in 2007 – 2008. Top-level officers have responded with risk-averse and defensive behavior (e.g., keep your minister out of trouble but keep your head down) and by placing more effort and energy in professionally driven organizational communication and process management. The upshot is that ministerial compartmentalization in preparing cabinet meetings has probably been exacerbated. Senior officers’ primary task is to serve one’s “own” minister and civil servants’ role in preparing cabinet meetings increasingly falls to the senior officers that directly serve the prime minister as advising counsels (raadsadviseurs). Of course, these advising counsels have dense networks of informal contacts with the senior staff of other departments. Thus, the senior staff’s performance in preparing cabinet meetings depends largely on the quality of information flow and discussion taking place in the informal networks.

Line ministry civil
servants
Score: 7

Line ministry civil servants on mid-management levels do not ordinarily participate in interdepartmental administrative coordination; policy design and approval follow the usual hierarchical lines. However, policy projects are increasingly defined as demanding inter-departmental coordination. Although there are examples of well-functioning interdepartmental working groups (Korsten et al., 2010), most of the time such cooperation is difficult and time-consuming. This is probably due to the two-pronged strategy by departmental top-level officers: on the one hand, a defensive, risk-averse strategy in their contacts with (deputy) ministers, and particularly in the administrative “front gates” (see also Senior Ministry Officials); on the other, an intra-departmentally oriented strategy of professionalization and contract management.

Thus, mid-management policy officers (i.e., heads of divisions and sub-divisions) have to prepare policy proposals while taking into account a political landscape to which they have no direct relation and which is filtered by the media and reports from their superiors. Unsurprisingly, (deputy) ministers complain about the political sensitivity of many line ministry officials; and many line ministry officials complain about the lack of expertise among their own administrative superiors and the political leadership with respect to policy content and implementation.

Very little is actually known about informal coordination at the (sub-)cabinet level regarding policy- and decision-making. The best-known informal procedure is the so-called *Torentjesoverleg* in which the prime minister and core cabinet ministers consult with the leaders of political parties that support the coalition in parliament. Criticized as too “monistic” of a process and abolished in 2002, it has since been tacitly reinstalled. Coalition cabinets cannot survive without this kind of high-level political coordination between government and parliament. In addition, it is well known that politicians and (deputy) ministers use weekends for party-political and constituency work. How much coalition-coordination work actually takes place in this time span is unknown; but it cannot be much, given that (deputy) ministers also need time for their family and private life.

Under the present conditions in which civil servants are subject to increasing parliamentary and media scrutiny, and in which gaps in trust and loyalty between the political leadership and the bureaucracy staff are growing, informal coordination as well as personal chemistry among civil servants is what keeps things running. Regarding interministerial coordination, informal contacts between the senior staff working as advising counsels in the prime minister’s cabinet and senior officers working for ministerial leadership are absolutely crucial. Nonetheless, such coordination is trumped by insufficient or lacking informal political coordination. In the case of the Balkenende IV cabinet, the lack of political will to cooperate translated into insufficient informal political coordination, leading to the cabinet’s demise.

RIA

In the Netherlands, RIAs are broadly and effectively applied in two fields: Environmental Impact Assessments (EIMs) and Administrative Burden Reduction Assessments (ABRAs).

EIMs have been legally prescribed since 1987. Everybody who needs a government license for initiating substantial spatial or land-use projects (e.g., when building a chemical factory, expanding an airport) with possible harmful environmental impacts is obliged to show these impacts through research. The EIM report mentions one or several

Informal
coordination
procedures
Score: 6

RIA application
Score: 9

alternative options, whose environmental impacts will also be described and analyzed. Meanwhile, more than 1,000 EIM reports have been administratively and politically processed. They guarantee that environmental and sustainability considerations play a considerable role in government decision-making.

The development of a Standard Cost Model (CBA) method for evaluating ex ante legislation regarding compliance costs to business deriving from government regulations was entrusted, in 1998, to an ad-hoc but independent advisory commission, the Advisory Board on Administrative Burden Reduction (ACTAL). Since then, ACTAL's competency has evolved beyond the think tank function of a policy and organizational infrastructure systematically aiming at the reduction of administrative burdens. Under the Balkenende IV administration, ACTAL served as the government's watchdog, with two deputy ministers (Finance and Economic Affairs) overseeing its activities and a special-purpose interdepartmental project unit providing support. ACTAL reviews all ministerial ex ante evaluations for administrative burden reduction, assists ministerial units in its analytic tasks, and advises the cabinet and parliament about the quality and effectiveness of ministerial regulatory proposals prior to formal decision-making or policy adoption. ACTAL's findings are always reported in the explanatory memorandums attached to bills. The cabinet also responds to ACTAL's annual progress reports. For example, when the Balkenende IV government was compelled to renegotiate its coalition agreement as a consequence of the banking and financial crisis, ACTAL was used to identify the risks (administrative burden increases) involved with new regulations and oversight activities.

