

# A government renaissance

## Representing the public's interests



*Ellen van Doorne and Boudewijn Steur<sup>1</sup>*

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The time has come for a government renaissance. First and foremost, this reappraisal entails acknowledging that the government matters with regard to representing the public's interests. The government plays a crucial role as crisis manager, as the financial crisis and the ensuing great recession made evident. But it is also the key player when it comes to addressing the major societal issues of today, such as the energy transition, robotisation and the labour market. Furthermore, the importance of good institutions is increasingly being recognised. In other words, it is important to carefully assess governmental interventions. However, this necessary reappraisal of the government must also take into account that the government's role is no longer defined as it was decades go. We can only fall back on old formulas to a certain degree. Now, in the second decade of the twenty-first century, the government's role must be redefined. And this undertaking is urgent, for though the social context has drastically changed, the discussion about the government has been firmly entrenched in the past for too long.

Our image of the government, the expectations that we have of it and the way in which we talk about it have changed course many times since the Second World War. In the wake of the Second World War, the government had a very clear task: to rebuild the country and the economy. During those first decades after the Second World War, the government played a pivotal role in the formation of the welfare state, national spatial planning and economic development. However, this changed towards the end of the 1970s and in the early 1980s.

<sup>1</sup> Ellen van Doorne and Boudewijn Steur work at the Dutch Ministry of the Interior and Kingdom Relations. They have written this study in a personal capacity.

The government had to step back as much as possible, in favour of leaving things to the market. This was the dominant paradigm until the turn of the millennium. Then, slowly but surely, the idea emerged that society itself needed to take responsibility for the public's interests. In recent years, that impression has begun shifting yet again: the idea that it is the government's task to represent the public's interests is garnering more and more support.

However, the circle is not yet round. After all, the current context for representing the public's interests differs greatly in comparison with a few decades ago. The government faces new questions relating to three key challenges. These concern the government's constrained financial resources, its limited ability to act due to privatisation and decentralisation and people's divergent expectations of what role the government should assume. These three major challenges demand renewed reflection on the role and the function of the government.

This study does not reflect our own research on the role of the government, but rather assembles the current state of thought on the matter. We think it is high time for new approaches to the thinking about the role and meaning of the government and its institutions. These are beginning to emerge, but have yet to fully crystallise. As such, it is a good time to take stock of the situation and to engage in discussions about it. The aim of this study, therefore, is to compile current and authoritative knowledge about the changing role of the government and the importance of its institutions. We want to outline the emerging lines of thought about the role of the government and its institutions. We will conclude our study with several courses of action for the central government and, in particular, for the Ministry of the Interior and Kingdom Relations. In our view, rather than being conclusive, this study serves as a conversation starting point.

## 1. Perspective and perimeter

Midway through the fourteenth century, Leiden lawyer Philips van Leiden offered his treatise *De cura reipublicae et sorte principantis* to Count William V. In this, van Leiden argues that the prince is the guardian of several unalienable rights, which were inherently of interest to all the residents in his domains. In fourteenth-century Holland, this concerned matters like the care of waterways and roads or the maintenance of ferry services. In his treatise, van Leiden identified which social areas belonged to the public interest and how the prince should defend these interests. *De cura reipublicae*, therefore, represents the first fundamental reflection on safeguarding the public's interests in the Netherlands. Since then, our views on this subject have evolved considerably. A salient feature of this development is that what is considered a public interest and how it should be safeguarded over time, changes.

In this study, public interests are understood as those interests whose representation is desirable for society as a whole and are, therefore, political (SER [Social Economic Council], 2010). This ties in with the definition employed in the Netherlands for some time, but which — we acknowledge — does present limitations. It follows from this definition that no interest is public unless politics has acknowledged it as such (Smit, 2010).

Two different approaches can be taken when investigating the representation of the public's interests. Firstly, one can ask, 'Which social areas should be classified as public interests in the second decade of the twenty-first century?' A second approach is to ask 'How should these public interests be represented, and which parties should be primarily involved in doing so?' After all, the representation of the public's interests does not have to be undertaken by the government itself. In this study, we have expressly chosen for the second approach, because the first one is an explicit task for politics.

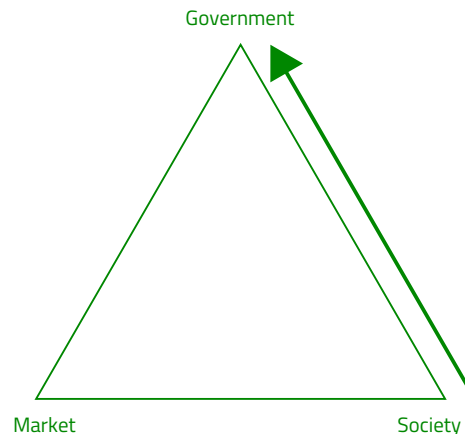
The study is structured as follows. In the second chapter of the study, we discuss the changing perceptions of the government's role as a guardian of the public's interests. How has this evolved over the past decades? In the third chapter, we discuss the actual changes for the government in terms of safeguarding the public's interests. In other words, to what extent were ideological shifts accompanied by actual shifts? In the fourth chapter, we describe the most important changes that brought about a reappraisal of the government. In the study's final chapter, we examine the question of 'How, in the year 2018, should the government act as a guardian of the public's interests?' We start by identifying three dilemmas that are significant to the government as a guardian of the public's interests. An agenda for the upcoming years logically follows from these dilemmas.

## 2. 1945-2015 – The shifting discourse about the role of the government

In this chapter, we outline the historical development of the discourse around the government as a guardian of the public's interests. Therefore, this chapter deals with the way in which the role of the government has been discussed. In broad strokes, this can be broken down into three phases. In the first section, we focus on the period of the last century from the Second World War up to the late Seventies. In the second section, we sketch a portrait of the views in the period from approximately 1980 until the turn of the millennium. In the third and final section, we focus on the period from 2000 onwards. In each historical phase, it appears that the representation of the public's interests can be positioned within a triangle made up of the government, market and society.

