

SGI Sustainable Governance
Indicators 2009

International Cooperation

Domestic adaptability report



Indicator Domestic adaptability

Question Does the government respond to international developments by adapting domestic government structures?

30 OECD countries are sorted according to their performance on a scale from 10 (best) to 1 (lowest). This scale is tied to four qualitative evaluation levels:

- 10-9 = Domestic structures have been appropriately and effectively adapted.*
- 8-6 = Domestic government structures have largely been adapted.*
- 5-3 = Domestic government structures have partly been adapted.*
- 2-1 = The government has not adapted domestic government structures.*

Denmark

value 9 The European Union is the most intrusive form of international/supranational cooperation in which Denmark takes part. Since joining the organization in 1973, an elaborate system of coordination has developed within the administration, involving all affected ministries and agencies and often interest organizations as well. At the same time, the European Affairs Committee in the People's Assembly has become an efficient democratic control on Denmark's EU policy. In effect, Denmark speaks with one voice in Brussels.

Iceland

value 9 Because of its traditions and small size, Iceland tends to be a team player with regard to international cooperation. The structure and organization of government accords well with international practice, and has been reviewed and revised at regular intervals over the years, most recently in 2007. Even so, some observers have argued that a more ambitious streamlining of the ministries is desirable in order to weaken the long-standing links between special interest organizations and the line ministries. The unification of the ministries of Agriculture and Fisheries announced in 2007 is a step in this direction.

Although Iceland is not an EU member state, and is related instead only through the European Employment Strategy (EES) treaty, EU structures have to some extent been integrated and adapted domestically. According to the EES treaty Iceland is obliged to adopt around 80 percent of EU law. Iceland is also responsive to comments from the Council of Europe (CoEU), the Schengen border-control treaty group and U.N. institutions.

Ireland

value 9

Over the past decade, governance structures in Ireland have exhibited a relatively high degree of stability. This stability may be explained by the high levels of economic success since the mid-1990s as well as by political stability. The main adaptation of government structures in response to international developments has been in relation to Ireland's membership in the European Union. EU-wide legislation has been implemented across all government departments, and the Department of Taoiseach now includes a European and international affairs section tasked with coordinating EU issues on cross-cutting policy areas.

With the introduction of parliamentary ethics legislation and rules on party financing and election spending, regulation has become more transparent. Furthermore, following Ireland's participation in an OECD regulatory reform peer-review program in 2000 – 2001, regulatory impact assessments (RIAs) are now required for all new items of legislation and for the transposition of EU directives (see "RIA application" above). This change represents the latest step in a general trend of modernizing public services.

Austria

value 8

Austria's accession to the European Union in 1995 led to changes in the internal organization of federal ministries, such as the establishment of departments of EU affairs. Moreover, since 2000, the legal powers and administrative resources of the chancellery have been strengthened so as to improve the coordination of government policy.

In general, as an EU member state, Austria is directly and indirectly influenced by developments at the EU level. These circumstances have considerable consequences for Austrian governance structures not only at the federal, but also at the state and even lower levels. As a result, to a certain degree, the states have been integrated into federal policy-making related to the European Union.

Finland

value 8

Finland has shown limited willingness to act in response to international and supranational developments, especially in consequence of Finland's membership in the European Union. Finland was among the first wave of EU member states to adopt the euro, and is to date the only Nordic country to have done so. However, EU membership has not changed the country's long-standing de facto commitment to a nonaligned status. Domestic government structures have in several instances been adapted. Parliament's Grand Committee is tasked with preparing and dealing with

EU matters. The secretariat responsible for the coordination of EU affairs was transferred in 2001 from the Ministry for Foreign Affairs to the Prime Minister's Office, when its responsibilities were assumed by the Government Secretariat for EU Affairs. A system of policy coordination helps the country present a coordinated response on issues under consideration at the EU level. This system involves the relevant ministries, the Cabinet Committee on European Union Affairs, the Committee for EU Affairs, which is an advisory and mediatory body, and its various EU subcommittees. These 35 subcommittees are sector-specific preparative organs, and they constitute the foundation for the promotion of EU affairs at the civil servant level.