Citation:

(http://www.minfin.nl/Actueel/Kamerstukken/2009/05/Beantwoording_vragen_gesprek_Actal)

C Radaelli, Regulating Rule-Making via Impact Analysis, in *Governance*, 23, 1, 89-108.

Needs analysis
Score: 9

The broad rationale for socioeconomic RIAs is laid down in the government/coalition agreement of the Balkenende IV administration. The Standard Cost Model specifies all the elements that positively or negatively affect administrative costs of government regulations/subsidies for target groups. It also provides a standard against which monetized administrative cost reductions per bill revoked or per new regulation introduced may be expressed. There are overall reduction targets per department, which may have to compensate for the introduction of new legislation/regulation by abolishing the implementation of older ones. ACTAL justifies its existence by pointing out that administrative cost reduction for firms, citizens and professionals means a 1.7% increase in (macroeconomic) labor

productivity and a 1.5% gain in GDP. ACTAL guards against the routine call for more and stricter regulation after incidents or calamities; its activities have also reached subnational, local governments.

The Standard Cost Model method was only recently pilot-tested on administrative burdens falling on individual citizens. ACTAL follows a step-by-step target group approach, prioritizing citizens that suffer in particular from high administrative burdens like the chronically ill, the physically challenged, elderly social benefit recipients and volunteer workers. In sum, only particular types of burdens for some social groups are measured, not all. The most conspicuously absent item from ACTAL's and the government's ex ante evaluation's claims regarding comprehensiveness is that burden reduction is just assumed to be beneficial, on average, for the short- and the long-term. Like other forms of cost-benefit analysis, non-economic, less tangible, non-quantifiable costs and benefits are blended out of the consideration. There is no Standard Benefit Model to logically complement the Standard Cost Model.

Citation:

http://www.minfin.nl/Actueel/Kamerstukken/2009/05/Beantwoording_vragen_gesprek_Actal.

R. Hoppe, (2009), Ex ante Evaluation of Legislation: Between Puzzling and Powering, in J. Verschuuren (ed.), *The Impact of Legislation. A Critical Analysis of Ex ante Evaluation*, Martinus Nijhof, Leiden/Boston, 81-104.

Alternative options
Score: 8

As mentioned under RIA Application, EIAs are obliged to mention one or several alternative options to the option chosen by an initiator. According to ACTAL guidelines, alternative options for ABRAs are investigated; the option involving the greatest cost reduction ought to be selected, in principle. It is not known to what extent practice heeds theory.

Citation:

Berden, Koen et al., 2010: *Onderzoek naar de behoeften van gebruikers van integrale analyses voor beleid en wegeving*. Rotterdam: ECORYS, <http://www.actal.nl/file/9729/> (10 August 2010)

Radaelli, Claudio, 2010: *Regulating Rule-Making via Impact Analysis*, in *Governance*, 23, 1, 89-108.

Societal consultation

Negotiating public support
Score: 8

International references to the “polder model” as form of consensus-building testifies to the Netherlands’ reputation for and alleged skills in negotiating public support for public policies, sometimes as a precondition for parliamentary approval. In many policy areas, this Dutch form of neo-corporatism and network governance – in which the government consults extensively with vested interest groups in the economy and/or civil society during policy preparation and attempts to involve them in policy implementation – has been a strong factor in the mode of political operation and public policy-making in the Balkenende IV government. In socioeconomic policy-making, crucial issues like conditions for firing workers and changing the pension age from 65 to 67 are contingent upon agreement with and between trade unions and employers’ associations in the Socioeconomic Council (SER). A bill proposing to tackle traffic jams on high- and throughways through a road-pricing system was contingent upon agreement by the Dutch Automobile Association (ANWB), and was to be tested through a survey among its members. Integration policy through preparing and implementing renewal plans for weak neighborhoods was made dependent on (financial) cooperation from local housing corporations and municipalities.

Generally, the Balkenende IV government was a driver in the move from government to governance: the functional representation of various well-organized interest groups and civil associations in well-defined policy sectors, combined with a decentralization of policy-making functions to subnational governments (in particular the introduction of “chain management” in public health care and care for the chronically ill), has led to the creation and/or further elaboration of dense networks of consultation and shared policy responsibilities.

At the same time, and paradoxically, this mode of politics and policy-making is clearly under stress. Both trade unions and employers’ associations suffer under the erosion of representativeness and increasing fragmentation. Many interest groups are in fact commercially and professionally run “checkbook” organizations. As such, they are easy targets for criticism voiced by proponents of market liberalization as well as anti-elitist populism.