## 2a. 1945-1980: The government's turn

After the Second World War, there are two major, nascent developments in the representation of the public's interests. Firstly, it is evident that the government is primarily focused on rebuilding the country. Secondly, the issues that politicians consider part of the public's interests expand; the public's interests, consequently, expand as well. It is during this phase that the welfare state is developed. Solving societal issues, such as developing the economy, making society safe and bridging major socio-economic differences, primarily becomes a task for the government.



The guiding role of the government perhaps features most prominently in relation to the economy. After the Second World War, a new world order was created that contained international institutions such as the United Nations and the Bretton Woods institutions. All of the Western countries opted for collective employment terms, economic planning and the development of social services. Foreclosure and the regulation of markets, price interventions and subsidies formed the rule rather than the exception. 1945 to 1980, at least in retrospect, represented exceptional years, with high economic growth and relative social peace: from the 'Wirtschaftswunder' and 'Les Trente Glorieuses' to 'the Age of Affluence' (Judt, 2010).

This period was characterised by the 'embeddedness' of the economy: public interventions and regulations provided a framework in which markets could flourish. This 'embedding' of markets was achieved through the development of institutions (Hemerijck et al, 2009).

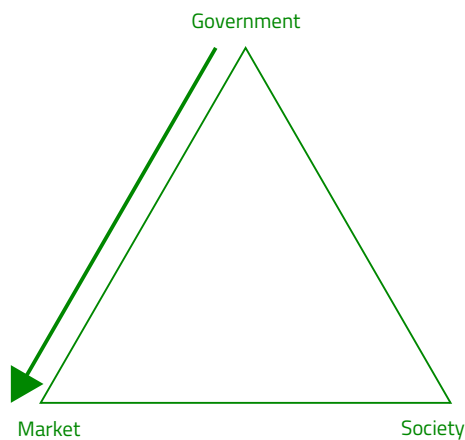
**The post-Second World War era saw an expansion of the welfare state.**

The government manifested itself as a guardian of the public's interests in other fields as well. In the Netherlands, the reconstruction programme enabled a large-scale, accelerated roll-out of welfare state arrangements.

Socio-economic policy, like in West Germany, could be described as a hybrid of the strong Keynesian demand-oriented policy of the United Kingdom and the French supply-oriented policy embodied by the national industrial policy (WRR [Scientific Council for Government Policy], 2013). Up until the Sixties, the Netherlands had mainly focused on achieving a minimum level of provision. After that, however, the rapid rise in prosperity raised the bar. The opaque system of insurances and provisions becomes a form of 'civilisation' (WRR, 2016).

## 2b. 1980-2000: The market's turn

In the mid-1970s, the idea that the market was better at safeguarding the public's interests than the government was gained traction. This change in thinking was highlighted by the oil crises. Initially, when the economies faltered, the old, Keynesian approach had been implemented. As it turned out, this led to stagflation: a dangerous combination of a stagnating economy and high inflation. Unemployment shot up quickly. Governmental interventions aimed at solving societal issues did not always produce the desired effect. After the 1970s, the philosophy of social engineering quickly crumbled. This did not necessarily mean that the government was assigned a smaller role (see chapter 3), but that the actions of the government were problematised.



**From the end of the 1980s, however, the government was increasingly portrayed as a problem.**

This period created space for conservative-liberal philosophies, such as: high taxes hinder economic growth, government regulation hampers entrepreneurship and the smaller the state, the healthier the society. This view enjoyed broad-based support throughout the Western world. In less than a decade, the dominant paradigm had shifted from interventionism and the pursuit of public goods to a world view in which the government was no longer the solution, but the problem. Two of the most influential political leaders representing this way of thinking were Margaret Thatcher ('there is no such thing as society, there are only individuals and families') and Ronald Reagan ('Morning in America') (Judt, 2010). The majority of the criticism targeted the functioning of the welfare state. On one hand, the criticism focused on costs. Not only was the expanding welfare state consuming too much of the government's financial resources, but this was to the detriment of the economic activity. On the other hand, the criticism was political and philosophical in nature. The welfare state was having an undesirable impact on mutual relations, as these were being anonymised. Human solidarity was being eroded and people were not being sufficiently advised of their own responsibilities (WRR, 2006).





*Margaret Thatcher and Ronald Reagan, Washington DC*

*photo credit: Hollandse Hoogte*

The change in discourse was particularly evident in the field of economics. The feeling was that the government should give the economy a wide berth because only the market could increase overall prosperity. From the standpoint of economics, more attention was paid to the supply side (capital, labour and technical development) of the economy. Removing obstacles on the supply side of the economy was prioritised. Generally speaking, the economic theories to emerge during this period had a twofold, but consistent message. The first theory was that markets ensure the efficient allocation of scarce resources and so, by extension, they are ideally suited to creating prosperity. The second theory was that governments generally operate inefficiently, which means they are ill-suited to managing a complex economy (in detail). The increasing emphasis on the market was consequently accompanied by strong criticism of how the government functioned (WRR, 2012). The fall of the Berlin Wall in 1989 marked the definitive triumph of the liberal market model. Market thinking was also put into practice by international organisations, such as the IMF, the World Bank and the OECD (which incidentally, had already started doing so). This was referred to as the 'Washington Consensus' (Stiglitz Serra, 2008), a policy formula for countries with troubled economies, in which trade liberalisation, tax reform and privatisation of state assets were central concepts.

The criticism of the government's functioning also came from the public administration, where the view was that the government had simply become too large and bureaucratic. Business concepts such as effectiveness and efficiency were subsequently introduced within the government. The government's size and scope needed to be reduced, and the civil service needed to be more enterprising and less bureaucratic (Osborne & Gaebler, 1993). These notions were a good match for the privatisation thinking popular during the Eighties.

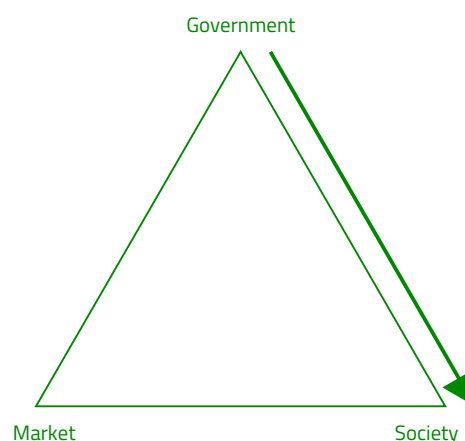
### Market thinking also entered the government

As such, New Public Management, a conceptual model of Anglo-Saxon origin, was also introduced. The central tenet of this model was that the government, in comparison with the business world, does not operate effectively and efficiently. The bureaucratic and hierarchical organisation of the government did not suit the flexible network society. The separation of policy and implementation as well as the incorporation of (economic) incentives to improve governmental performance became part of the government's actions repertoire (WRR, 2012).