France

value 8

The interministerial coordination of France's European policy is regarded as the most effective in Europe (with the exception of the United Kingdom), which has often resulted in good cooperation between Paris and Brussels. The reason for this can be traced back to the 1950s with the development of the Secretariat-General of the Interministerial Committee for European Economic Cooperation (SGCI) as a central coordinator of European policy. Under the guidance of the prime minister, an additional committee was set up in 2005 with the aim of reaching a common monthly position regarding negotiations at the European level. Ministers working in the fields of foreign policy, European policy, financial policy and economic policy participate in the committee. Although the process leading to agreement between individual ministers and the president is seen as efficient, the participation of parliament, interest groups and other citizens' groups in influencing French-European policy is in need of reform. The exclusion of such groups can impede the implementation process of EU directives, as important information relating to the implementation process is usually only revealed after a decision has been made by the committee.

New Zealand

value 8

New Zealand was an early adopter of public sector reform, as part of a broader set of economic reforms in the 1980s and 1990s. This period saw substantial changes to governmental structures, including the separation of functions such as funding, purchasing and regulation, in some cases into separate organizations.

However, this was done under a majority government, based on the former first-past-the-post electoral system. Part of the reform package was the change to a mixed-member proportional electoral system. Today, given the multiparty system and minority coalition governments, radical reform would be much more difficult to achieve.

In any case, New Zealand is not part of any supranational governance structures such as the European Union, and therefore has no requirement to respond to developments from such organizations.

Portugal

value 8 Portugal's membership in the European Union has been the decisive factor in forcing it to adapt its domestic government structures to international and supranational developments. In particular, this adaptation occurs in all ministries and departments for which external relations play an increasingly important role. Of course, incumbent governments have already seized upon the need for such adaptation, arguing that it provides an opportunity to increase their autonomy vis-à-vis national parliaments, political parties and domestic interests.

Slovakia

value 8 Slovakia has successfully adjusted domestic government structures to international developments, most notably EU membership. It has reformed existing institutions and established new ones. Special emphasis has been paid to increasing the capacity to absorb EU funds. EU directives have been rather smoothly implemented. However, there is a need for institutional consolidation in that some of the new institutions have overlapping competencies.

Sweden

value 8 As a relative latecomer to the European Union, Sweden adjusted its policy and polity very much to its requirements. For example, in April 2005 the EU Department, which had previously been part of the Ministry for Foreign Affairs, was established within the PMO. This department is responsible for horizontal European integration matters, excluding those issues related to the enlargement of the European Union. The reorganization of who handles EU affairs has caused a certain degree of conflict between the PMO and the Ministry for Foreign Affairs, and it is generally believed that this reorganization has led to a power shift. Indeed, following the 2006 elections, a new ministerial post, the minister for EU Affairs, was established so as to provide a head for the new EU Department.

Since Sweden joined the European Union in 1995, EU policy has not been very popular in the country. This is illustrated, for example, by Sweden's decision to not join the euro zone and participate in other coordinated policy fields (e.g., information policy). Instead, Sweden has often chosen to follow its own path. The "appropriateness" of this decision is really a matter of opinion, seeing that Sweden often has higher standards than the rest of the EU countries.

Sweden has a permanent representation to the European Union in Brussels to handle its EU affairs. This representation is an extension of the Swedish government, and its primary task is to ensure that Swedish interests and policies are pursued as

effectively as possible in the European Union. Another important task of the representation is to supply analyses and assessments to the Swedish government offices responsible for shaping EU policies. The representation also acts as the Swedish government's everyday communication link with EU institutions.

Turkey

value 8

Efforts are constantly made to adapt domestic government structures to fit EU requirements. One example is the statistical services used by many government agencies. Significant efforts have been made to adapt to EU standards in this area, to ensure that all government agencies deliver and use data in conformity with these requirements.

As part of structural administrative reform, the government has also started a program to reform and modernize local administrations. The program was launched between 2004 and 2005, through the adoption of new legislation for municipalities, metropolitan municipalities, special provincial administrations and unions of local authorities, as well as through a new law on public financial management and controls that was adopted in December 2003 (and which also applies to local administrations).

A new law over municipal revenues was, at the time of writing, scheduled to be adopted. These new laws encompass a number of reforms addressing all aspects of local administration and management, with the final purpose of enabling local authorities to provide better public services, manage more efficiently financial resources and engage more actively in policy-making with national authorities and create partnerships with other local authorities in EU member countries.