Policy communication

Coherent
communication
Score: 7

In the age of “mediacracy,” the Balkenende IV government has sought to make policy communication more coherent. In doing so, it has relied on the older instrument of the National Information Service (Rijksvoorlichtingsdienst, RVD), whose director general is present at cabinet meetings and responsible for communicating policy and the prime minister’s affairs to print and other media. The RVD’s director general is also mandated with communicating all affairs concerning the royal family, including its relations with the media.

In a context of unstoppable ministerial compartmentalization, combined with the increasing importance of information service staffs (as opposed to policy officials) in managing the media, the government tries to streamline and coordinate its external communication. The “1Logo” project, for example, aims to impose a single “brand” and editorial policy on all websites run by the national government. Another government communication project is targeting the creation of a single pool of government communication and information officials to be used by all departments. The project also includes establishing a shared intranet (rijksportaal.nl) and joint digital news service for all officials working for the national government. Another effort toward centralized, coherent communication involves replacing departmentally run televised information campaigns through a unified, thematic approach (e.g. “safety”). It is too early to tell to what extent such efforts will be successful.

Citation:

4de Voortgangsrapportage Programma Vernieuwing Rijksdienst, September 2009, pp. 11-12.

B Policy implementation

Effective implementation

Government
efficiency
Score: 8

Like elsewhere, policy effectiveness and efficiency are hard for the government to measure and judge. In 2008, the Dutch government stated that, based on information regarding 74 policy goals, implementation was mostly “on track.” Yet, in that same year, the General Audit Chamber, an independent and well-staffed High Council of State charged with measuring policy performance and effectiveness, observed that the quality and transparency of available government

information precluded parliament from determining whether promised policy performance is delivered and policy goals achieved. A mere 22 of 74 goals have been formulated in measurable terms. In just two cases, government indicated how much additional money was spent on policy implementation. Performance descriptions, usually with contestable indicators, involve just 27 goals. In the same year, budget overruns related primarily to emergency spending on bank bailouts, totaled €43 billion. Although technically illegal, these expenditures were approved by the General Audit Chamber. Whereas the government evaluated its own performance as above standard, surveys among the general population showed trust in government to be low. Given the fragmented and certainly incomplete overall picture, with partial successes here and partial or outright failures there, government efficiency may still be considered mostly adequate. There is no reason to assume that Dutch government is doing better or worse than most other countries with a similar level of education, economic well-being and technological resources.

Ministerial
compliance
Score: 8

Dutch ministers' hands are very much tied by such devices as party discipline, government/coalition agreements (which they have to sign in person during an inaugural meeting of the new cabinet), ministerial responsibility to parliament, and the dense consultation and negotiation processes taking place within their own departments and with other departments in the interdepartmental administrative "front gates" and ministerial committees. As mentioned under GO Expertise, ministers have strong incentives to represent their ministerial interests, which do not necessarily reflect government coalition policy in a one-to-one fashion. In addition, outright party-political differences are occasionally voiced in the media. During the Balkenende IV cabinet, one minister was forced to resign because trust in her capacities to implement government policy on the politically hyper-sensitive issue of integration was publicly questioned.

Monitoring line
ministries
Score: 8

Years ago, the Ministry of Finance introduced a new system for ministerial budget reporting, called "From Budgets to Policy Performance Accountability" (Van Begroting naar BeleidsVerantwoording, VBTV). Although implementation has been difficult, the exercise began to bear fruit in 2007 – 2009, at least in the sense that the line ministries have improved their reporting of countable interventions and performances. On Accountability Day (Woensdag Gehaktdag), parliament discusses tons of annual reports issued by line ministries. Although some argue this only leads to information overload and actually prevents meaningful parliamentary debate, it is equally true that ministries, forced to include policy performance reports (beleidsdoorlichting) in their annual budget reports, have been far more transparent in their goals and priorities than ever before. In addition, the

application of regulatory impact assessment procedures for administrative burden reduction gives ACTAL and the Ministry of Finance excellent opportunities for monitoring legislative initiatives by line ministries. One should bear in mind, though, that good monitoring opportunities will not always lead to faithful government policy compliance, as the nature of Dutch politics and government are more likely to lead to a new round of negotiations, bargaining and logrolling. In turn, this leads to a frequent reinterpretation of what government policy actually means.

Monitoring
agencies
Score: 6

The Netherlands has approximately 1,900 institutions/organizations, placed at arm's length from government, charged with implementing legal tasks with public money. Some 600 of them are so-called autonomous administrative authorities (Zelfstandige Bestuursorganen, ZBO), such as the Public Broadcasting Foundation (NOS), the Commissariat for the Media, the National Forestry Service (Staatsbosbeheer), the Central Statistical Bureau (CBS), or the Royal Dutch Academy of Sciences (KNAW). According to the national ZBO register, in 2004, approximately €120 billion was spent by such bodies. In 2009, ministries could not give a total amount spent. Only Social Affairs and Public Health provided information on how much money autonomous administrative bodies falling under their jurisdiction generate in terms of premiums and levies. In their departmental annual reports, seven ministries do not provide performance information. In addition, there are the numerous public educational institutes, academic hospitals and museums, as well as dozens of oversight bodies and inspectorates, such as the Authority for Financial Markets and Competition or the Inspectorate for Education. In 2006 these bodies employed some 10,000 work years of civil servants. They inspect issues as manifold as youth institutes, health institutes, penitentiary institutes, environmental hazards, transport hazards, mobile phones, etcetera.