Another essential feature of this period was the technocratisation of administration. In the Dutch context, independent institutions such as the planning bureaus gained significance in policy development. Policy making became increasingly rational and substantive. Moreover, a substantial portion of government policy and implementation was delegated to specialised government bodies that were not under direct democratic control, such as the independent administrative bodies in the fields of competition, health care and social tasks. At the same time, a series of privatisations was realised as part of this same wave, in the fields of public transport and the postal service, for example. On a supranational level, many powers were transferred to 'transnational' institutions such as the European Commission, the ECB, the WTO and the Court of Justice in Luxembourg (Thatcher & Stone Sweet, 2002).

### 2c. 2000-2015: the citizen's turn

Around the turn of the millennium, pressure began to build on the neo-liberal discourse and New Public Management. In the period from 2000 to 2015, people sought out additional ways to represent the public's interests alongside the market-government axis. Above all, the answer lay in socialisation: the citizen, the society. Now it was society's turn to represent the public's interests, the idea being that: people generally have a better understanding of the problems and the ways in which they can be addressed. Furthermore — according to the reasoning — people themselves are also more willing and better able to take on the task of representation. In the Netherlands, this was highly evident in the discourse taking place in the Balkenende cabinets.



Throughout the Western world, societal interest in representing the public's interests was growing. The first indications of a change in discourse came from Tony Blair, with his 'Third Way', but this change culminated in the appointment of David Cameron. In 2010, David Cameron launched the term 'Big Society': 'A deep, serious reform agenda to take power away from politicians and give it to people.' With this, a number of tasks were returned to British society for governance.

After 2000, solutions originating from society increasingly took centre stage

For instance, some of the central government's powers were transferred to local governments, thereby strengthening local communities. In the wake of this, efforts were made to reform the public services, thereby providing more room for voluntary organisations.

And finally, citizens took on a more active role in society. However, in practice, the 'Big Society' proved unmanageable. After 2013, Cameron stopped publicly mentioning the 'Big Society'. The concluding studies into this policy explicitly declared it bankrupt (Civil Exchange, 2015). Research has shown that the number of people working in the public domain on a voluntary basis has declined since the economic crisis. People feel that decision-making has become less transparent due to task decentralisation and that they have lost control of the representation of their own interests. Finally, the public services reform did not lead to greater ownership by citizens or professionals. Rather, a small selection of private providers came to dominate this sector.

In the Netherlands, the high point of the shift to community-based thinking is conceivably the launch of the term 'participation society' in the 2013 Speech from the Throne. At that time, King Willem-Alexander said: 'It is an undeniable reality that in today's network and information society people are both more assertive and more independent than they were in the past. This, combined with the need to reduce the budget deficit, means that the classical welfare state is slowly but surely evolving into a 'participation society'. Everyone who is able will be asked to take responsibility for their own lives and immediate surroundings.' Explicitly linking this with the necessary budget cuts resulted in the 'participation society' primarily being experienced as an austerity measure. We will discuss this in greater detail in chapter 4.

Over the past few years, the discourse surrounding the participation society appears to be waning. Two elements have contributed to this decline. The first is that of the level of participation. People seem to be less willing to participate in the public domain than previously assumed. Although there is a group of citizens with a strong need — and who express it — for more participation opportunities, there are also large groups of citizens who are not driven by the same desire to participate. The second is that has become clear that not all people are equally capable of participating. In fact, it is precisely those people whose interests are at stake who are less capable of representing their own interests (WRR, 2017).



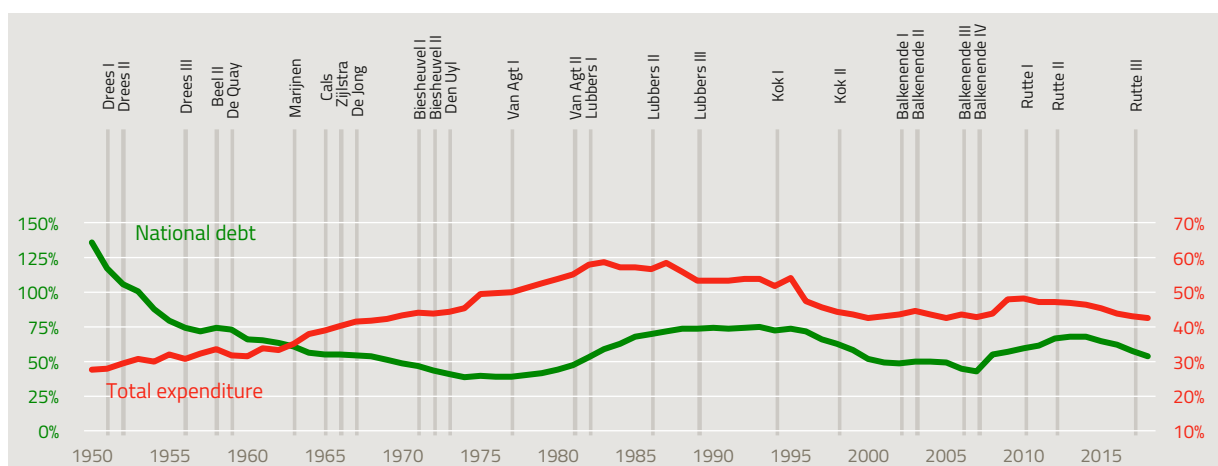
### 3. 1945-2015 – Actual changes to the role of the government

The previous chapter focused on the discourse about the government: how views about the government's role have shifted over time in relation to the market and society. In this chapter, we examine whether these fluctuations in our way of thinking also translate into how the government represents the public's interests.