Almost all public governmental entities have a unit for EU affairs, and strategic planning units are included in all ministries. Some pilot studies have been conducted in public administration, including municipal governments under the supervision of the strategic planning department of the State Planning Organization. Transparency and accountability have a part in administrative culture, at least conceptually.

Australia

value 7

Successive governments have shown strong commitment to adapting domestic political institutions so that they conform to accepted international standards, and to treaties and conventions to which Australia is a signatory. This has been the case particularly in the areas of human rights, anti-discrimination and transnational crime, where Australia has been a regional leader. The only major treaty in recent years to which Australia has not been a signatory is the Kyoto Agreement on climate change. With regard to government structures, however, reform processes are essentially driven by domestic imperatives and are largely insensitive to international and

supranational developments. There have been few international developments in recent times perceived as requiring any adaptation of domestic structures with regard to the organization of or cooperation among ministries and the cabinet, or the relations between national and subnational units.

Belgium

value 7

National as well as regional authorities are quite receptive to international reform trends such as “new public management” initiatives. However, reform efforts are seldom coherent and adaptability is often limited, for two reasons. For one, there is seldom coordination on policy matters between federal and regional decision-makers. While Belgium adopted international developments rather quickly post-World War II, after constitutional reforms and the introduction of federalism, adaptation has been much more complicated amid the country’s complex institutional arrangements. Secondly, there is a lack of specifically trained and politically autonomous, high-level public servants who would be able to push reform agendas from within the government bureaucracy. Still, as a rather small member country within NATO, the European Union and other international organizations, Belgium cannot but largely adapt to most international reform developments, whatever institutional hurdles exist.

Germany

value 7

Interministerial coordination with regards to Germany’s European policy is regarded as less effective than that of the French or British system. In the 1990s, pressure emanating from globalization and Europeanization led to the creation of departmental units at federal and state ministries specifically tasked with handling EU-related processes.

These adaptations have had mixed results, as the government is otherwise organized in patterns established at the end of the 19th century, and in the postwar period. The high levels of ministerial autonomy make it difficult to reach a common position regarding day-to-day negotiations at the EU level.

Hungary

value 7

The Hungarian government has tried to adapt domestic government structures to international developments. It has reformed executive branch coordination mechanisms with an eye toward meeting the requirements of EU membership, and has put strong emphasis on improving the policy implementation capacity of the subnational governments. However, the implementation of EU programs has remained problematic, in part due to the government’s failure to reduce the substantial administrative fragmentation at the local level, but also due in part to a

lack of experience at the different levels of government.

Italy

value 7 Over the years, the central government has sought to adapt its structures to needs that originate from international or supranational developments. The impact of European integration and its constraints and opportunities has been particularly significant. The growing role of the finance minister and of the Ministry of Finance within the cabinet is probably the most visible aspect of Italy's adaptation to a post-Maastricht environment. This has meant that the Ministry of Finance conducts a much more careful monitoring of policy proposals from other ministries than in the past. The Ministry of Defense has too in the past years deeply reshaped its organization to face the country's growing involvement in peacekeeping operations.

As of 1987, the list of Italian ministers also includes a minister in charge of coordinating Italian government policies with those of other European Community countries. Emma Bonino was the minister under the Prodi II government, and was also appointed as head of the Foreign Commerce Office, created by Prodi in 2006. The persistent weakness of the prime minister in guiding the cabinet's strategic planning has not allowed the Italian government to always maintain its credibility in the international arena.

Japan

value 7 Major overhauls of Japanese government structures, the last of which occurred in 2001, have been driven by domestic rather than external pressures.. Within existing ministries, including the recently strengthened Cabinet Office, reorganizations and personnel reshuffles have occasionally taken place in response to inter- and supranational developments, and the corresponding new tasks and challenges.

Luxembourg

value 7 Domestic government structures have not been fully adapted to the increasing interdependence of national, EU and international policy-making. In 2004, the Economic and Social Council proposed reshaping executive branch structures and ministerial responsibilities to match the structure of the EU's Directorates-General. These recommendations have not been implemented. This may be one reason why Luxembourg has had increasing difficulties implementing new EU directives.