There are several shortcomings in terms of monitoring ZBO and other types of autonomous administrative authorities: since the voice of citizens is barely audible, the quality of services cannot be directly assessed through democratic processes; ministerial oversight is fairly haphazard and opportunistic, and is limited to political priorities, risks or actual crises. One example includes the case of a former minister of finance and later CEO of a private bank that went bankrupt, who in 2010 had to be cleared of professional misconduct in order for him to continue his present function as CEO in a national bank receiving bailout funds. Two oversight authorities, the Dutch National Bank and the Authority of Financial Markets and Competition, arrived at mutually contradictory verdicts. The minister of finance had to play the role of

tiebreaker. However, there is also some evidence these authorities can be set up spontaneously to provide a form of horizontal accountability through peer review systems or client forums and potentially complement the hierarchical, more punitive oversight of ministries when it comes to facilitating genuine learning processes.

Task funding
Score: 8

In 2009, revenue-sharing from the national budget (€179 billion) comprised two-thirds of the combined income of the 441 local and municipal governments; revenues raised by local governments made up one-third. One-third of income from national revenue-sharing comes from a general fund for local government (Gemeentefonds). The general fund, which is the local governments' "pocket money" (because they may spend it as they like, see Constitutional Discretion), is allocated in ways that generally allow local governments to receive more as they need it. There are about 60 criteria for allocating money, 75% of which are related somehow to the local/municipal district size (i.e., in terms of number of residents and dwellings, total road surface, number of waterways). There are additional allowances for the four largest cities (Amsterdam, Rotterdam, The Hague and Utrecht). The general fund will not be increased for 2011 – 2012. Article 2 of the law on financial relations between national and local governments specifies that, if and when national policy imposes new tasks on local governments, the national government should also indicate how local costs may be covered (i.e., the "pay down to the nail" principle). However, increasing the general fund is just one option. National government may as well stipulate that local government ought to cover costs through increased revenue-raising efforts.

Whether or not local governments are funded adequately is monitored in nationwide financial scans and an annual update of the general fund. During the last years, the financial position of local governments has been somewhat enhanced through growth of the general fund and more-than-average use of local governments' own revenues (minus local taxes).

Citation:

http://www.robv.nl/default.aspx?skin=Rfv&inc=detail&id=1019&dossier_id=&type=publicatie).

<http://www.coelo.nl/ondermain.html>

Hans Keman and Jaap Woldendorp (2010), 'The Netherlands: Centralized – more than less!', in: Jürgen Dieringer and Roland Sturm (eds.), *Regional Governance in EU-Staaten*, Verlag Barbara Budrich: 269-286.

Constitutional
discretion
Score: 4

Dutch local governments are hybrids of "autonomy" and "co-government" forms. However, local autonomy is defined mostly negatively as pertaining to those tasks left to local discretion because

they are not explicitly mentioned as national policy issues. Co-government is financially and materially constrained in quite some detail by ministerial grants. Increasingly, Dutch national government uses administrative and financial tools to steer and influence local policy-making. Examples include administrative agreements, covenants, performance agreements, monitoring and benchmarking. Some would go so far as to claim that, violating the European Charter for Local Government, the aggregate of all these tools has created a culture of quality control and accountability that paralyzes local governments. This is due in part to popular and political opinion that local policy-making, levels of local service delivery and local taxes ought to be equal everywhere in the (small) country.

As mentioned under Task Funding, Dutch local taxes, both as revenue (% of GDP) and as tax power, are internationally insignificant. The recent abolition of real estate taxes on the use of houses has decreased local tax powers even more.

Decentralization allowances, which increase the size of the so-called general fund for local government, have, nevertheless, been given on condition of department approval of local government plans. This clearly violates the principle that the general fund is given unconditionally.

Citation:

Andeweg & Irwin, 1993, 162-3.

http://www.vng.nl/Documenten/Extranet/Marz/BEL/Rfv_ROB_Autonom_of_automaat.pdf.

http://www.vng.nl/Documenten/vngdocumenten/2010_overig/Inzet_VNG_voor_partijprogramma_s_landelijke_verkiezingen.pdf.

http://www.robrfv.nl/default.aspx?skin=Rfv&inc=detail&nieuws_id=895&type=actueel.