The following picture emerges.<sup>2</sup> The size of the government increased within the period from 1945 to 1980s, then it declined in relative terms if we focus on spending and employment. This shift is in line with the change in discourse from a strong state to prioritising market forces and the problematisation of the government. Further post-2000 'outsourcing' of tasks to society cannot be substantiated with these figures. The other figures reveal a more blurry picture. The government disposed of many tasks in the 1990s, but it remained involved with the outcomes of policy and implementation via its regulatory authorities. Regulation actually increased after 1980, before stabilising during the 2000s. Therefore, it is not possible for us to speak of a government that is retreating or 'letting go'. It does, however, suggest that the nature of governmental intervention has fundamentally changed over the decades.

#### 3a Government expenditure

The previous chapter included a description of the discourse about the government, which roughly developed from rebuilding the state during the post-war period to a turning point after the oil crises, which ushered in a period of government downsizing, to the post-2000 period in which greater emphasis was placed on the role of community. Parallels can be drawn by placing this change in discourse alongside government expenditure.



Total expenditure and national debt, as a percentage of GDP, based on MEV 2018

Source: SEO (2017, p.2)

<sup>2</sup> Statistics substantiating this chapter have been taken from the report 'De rol van de overheid'. Indicators for the development of the role of the government since 1945' conducted by the Economic Research Foundation (SEO) on behalf of the Minister of the Interior and Kingdom Relations.

Government expenditure (as a percentage of GDP) significantly increased during the post-Second World War period. In 1950, public spending amounted to just over 25% of the GDP. In the early 1980s, this percentage rose to nearly 60% of the GDP, mainly as a result of the expansion of the welfare state. Since then, expenditure has decreased to just over 40% of GDP in 2018. Social security expenditure, in particular, has decreased since the 1980s. This parallels the discourse about a ‘retreating’ government. In the post-2000 period, we see a stable expenditure pattern between 40 - 50%, with the exception of the relative increase in expenditure following the outbreak of the 2008 financial crisis. The impression of a government ‘returning’ to society after 2000 is, in any case, not based on any

actual progression in the size of the government.

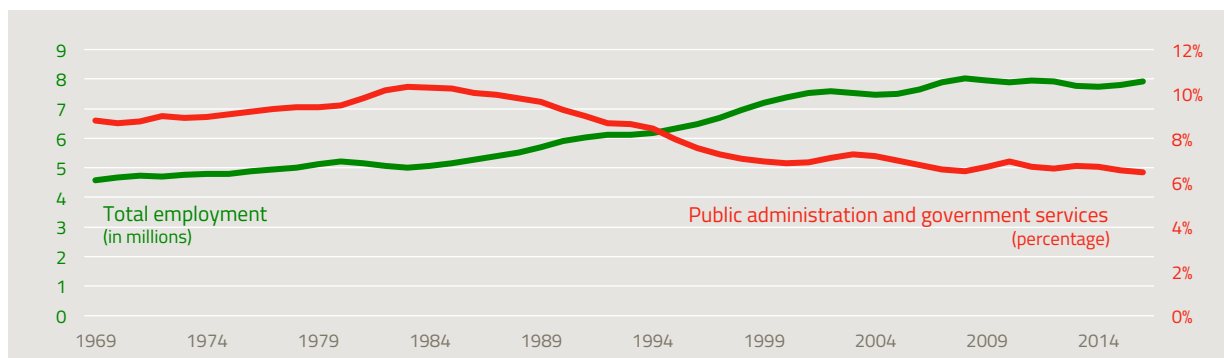
**Collective expenditure roughly supports the discourse of a government that is retreating**

The greater nuancing of this reasoning is that the ageing population has led to additional costs in this period, meaning that stable expenditure could go hand in hand with budget cuts.

### 3b The government as an employer

The size of the government can be expressed not only in terms of money, but also in terms of employment. After all, the progression in the number of civil servants is an expression of the government’s role as a guardian of the public’s interests. The more civil servants there are, the more involved the government will be in representing the public’s interests.

If we look at the share of public administration and government services (central government, provincial and municipal administration and government services such as defence, police, fire brigade, the judiciary and embassies) as a percentage of the total employment, this decreases from nearly 11% in 1984 to slightly less than 7% in 2016 (right-hand axis in the graph). In absolute terms, the number of jobs in the public sector is increasing, from 404,000 in 1969 to 512,000 in 2016.



Total employment and percentage of public administration and government services  
Millions of jobs and total employment  
Source: SEO (2017, p.4)

The increase in the share of public administration and government services to its peak in 1984 supports the discourse of a growing role for the government. It should, however, be noted that the shift in discourse to a retreating government took place before 1984. The changing trend in the relative share of public administration and government services, therefore, is somewhat in line with the

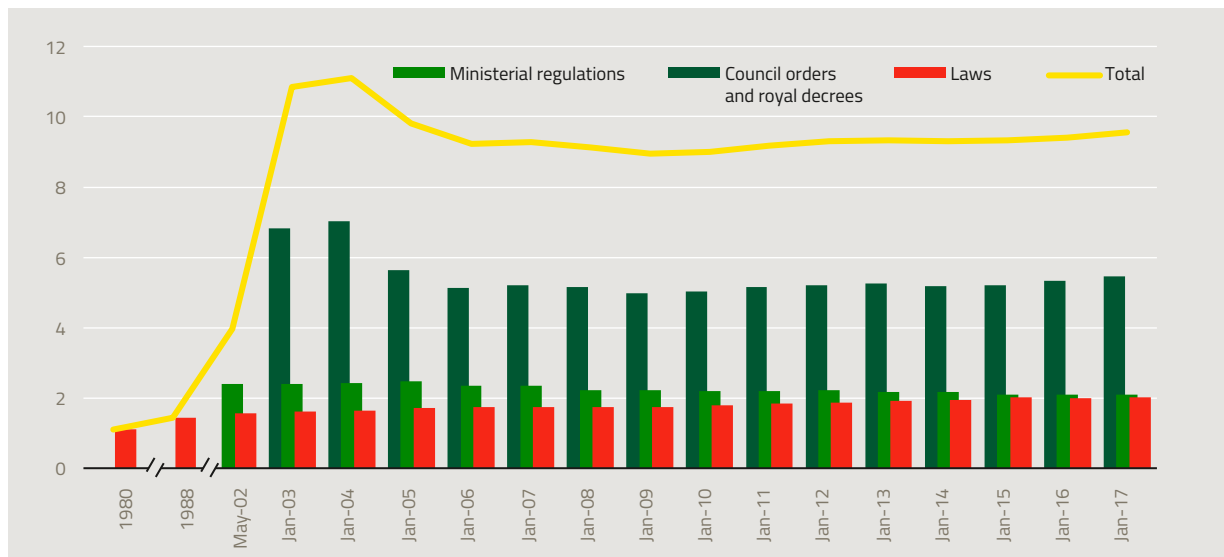
**Relative government employment has also decreased since the 1980s**