Mexico

value 7 Policy recommendations by international organizations such as the IMF, the World Bank, the Inter-American Development Bank (IADB) and the OECD have had a

strong impact on Mexico's reforms during the last two decades. Given Mexico's experience of macroeconomic crisis, policy recommendations by Washington, D.C.-based financial institutions have been influential in fields ranging from budget policy and intergovernmental relations to health and education. The finance department often uses its international experience to try to influence policy-making within Mexico itself. Other ministries often work with international agencies of one kind or another. There have been some efforts at adaptation – many triggered by the North American Free Trade Agreement – but sometimes these do not fit easily into the Mexican environment. In military and security matters, the long tradition of isolationism prevalent during the authoritarian period has not been easy to overturn. For example, the country has taken little part in organizations such as NATO, or in international military alliances. Indeed, the gap between formal state modernization and the reality of partial state failure implies that the country's implementation of external advice and adaptation to supranational developments have been only partially effective.

South Korea

value 7

The Korean government is usually fast to react to criticism by international organizations, and tries hard to adopt international standards. However, since Korea started from a much lower level than other OECD countries, many changes are still needed. Good examples of past adoption of international standards include the improved fiscal transparency regulations and the implementation of regulatory impact assessments into the bill-drafting process.

Since the Asian financial crisis in 1997, widespread bureaucratic reforms have taken place. Policymakers have tried hard to transform developmental state-style structures into a neoliberal model. These changes have included the reduction in the number of government officials, the outsourcing of some functions, rearrangement of organizational roles and privatization. In addition, globalization and the passage of free trade agreements have also sparked governmental adaptation.

Spain

value 7

The Spanish government has responded to the demands of membership in the European Union and other supranational organizations in a number of ways. Apart from the creation of a system of coordination for European affairs, ministries have been Europeanized, and in concert with the country's accession to the European Union, a program of modernization was launched to improve the functioning of the executive branch. This included the creation of a General Secretariat to address issues of climate change and fulfillment of the Kyoto Protocol; the creation of the Lisbon Permanent Unit, to further and monitor the 2005 agreements of the Lisbon European Council; and the creation of the Coordination Unit for International

Terrorism, to fulfill NATO agreements. The adaptation of domestic government structures to European Union norms has not been implemented appropriately or effectively. Spain is, however, the European country with the best record of translating EU directives into legislation (a 98 percent success rate) and in addition, the country has typically modified or created administrative units to deal with new supranational developments.

Canada

value 6

Canada has yet to be challenged in a way similar to the EU member states in responding to the imperatives of supranational integration. While the North American Free Trade Agreement (NAFTA) can, in a sense, be understood as being a “mega-constitution,” it does not impose the same constraints on Canadian governments to adapt their domestic government structures.

By and large, Canada has adapted well to the pressures arising from North American integration. For example, in the highly sensitive area of border management, Canada and the United States have a long history of collaboration on the federal and state-to-state levels.

However, Canada has been much slower to respond to international developments related to climate change. The government has been slow to implement organizational change in the face of growing international pressures to cut carbon emissions. Previous governments modeled some of their reforms on those of other countries. Notable examples include the introduction of a child tax benefit inspired by the UK Child Tax Credit and the introduction of a consumption tax by the Mulroney government (i.e., the Goods and Services Tax, or GST), which put Canada’s taxation structure more in line with those in European countries.

Netherlands

value 6

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

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

However, the fact that the central government is increasingly facilitating the

participation of municipalities in international activities is an example of how some international developments have an active effect on national political structures.

Norway

value 6

Government structures have remained rather stable over time. However, there is an ongoing effort to improve the institutional framework. For example, the constitution underwent a major reform over the last decade (with final approval coming in February 2007), and it is common for new governments to reallocate tasks across ministries.

Examples of adaptation are the early establishment of an environment ministry, a strengthening of the political leadership devoted to development cooperation, and the recent establishment of a directorate of integration separate from the body dealing with immigration issues. In general, interdepartmental coordination has increased as a result of international activity, and particularly so in relation to the handling of European affairs. The Ministry of Foreign Affairs has decided in principle to establish a new post of anti-terror coordinator, but by the close of this period of analysis, had as yet failed to fill the post.