Hans Keman and Jaap Woldendorp (2010), 'The Netherlands: Centralized - more than less!', in: Jürgen Dieringer and Roland Sturm (hrsg.), *Regional Governance in EU-Staaten*, Verlag Barbara Budrich: 269-286.

National standards

Score: 7

The quality of local government policy implementation and service delivery is generally fairly high. However, in spite of national quality control and accountability mechanisms, and a continued series of mergers of smaller local governments with a view to meeting minimum national standards for executive/implementation capacity (from just over 700 municipalities in 1993 to 431 in 2010), production of services is decreasing (-1.3% for 2002 – 2007), falling far behind the development of GDP (+2,3%) and population growth (+0.3%) over the same period. In addition, price per unit local service delivery increased on average 0.7% faster than the average cost per unit of GDP.

Local governments themselves also try to meet mutually agreed standards. Several studies of Local Audit Chambers involve

comparisons and benchmarks for particular kinds of services. Local governments have, on a voluntary basis, for several years been organizing peer reviews of each others' executive capacities. In 2009, the Association of Dutch Local Governments established the Quality Institute of Dutch Local Governments (Kwaliteitsinstituut Nederlandse Gemeenten, KING). Its purpose is to implement new information technology so as to learn from each other through better benchmarks and to have more informed peer reviews of administrative/executive capacity per local government.

Finally, it should be mentioned that experiences with environmental policy implementation show a lack of law enforcement due to staff shortages in subnational governments.

Citation:

<http://www.vng.nl/Documenten/Extranet/Bestuur/KINGfolder160309.pdf>.

www.waarstaatjegemeente.nl.

<http://www.scp.nl/dsresource?objectid=23078&type=org>; Maten voor gemeenten 2009.

C Institutional learning

Adaptability

Domestic
adaptability
Score: 5

Government reform has been on (and off) the agenda for at least 40 years. To date, there has been no substantial or serious reform of the original government structure, which dates back to the early 19th century. The Council of State, which is the highest court of appeal in administrative law, is still part of the executive, not the judiciary. The Netherlands is one of the last countries in Europe in which mayors are not locally elected but appointed by the national government. After a short experiment, the Netherlands has abolished the idea of larger metropolitan areas (e.g., Rotterdam, Amsterdam) constituting a "superfluous" fourth tier of government. Dutch coordination of EU policies is still a turf fight between the Ministry of Foreign Affairs (not the prime minister's office) and line ministries.

International
coordination
Score: 8

Ever since the Second World War, the Netherlands was an avid protagonist and willing partner in all forms of international cooperation. However, research has shown that since the late 1970s, 60% of EU directives have been delayed (sometimes by years) in being transposed into Dutch law. The present-day popular attitude to international affairs is marked by reluctance, indifference or rejection. This has had an impact on internal and foreign policy, as indicated by the Dutch shift toward assimilationism in integration and immigration policies, the

decline in popular support for the 1%-of-government-spending-norm for development aid, the shift in the government's attitude toward being a net contributor to EU finances, and the rejection of the EU referendum. These changes have also affected government participation in international coordination of policy and other reforms from 2008 to 2010. According to reports on Dutch civil servants' cooperation in EU policy-making, cooperation in some technical fields (e.g., transport safety, medical issues) is smooth, whereas politically sensitive fields such as policing are met with reluctance and/or indifference. The Balkenende IV government stumbled over a decision to (dis)continue its military presence in Uruzgan/Afghanistan.

Organizational reform capacity

Self-monitoring
Score: 7

Self-reflection is a highly developed trait among professional and academic government-watchers. The Dutch have a forty-year history of reports and recommendations for adapting and reforming central government structures and procedures and reforming the electoral system (Citizen Forum on Electoral Reform). Other examples include reports on rebuilding "Thorbecke's house" of three levels of government and decentralizing some water board functions, recommendations for local government reforms, and, quite recently (February 2010), an Advisory Council of Public Administration report on (the lack of) trust in democracy and other topics of a purely political nature. In addition, academic authors, mainly from political science, sociology, history and public administration, have extensively reflected on the pros and especially cons of the Dutch political and administrative system.

Citation:

Jacques van Doorn, 2009, *Nederlandse democratie. Historische en sociologische waarnemingen*, Mets & Schilt, Amsterdam, 479.