change in discourse, which is similarly made obvious by the fact that changes in personnel have turnaround times. However, we should not overstate the importance of the break in the trend involving the share of public

administration and government services, given that the absolute employment in this sector has continued to increase throughout the entire period since the end of the 1960s. Using this criterion, during the era of the ‘participation society’, there has been no further decrease (neither absolute nor relative) in the share of public administration and government services in relation to total employment since 2000.

### 3c The government as legislator and regulator

The size of the government can also be expressed in terms of legislation and regulations. The chart below illustrates that the number of laws has been systematically increasing since 1980. The same also applies to ministerial regulations since 2005. The number of council orders has slightly decreased since 2002. By adding these three categories together, we see an increase from 1980 to 2003, followed by a slight decrease, followed by a stabilisation.



Laws and regulations, in thousands, based on: Research and Documentation Centre (WODC) (2004) Regels tellen en wetten.overheid.nl

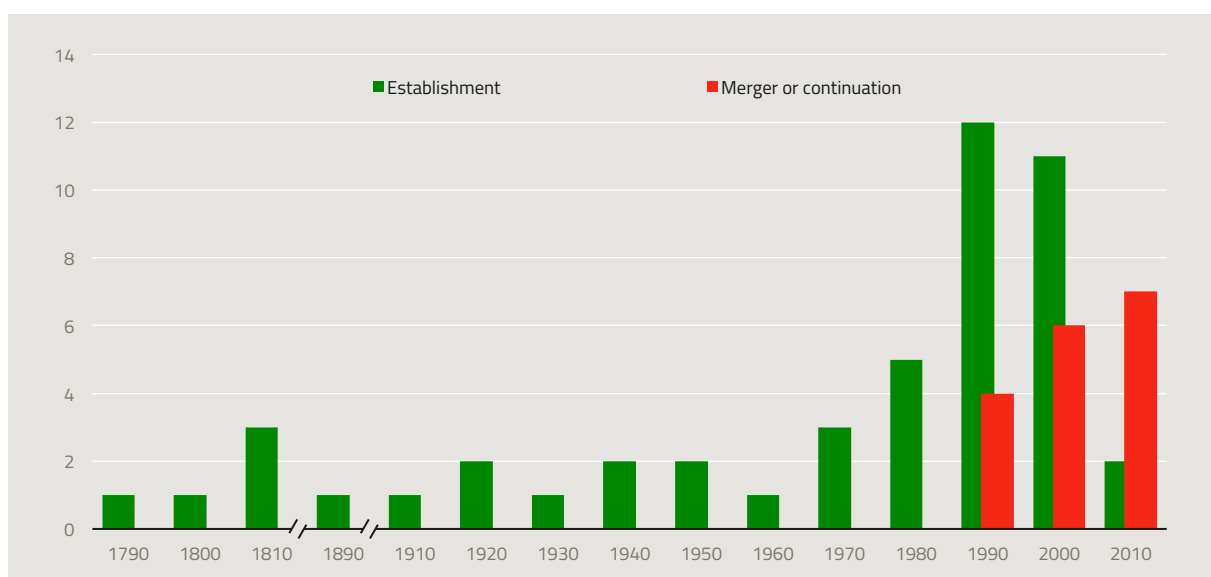
Source: SEO (2017, p.6)

The government, therefore, became more active as a legislator and regulator during the post-war period. As a legislator and regulator, the government is not retreating from the public domain. This is a remarkable observation given that, in recent decades, the cabinets have actually focused on reducing the number of laws and regulations.

**The number of laws and regulations, however, has not decreased.**

### 3d The government as a supervisory authority

Over the years, the change in the scope of governmental supervision is quite interesting. In the 1980s and 1990s, many government organisations were spun off and privatised. This development peaked in the 1990s. This is consistent with the market-forces discourse, even though the change in discourse began before the actual spin-offs and privatisations. Around the time of the financial crisis (2008), several financial institutions were nationalised. In the period before that, these occurred occasionally, for example, with Fokker and Tennet (SEO, 2017). At the same time that the government was taking a step back, governmental supervision in many cases intensified, in order to maintain control over the public's interests. An indicator for this is the number of supervisory authorities that were established, which strongly increased after 1990. Recent years have seen a reorganisation and consolidation of the supervisory field as well as an increase in the number of mergers between regulators.