Switzerland

value 6

Although not a member of the European Union, Switzerland has a number of bilateral agreements with the European Union. Joining the European internal market has led to a heavy policy implementation load. Several recent institutional reforms have made the Swiss political system and economy compatible with international and supranational norms and decision-making processes (e.g., the creation of cabinet-level secretaries of state who can represent the government in international negotiations, or new special institutions that review whether new bills are compatible with EU regulations). However, some critics say this degree of adaptation is not yet sufficient.

United Kingdom

value 6

Although euroskepticism is widespread in the United Kingdom, Britain is nonetheless a key member of the European Union and must adjust its political structures, at least in part, to keep pace with supranational developments. All ministries have therefore adapted their proceedings to the new European context and are active participants in European political discourse.

In the early 1990s, Prime Minister Major created the office of a minister for European affairs, and both houses of Parliament established committees to handle

EU affairs. Shortly after coming into office, Prime Minister Blair transferred institutional responsibility for European affairs from the Cabinet Office to the Prime Minister's Office, placing EU issues within his immediate reach and thus lending them greater importance.

Parliamentary procedures were also changed to give Parliament a more prominent voice in the early stages of European policy formulation. There are, however, few clear channels for subnational governments to participate in this process. Subnational governments have been involved in the British delegation to the Committee of Permanent Representatives and the Council of Ministers. In cases in which subnational governments have led the delegation, they speak for the United Kingdom as a whole. The devolved administrations and the UK government signed a Memorandum of Understanding on EU issues and a concordat on competencies. The Scottish Parliament created a European and External Relations Committee.

Czech Republic

value 5

The main external source of pressure for the adaptation of government structures has come during the process of EU accession, but its impact has been mediated through conflicts in domestic politics. Some have welcomed EU membership as a means to force through desired changes, while others resent its influence. The creation of regional authorities, for example, came in response to pressure from Brussels. This change was backed by some groups within the country believing that strong regional structures would lead to a general strengthening of civil society. At the same time, opposition by part of the political spectrum somewhat slowed its implementation. EU membership also served as an important impetus for modernizing the central public administration, but the results of reform have been limited.

United States

value 5

While the United States sees one of its worldwide missions as being exporting democracy to other countries and often successfully exerts diplomatic, economic and military pressure on nondemocratic nations to adapt their domestic government structure according to its desires, it is almost immune against foreign demands for adapting its own domestic government structure to respond to new international developments.

One could argue that, as a world power, the United States has less of a need to adapt its domestic structures to an international environment. On a narrower level, as a creator of many international organizations, the United States has naturally developed institutional structures that are able to respond to its international obligations (from the National Security Council to the United States Trade Representative). Climate-change negotiations have been firmly institutionalized

under the auspices of the Under Secretary for Democracy and Global Affairs in the State Department. In terms of security policy, the creation of the Department of Homeland Security (DHS) in 2002 transferred parts of the U.S. Secret Service from the Department of the Treasury to the new department, effective as of March 1, 2003. The creation of the DHS can be seen as a domestic structural response to the challenges of international terrorism. As a whole, the international focus on anti-terrorism units and law-enforcement strategies has increased greatly. In structural terms, the United States is fully capable of responding to international developments.

Greece

value 4

The government has tried to adapt domestic structures to international and supranational developments by creating new divisions and sections within ministries, which focus on international and EU-related tasks; by founding new agencies tasked with implementing international and EU projects; by implementing transposed legislation and absorbing relevant funds; and by hiring new personnel, who have the technical and language skills useful in these activities. However, the synergies between these new divisions, sections, agencies and expert personnel and the central government's traditional ministries and civil service personnel have often been few and unproductive. There have been gaps in service delivery, mismanagement of projects, and misallocation of foreign funds. This has become evident in Greece's failures or delays in ratifying international conventions, transposing EU legislation and absorbing funds.

Poland

value 4

As part of the accession process, domestic government structures have partly been adjusted to meet the requirements of EU membership. Local and regional government competencies were extended to improve government's ability to receive and use EU regional and structural funds. The National Assembly and the central government set up special organizations to deal with accession and membership issues. Due to the divergence of departmental priorities, however, the coordination of EU-related activities has remained a problem.

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

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

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