Institutional reform
Score: 5

Although there is a considerable degree and scope of self-reflection and monitoring conducted in the Netherlands, the capacity – or rather, the will – to implement institutional reform is lacking. All practical recommendations with regard to electoral reforms, government structural reforms or administrative level reforms have been nipped in the bud because there was no (qualified) political majority in parliament. The only reform proposal actually implemented was the so-called dualization of local government, meaning the abolition of a highly monistic, collegial form of local politics and administration. In practice, this meant that the Board of Mayor & Aldermen and its bureaucratic apparatus were clearly identified in functional terms as the executive, to be controlled by local councils in a legislative capacity. Within the

framework of decentralizing policy tasks towards subnational, specifically local governments, Local Audit Chambers were established and provided the legal mandate to assume specific competencies. However, perhaps the most important reform of introducing local elections as the means by which mayors are selected was rejected. During the Balkenende IV years, the only structural reforms pursued were a set of pilot projects targeting improved interministerial coordination and civil service professionalization and centralization. All this is not to deny that on the level of individual organizations, reforms have become a permanent phenomenon, some of which undermine their precedents. Many professionals and civil servants complain that these organizational reforms actually prevent them from providing high-quality and personally satisfying job performance. All in all, although some individual state organizations, mainly on subnational levels, may temporarily enhance their strategic competencies, government and administration as a whole most certainly do not.

II. Executive accountability

D Citizens

Knowledge of government policy

Policy knowledge
Score: 5

Dutch respondents claim to spend slightly more time than the average European respondent on gathering political information via television, radio or newspapers. Nevertheless, the broader public does not seem to be well-informed on a broad range of government policies. This is due not to a lack of information, as there are abundant information sources, and thresholds to accessing information are low. As many people find political information emanating from The Hague complicated and/or uninteresting, they often fail to pay attention to it. A recent study elaborates on this issue. Four types of citizens are distinguished regarding their degree of political involvement: “wait-and-see” citizens (25%), impartial citizens (17%), dependent citizens (23%) and active citizens (35%). Active citizens show the highest motivation to become actively involved in public debate and – if possible – decision-making.

Although variation is found across citizen-types concerning political involvement, it is also necessary to reflect on trends concerning the entirety of Dutch citizens. In 2010, the Council of Public Administration

pointed to an unacceptably deep “cleavage” between politics and society. This is due, however, not only to inaction among citizens. The Netherlands’ vertically organized political institutions do not create the conditions needed to establish new connections with citizens, who operate horizontally. This also applies to the media, which plays a key role in improving how citizens frame their opinions.

At the same time, Dutch society is generally characterized as featuring robust civic activity due to the presence of several active political groups. Members of these groups are usually very well-informed, although their knowledge is often focused on specific areas of government policy. Nonetheless, relatively few Dutch citizens participate actively in political parties, excepting religious parties. Membership in political parties is decreasing and comprises only 2.5% to 3% of the electorate.

Citation:

SGI national report the Netherlands 2009.

Rob-RFv, *Vertrouwen op democratie*, Den Haag, 2010.

I. Verhoeven, *Burgers tegen beleid: een analyse van dynamiek in politieke betrokkenheid*, dissertatie, UvA, 2009.

http://www.scp.nl/Publicaties/Alle_publicaties/Publicaties_2010/COB_Kwartaalbericht_2010_1

E Legislature

Legislative accountability

Parliament’s right to obtain government documents is stipulated 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. Parliamentary committees face no difficulties in obtaining the government documents they need for their work. Delays may occur when needed information is required from a third party. For the most part, reports are already written in such a way that sensitive information is worded in a careful manner.

During the Balkenende IV period, parliament members criticized the prime minister for withholding information regarding the invasion of Iraq. The criticisms focused on the fact that in 2002 and 2003, the Balkenende I cabinet provided only selective information to members of parliament. From 2003 to 2009, the prime minister used his political influence to stall a parliamentary inquiry. Eventually in 2009 and 2010,

Obtaining
documents
Score: 9

resistance to an inquiry was broken, and evidence of strategic information being held was found with regard to Iraq and other issues.

Citation:

Bos verwijt Van Middelkoop achterhouden NAVO-verzoek, Nova, 2 april 2010: <http://www.novatv.nl/page/detail/uitzendingen/7705/Bos+verwijt+Van+Middelkoop+achterhouden+NAVO-verzoek>

Oppositie wil opheldering achterhouden Irak-advies, Nu.nl, 17 januari 2009: <http://www.nu.nl/algemeen/1901184/oppositie-wil-opheldering-achterhouden-irak-advies.html>

Stevige kritiek oppositie in debat-Davids, NRC, 16 februari 2010: http://www.trouw.nl/opinie/letter-en-geest/article2059403.ece/Red_het_parlement_.html?part=2

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 relationship between the minister refusing an invitation and parliament might suffer. Ministers will usually accept invitations to avoid this. Nevertheless, ministers often do not answer the questions in a forthright manner, as parliamentarians might wish. If a minister happens to be abroad at the time he or she is invited to appear, a substitute might appear instead. In the Netherlands, parliamentarians have every week the opportunity to summon ministers and pose a seemingly unlimited number of questions. In the period under investigation, the government has been confronted with an increasing number of motions to appear before parliament or respond to questions. For instance, the number of motions submitted by parliament members increased from 1,968 in 2007 to 2,543 in 2008. And the number of written questions increased from 2,671 in 2007 to 3,002 in 2008. Strikingly, the parliament member who raised the most questions was the leader of the one-issue party for animal rights.