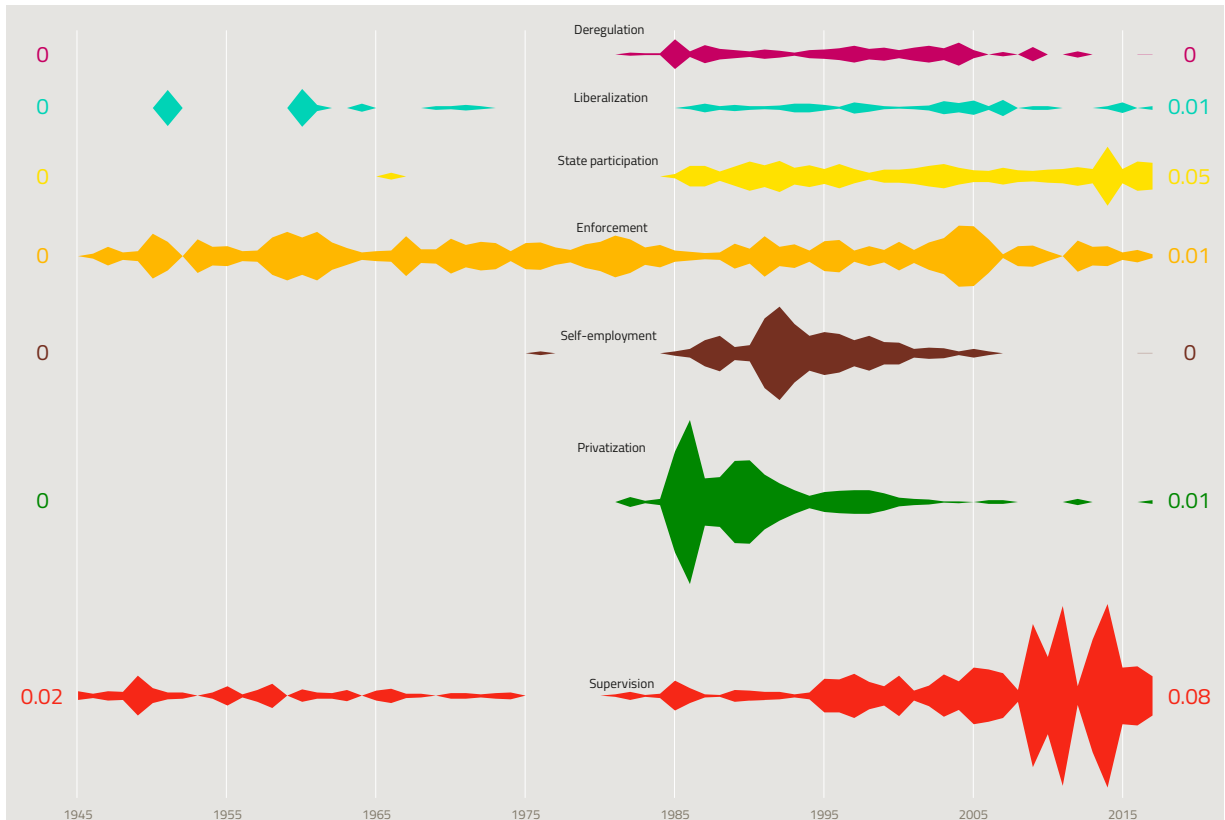
Supervisory authorities, number established per 10 years, based on: ZBO register and own inventory  
Source: SEO (2017, p.6)

Another way of looking at it is how the government talks about its own role and tasks. To clarify this, an analysis was performed on the Netherlands' annual

**It was not that the government was doing less; it was just doing other things**

budgets during the 1945-2017 period. The surge of privatisation, deregulation and spin-offs during the 1980s and 1990s is also reflected in the increasing use of these terms in the documents. These surges were followed by a surge in supervision, visible not only in

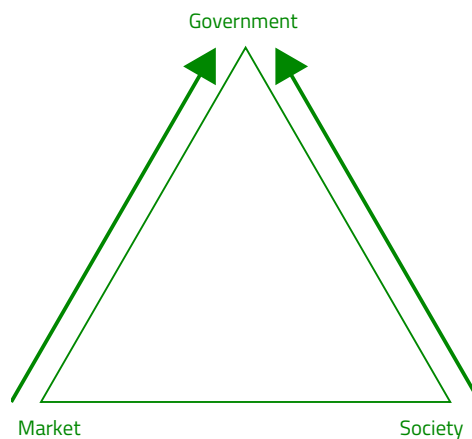
the number of established supervisory bodies but also in the use of the word 'supervision' in the annual budgets. Although the government was taking a step back by virtue of spin-offs and privatisations, at the same time, it was significantly expanding its role as a supervisory authority.



Annual budgets, average number of mentions per page, based on: Annual budgets 1945–2017  
 Source: SEO (2017, p. 10)

#### 4. The debate on government-market-society in the year 2018

In this chapter, we return to the discourse about the government in relation to the market and society. We outline three current developments in this debate. The first line is based on a recent reappraisal of the role of government. The second line highlights a reappraisal of the role of the institutions. The third line focuses on government action itself, illustrating the growing call for empathy, customisation and responsiveness. While the tone is often highly critical, the overall message is that much is expected of the government when it comes to providing public services.





#### 4a The government more at the wheel

A watershed moment in the thick of the 'Big Society' and 'personal responsibility' era was the September 2008 financial crisis, following the collapse of the Lehman Brothers investment bank. Large-scale and deep governmental intervention was necessary to stabilise the financial system. Failing banks were bought. World trade took a nosedive. A global economic recession set in, and the welfare state's 'automatic stabilisers' were at full speed, resulting in rising government debt. In retrospect, the decade before 2007 was a period of steadily increasing wealth (The Great Moderation). Economic fluctuations seemed to be a thing of the past, and inflation was declining (Ewijk and Teulings, 2009, p.57). The economy was easy to manage. The massive governmental intervention during the financial crisis was in stark contrast to this. The confidence in the market forces and the effect of financial incentives was particularly damaging; the inefficient and largely superfluous government now had to lend a lifeline.

In the years following the financial crisis, the government was increasingly positioned as an actor in the economy, rather than just as a facilitator or a conditions creator. We see that on multiple levels. There was a growing understanding that certain economic successes, such as Silicon Valley in the US and agriculture in the Netherlands, were dependent on long-term investments by the state. The standard formula for governmental interventions which entailed creating the right preconditions no longer seemed sufficient (WRR, 2013, p. 11). In addition, Asian economies emerged in which the governments were firmly at the helm. The question was asked as to whether this 'state capitalism' might contain

**Since the financial crisis, there has been a growing awareness that the government is an important actor**

elements from which Western countries could learn. Questions were also raised about whether government should only take into account phenomena such as globalisation and technology, but not influence them. The dominant frame 'TINA' or 'There is no alternative' (for the liberal market model) was cautiously being

challenged. The WRR wrote that in order to reap the benefits from the new possibilities offered by technology and robotisation and to counter the disadvantages as much as possible, politics and society had to adopt an active attitude. In order to, for instance, bring parties together or to address questions relating to ownership and distribution (WRR, 2015). Furthermore, globalisation and technologisation alone cannot adequately explain the significant rise of temporary and flex contracts in the Netherlands, according to Paul de Beer and Ton Wilthagen. The increase in these contracts is probably based on institutional and political choices (WRR, 2015). In several Western economies (including the US and the UK), income inequality is rising sharply, and the argument is being made that only governmental interventions can reverse this development.