Summoning
experts
Score: 9

Parliamentary committees can and often do invite experts to answer questions, or to facilitate the parliamentary committee members in asking questions and interpreting the answers. Limited finances are usually the only real constraint on the number of experts summoned. Nonetheless, expert or expert panels are not always involved. Recently, the parliamentary committee that studied the causes for the financial crisis (Commissie De Wit) failed to ask some critical questions. These questions might have been posed if experts had been involved in the public hearings. Unlike the United States, the Netherlands does not have a tradition of public hearings among members of parliament.

Citation:

Zes vragen over de commissie-De Wit, Alle ondervraagden kwamen met een schuldige, NRC-Handelsblad, 4 februari 2010.: http://www.nrc.nl/economie/crisiscommissie/article/2475570.ece/Zes_vragen_over_de_commissie-De_Wit.

Task area
coincidence
Score: 9

There are five types of parliamentary committees: fixed and temporary commissions, theme committees, parliamentary inquiry committees and residual committees. Most committees have 25 members, and each political party provides at least one member who belongs to the parliament. Parliamentary committees with jurisdictions mirroring those of the ministries monitor the ministerial departments. The committees specialize in particular topics. The fixed committees mirror the policy domains of the ministries. However, the Ministry of General Affairs lacks a fixed parliamentary committee. Committees mirroring departments in general effectively monitor their work. Other types of committees address other, more in-depth issues which are not always the responsibility of one ministry (e.g., the temporary committees on integration policy, expenditure of health care provision, and infrastructure projects). Theme committees address technology policy and senior citizens policy. Occasionally, parliamentary inquiries are held, such as the inquiries on the fall of Srebrenica and the construction sector fraud. Residual committees may address a wide array of topics, including government expenditure, credentials, operating procedures, information and safety agencies, and the renewal of the Parliamentarian Survey Act. However, much criticism has been triggered by the high degree of task area coincidence between parliament and ministries and the way parliamentary inquiries are conducted. Instrumental discussions by parliamentary committees are argued to have eliminated fundamental political-ideological discussions.

Audit office
Score: 8

The Netherlands' Court of Audit is the independent organ that audits the legality, effectiveness and efficiency of the national government's spending. The Court reports to parliament and its members are recommended by parliament and appointed by the cabinet. Parliament frequently consults with this institution, and in many cases this leads to investigations. Investigations may also be initiated by ministers or deputy ministers. However, such requests are not formal due to the independent status of the Court of Audit. Requests by citizens are also taken into account. The Court of Audit is supported by 300 full-time staff, distributed among five departments, of which three are dedicated to research. At least 75% of this staff works in the research departments.

The reports by the Court of Audit are publicly accessible and can be found online and as parliamentary publications (Kamerstuk). Parliament policy staff at national departments or local administration bodies are quite sensitive to criticisms from the Court. Court of Audit criticism can

prompt parliamentarians to summon ministers, as was the case in 2003, when a Court of Audit report on the infrastructural Betuweroute project led to considerable public debate. Every year, the Court of Audit checks the financial evaluations of the ministries.

In April 2008, the Court of Audit criticized the government for spending €0.5 billion on hiring external parties for information and communication technology (ICT) projects. The Court of Audit criticized in particular the government's tendering practices, as ministries tend to over-appreciate the benefits of automation, have too many demands and lack knowledge about the progress of ICT projects. The Court of Audit concluded that a correction mechanism was missing. Parliament members and experts in turn criticized the Court of Audit for underestimating the budget spent by ministries on ICT.

Citation:

Algemene Rekenkamer, Rijk verantwoord 2008, Rapport bij het Financieel Jaarverslag van het Rijk 2008 en uitkomsten rechtmatigheidonderzoek.

Rekenkamer uit forse kritiek op ICT-projecten ministeries, NRC, 23 april 2008.

ICT-Deskundigen: Raming rekenkamer veel te laag, Trouw 30 november 2007.

Ombuds office
Score: 9

The National Ombudsman of the Netherlands is 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. 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. The ombuds office has 140 full time personnel.

In 2008, 13,073 complaints were filed by citizens; in 2009 this number dropped to 12,222. Most complaints were filed in the domains of public finance, health affairs and social affairs. Eighty percent of the

complaints were found to be rightfully filed. If deficiencies in government interventions are detected, the government agencies in question are informed by the ombuds office and adequate measures are taken to redress the citizens. Since 2008, measures have been taken to increase public awareness of the existence and mandate of the ombuds office. One such measure involves the director of the office participating in public debates. He has, for example, publicly expressed his views on the riots at Hoek van Holland beach in which the public turned against the police.

Citation:

De Nationale Ombudsman, Voorbij het conflict; Verslag van de Nationale ombudsman over 2009, samenvatting.