#### 4b. Changing impressions and evidence

Impressions about the government have been explicitly discussed in scientific research in recent years. Over the past decades, the claim that business represents dynamism and that government represents inertia and incompetence has been shown to be an oversimplification. For instance, the alleged inability of the government has been an important argument for transferring tasks from the government to the market, or from the government to society. The quality of public administration — according to the argumentation — is too low, at least in comparison with the quality of the market or society. These negative impressions and connotations about the government are not only incorrect, it is argued, but are also harmful because they get in the way of effective interventions by the same government (Mazzucato, 2015, pp. 19-21).



photo credit: Beeldunie

In addition, much research has been conducted in recent years on the significance and importance of institutions in producing socially favourable outcomes. One of the conclusions is that the quality of the institutions (and, therefore, also the government) is vital for the wealth and well-being of a society. (North, 2001; Acemoglu & Robinson, 2012; Bruinshoofd, 2015). Research into the significance of administrative institutions and good public governance has been bolstered in recent years by the Ministry of the Interior and Kingdom Relations (Public Administration Study Group, 2016; Zouridis et al, 2017). The main question was ‘To what extent does the quality of the public administration contribute to economic growth, achieving well-being and gaining the trust of the people?’ In pursuit of this question, we examined two specific elements. Firstly, we looked into the causality of (elements of) good governance and social results.

The most important conclusion across various studies was that administrative institutions definitely produce economic and social effects. In fact, administrative institutions make substantial and significant contributions to prosperity and social development, as well as citizens' satisfaction and happiness (Zouridis et al, 2017). Secondly, for us, the question arose as to which elements of good public governance are relevant for greater effectiveness. This mainly concerns structures, cultures, processes or a combination thereof. Although research into the various elements is

**The importance of good institutions is increasingly being recognised**

still in its infancy, it appears that more than just the structures alone within public administration are important. It is also the quality of the people, the political, administrative and organisational culture within which the work is completed, as well as the way in

which the government works. In the latter case, it concerns the question of whether the government undertakes tasks itself or in consultation with external organisations and people, and whether or not the government has yet digitised a number of processes.

#### **4c. The empathetic twist**

A third important point in the discourse on government, market and society is the so-called empathetic twist. Since the turn of the millennium, there has been a growing need for a government that knows what is going on in society and understands these developments. This need is a reaction to previous years. In the 1990s, the relationship between the public administration and citizens was increasingly expressed in commercial terms: the government did not provide public value, but rather products. And these products had to be delivered as cheaply as possible; the citizens were customers. From that perspective, the discussions on scaling up and efficiency became increasingly important.



*photo credit: Beeldunie*

In response to the commercialisation of the government, the desire arose for a government that also takes people's needs and wishes into consideration. At the turn of this century, the impression emerged that the government had lost sight of the human dimension and was out of touch with society. Within this context, Pim Fortuyn spoke about long waiting lists in health care, the worrying state of education and how safety could no longer be guaranteed. Based on his own personal experiences and those of his parents, Fortuyn explained how the public

**The people's palpable disappointment in their government's performance was high on the political agenda**

administration had drifted away from people in society. He pointed to the broken bonds between the government and society, and he illustrated the need for a government that had consideration for society; a government that had a finger on its pulse.

Placing a greater focus on people has implications for the discourse on government, market and society, three of which we would like to focus on. Firstly, more attention was paid to different groups of people within society. It was no longer about 'the citizen', but about citizens. As a result, there was greater interest in what different groups within society expected, what they could and indeed what they were willing to do. It was also becoming clear that not all people are equally capable of taking care of themselves without the government playing an active role (WRR, 2017). This attention for the different groups within society also manifested itself in gaining insight into differences in people: their socio-economic position, their educational level and their socio-cultural orientations. Secondly, more attention was paid to the interaction between the government and its citizens. This was often pointed out in the Ombudsman's annual reports and opinions. It was not the logic of the systems world, but that of the people's world, that needed to be given centre stage. In concrete terms, this meant that the forms of interaction and the communication between the government and its citizens had to change. This also resulted in initiatives such as 'Close contact with the government'. For the discourse on government, market and society, this meant that the interpretation of the government had changed. It was no longer solely about what the government does or how it does it, but also about how the government deals with people's feelings (NSOB, 2017).

These insights have played a role in the changing discourse about the government, market and society. The argument that the government was unable to effectively defend certain public interests was no longer tenable. Slowly but surely, the pendulum has swung back to the government.

## 5. Changing context for the government

In the previous chapters, we outlined a greatly meandering discourse about the government's role in relation to the market and society when it comes to guarding the public's interests. We saw that a changing attitude towards the government did not translate into the government being any less active. A tentative conclusion is that our definition of public interest has expanded, rather than narrowed, since the Second World War. Another conclusion is that the government does not necessarily need to intervene less in the economy and society, but that it should intervene in other ways. We then listed several developments in the current debate that call for the government to take on a more prominent role as a guardian of the public's interests. In this chapter, we describe three dilemmas that surround modern governmental actions. These apply to the Netherlands, but also, in a wider sense, to the Western world. These dilemmas ultimately give rise to an agenda for the years to come.

### **Dilemma 1 The call for the government to act as a guardian of the public's interests is growing, but the scope of the government to fill this role is limited**

An initial relevant factor in an agenda for governmental change is the developmental phase. Following the rebuilding and consolidation phase of the post-war period, Dutch governmental institutions are now in a mature phase of development. Change is often more about improving on existing systems and less about establishing completely new structures in new fields. However, this does reduce the scope for change. After all, choices were made in the creation of these institutions, according to the insights and circumstances of that time, thereby defining a specific institutional path. This 'path dependency' means that any current or future action or decision depends on the path of previous actions and decisions. Path dependency is a common term for a broader concept: 'history matters' (Page, 2006, p. 88)

**Path dependency restricts the governments' freedom of movement**

While health care, the labour market, education systems etc. are undergoing change from the pressure of new circumstances, such as increasing heterogeneity or changing social and political preferences; mutual coherence is being neglected (Kalshoven, 2017, p.8).