F Intermediary organizations

Media

Media reporting
Score: 8

Dutch television and radio stations produce on a daily basis high-quality information programs analyzing government decisions. The main public news channel, NOS, is required to provide 15 hours of reporting on political issues every week. On the radio, the First Channel is tasked with providing primarily information. In recent years, the scope of the First Channel within society has been decreasing. This is not surprising since new media (i.e., the Internet) have grown at the expense of more traditional media and are becoming more influential in the provision of news. Strikingly, parliamentary debates are no longer publicly broadcasted on television. Nonetheless, NOS broadcasts Politiek 24, a digital television channel on the Internet that contains live streams of public debates, analyses, background information and a daily political show.

The chair of parliament has recently criticized the media for its lack of investigative reporting on public debates. Journalists are said to report only on issues for which they expect to attract a large amount of public attention rather than report on politically important issues. The Netherlands has increasingly developed the features of a mediocracy, a democracy governed by those who exercise power over the media in order to influence the populace. For example, a highly unflattering interview of the minister for housing, residential areas and integration was broadcast on public television channels and resulted in her resignation.

This, in turn, influences politicians who act strategically in order to attract journalists. Politicians now more than ever have to react to short-term issues in order to get attention by journalists instead of focusing on the content of political issues that attract less attention.

The Council for Culture, Committee Media is tasked with providing recommendations on issues relating to culture and media to the Ministry of Education, Culture and Science every four years. The Council is also involved in the evaluation of public broadcasting and concession provision to channels. There is a performance contract with national government. The public broadcasting agency fears the performance agreement will lead to an increase of unwanted recommendations. Recently, the Council expressed concerns about the increasing influence of politics on news provision and media diversification among public channels. The worries are partly due to the loss of duties paid by citizens for accessing public television and radio broadcasts (kijk- en luistergeld). Other concerns relate to the growing number of public channels competing against each other within a limited amount of broadcasting time. The emphasis on news provision among public channels is fading as they aim to meet the goals of increasing their viewing figures, which entails a diversification of content.

Citation:

Raad voor Cultuur, Advies Meerjarenbegroting 2009-2013 Nederlandse publieke omroep.

Politici en journalisten willen te vaak scoren; Kamervoorzitter: burger komt niet te weten wat er werkelijk gebeurt in Den Haag., Joop.nl/Politiek, 11 november 2009.

Media monitor: <http://www.mediamonitor.nl/>

Part of Commissariaat voor de Media (www.cvdm.nl)

Parties and interest associations

Party competence
Score: 8

Most 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 respect financial restraints. Since 1986, all political parties have had the right to have their electoral programs checked for feasibility by the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau, CPB) and the Netherlands Environmental Assessment Agency. As a result, party programs seem to have become on average more fiscally sound over time. However, recently a political newcomer, the Proud of the Netherlands party (TON) withdrew its political program from the

financial feasibility check by the CPB because the party didn't agree with the formal rules. However, these rules are equal to all political parties. Another right-wing newcomer, Geert Wilder's PVV, did have its political program checked.

In April 2010, the CPB rejected the electoral programs of two major political parties, VVD and CDA. Criticism focused on the proposed cutbacks to civil servant wages, a measure often proposed but which has never succeeded. Due to the short time interval between the fall of the Balkenende IV cabinet and the new elections, the environmental assessment of the electoral programs can only be investigated partially. Time constraints have also made it impossible to estimate macroeconomic effects and purchasing power impacts of specific policy program. It should also be noted that economic feasibility reports of electoral programs will only be available after the party conferences have already decided on party platforms. Secondly, an important political issue – the increase of the pension age – was never part of an electoral program. Due to the economic crisis, chances are that major budgetary issues will not be addressed before the elections, but will be of major importance once a new government coalition has come into power.

Association
competence
(business)
Score: 8

In the Netherlands, since the consultation approach to policy-making is of paramount importance, the question of association competence is relevant only to a limited extent. There is no lobbying culture in the Netherlands in the usual sense. These processes have become institutionalized. For instance, there are tripartite negotiations in which employers, employees and the Crown are fixed discussion partners in the early stages of decision-making regarding labor issues. The same takes place for regular negotiations with economic interest associations.

Association
competence
(others)
Score: 8

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 can influence policy-making through the existing consensus-seeking structures. Trade-offs are actively negotiated with ministries, other involved governments, stakeholder organizations and even NGOs. Furthermore, non-economic interest organizations react to policy proposals by ministries and have a role in amending and changing the proposals in the early stages of the policy-making process. They may also become involved later on with the implementation of policies.

In turn, it may be stated that policies proposed by ministries are also influenced by non-economic interest groups (although to a lesser extent than economic interest groups). In the Dutch neo-corporatist society, they participate in discussions with ministries and politicians in policy-making processes.

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