When government and executive organisations are built on complex ICT systems, it is difficult to convert changes and new requirements into short-term working systems, due in part to the legacy issue (Information Society and Government Study Group, 2017). In short, institutional course changes and 'reboots' may be desirable, but they are costly, complex and time-consuming during this developmental phase of the government.

A second circumstance that limits wiggle room is of a financial nature. Economic growth is likely to be lower in the coming decades than in the years preceding the crisis. This is mainly due to the ageing population and to the end of the rapid rise in women's participation in the labour force. The Advisory Group on Fiscal Policy [Studiegroep Begrotingsruimte], which dispenses advice about both the budgetary



system as well as the budgetary target for the next cabinet period, states that the fiscal policy will have to contend with this continued decline in growth. In the past, sustained budgetary deficits could be offset by high nominal growth, which meant that the debt accrual remained within reasonable limits. This will no longer be possible to the same extent in the future (Advisory Group on Fiscal Policy, 2016). The question of what proportion of GDP a government wants to redistribute through charges and expenditure, incidentally, is uncorrelated to the degree of economic growth. In Scandinavian countries, for example, the charges and expenses are much higher than they are in the Netherlands.

A third factor is the increasing complexity of tasks. Public interests cannot be defined within the boundaries of a single administrative level. Increasingly, they cannot even be clearly defined within the domain of the government. This means that societal tasks — and thus the promotion of the public's interests — take place in various forms of cooperation; cooperation between governments, but also between the government, businesses and the citizens. This is ushering in a new reality and an attendant complexity.

## **Dilemma 2 Public representation of interests: between effectiveness and a declining ability to act**

The second dilemma is the requirement that the (national) government be effective in its role as a public advocate, while the same government's ability to act is already under pressure. This mainly concerns the effectiveness of the government. That pertains not only to the financial scope and flexibility, but also to two other developments.

The first development is the transfer of power from the national level to the decentralised and European level. This development is characterised by simultaneous 'upwards' and 'downwards' transfers of power. First of all, Europe. Since the 1980s, powers and tasks that were carried out at a national level have increasingly been transferred to the European Union. These tasks were transferred within the context of heightened integration (Van Middelaar, 2017). Next, the municipalities. In the 1980s, an increase in spending cuts launched a significant decentralisation of tasks. The decentralisation took place in waves and led to a wide bouquet of tasks and responsibilities at the municipal level (SGBO, 2006; Steur & Parie-Joosen, 2016). The consequence of this transfer was that the national government could only 'go' so far in the policy areas that directly impacted people's daily lives (WRR, 2004; WRR, 2010), while people expect the national government to represent the public's interests in these fields. As described above, the national government is increasingly dependent on cooperation with other levels of government to resolve societal issues.

**The national government is making fewer and fewer of its own decisions**

The second development is the rise of technocratisation within the government. Firstly, this concerns the greater complexity of certain policy areas, especially in relation to technical issues. Take, for example, the distribution system of the municipal fund, in which funds are distributed to municipalities based on more than 62 criteria. As a result, only specialists are still able to understand exactly how the apportionment of funds works. This makes it difficult for politicians and administrators to determine whether the policy is still working how was intended to. Secondly, technocratisation refers to the increase of specific (implementation) regulations. Drafting rules is a balancing act between precision and flexibility (Stone, 2002, p. 288). Some implementation regulations have become so extensive that their very implementation becomes difficult. A portion of these regulations has been designed to ensure that the implementation is legally compliant. However, being legally compliant does not mean that regulations also contribute effectively to solving societal issues. Take, for instance, the tendering rules for contracts. These contracts are intended to solve specific tasks, but the tendering rules have become increasingly complex. This may make sense from a legal perspective, but not necessarily from the perspective of effectiveness.

The declining ability to act is a major dilemma for the government in terms of its ability to represent the public's interests. In short, is the government even capable of performing if it does not have the ability to act?

### **Dilemma 3 Differing expectations about the role of the government as a guardian of the public's interests**

The third dilemma involves the divergent and conflicting impressions within society about the role of the government. This dilemma stems from the progressive individualisation, the emergence of new lines of division and the growing polarisation of society. Sharper discrepancies between what people expect and what they demand of the government have appeared in society. Differences in educational background, religion, ethnicity and gender form the basis for these discrepancies. It also appears that geographical differences are increasingly playing a role, whereby historical patterns are dominant (De Voogd, 2017). We can also observe this in the differences between people living in urban and non-urban settings. They live differently, prioritise different things in life and have different needs. People's varied backgrounds naturally give rise to differences in opinion. In this case, differences in opinion about the government's role as a guardian of the public's interests.

**While people have varying and elevated expectations of the government**

On one hand, there are people who are developing initiatives on their own volition. These are people who generally have the skills and opportunities to create public value themselves. They primarily long for a government that will participate in their initiatives.

They foresee a future in which the role of the government is (further) marginalised and in which the community assumes the main role. These people were the focus of discussion in the years following the turn of the millennium, in the context of a community-oriented change in discourse (see also section 2c).

On the other hand, there are people who increasingly demand that the government itself represent the public's interests. They have no need of, or are unable to participate in, the public domain themselves. Furthermore, these people often do not consider the market to be an answer to the question of who can best represent the public's interests: their interests. They are in fact calling for a strong state. This is illustrated by the electoral popularity of political parties that paint a picture of a government that guarantees several provisions for its citizens; the image of a strong (national) state. These parties resonate with citizens and garner electoral support. This mainly centres on topics such as housing and health care, but also on stronger government when it comes to regulating the consequences of migration.

These conflicting views, however, place the government in a bind. A limited role is called for on the one hand, and on the other hand, a strong role. It is extremely complicated for the government to try to accommodate both viewpoints.

## 6. Agenda for the government

In the previous section, we described the changing role of the government. This change concerned not only the way in which the role of the government is discussed, but also its actual behaviour. In the historical outline that we provided, it emerged that, in 2018, it is time for the government to undergo a reappraisal. However, this reappraisal is not without its problems, as demonstrated in the previous chapter. This study's primary intention is to advance the discussion about the role of the government, on the basis of scientific insights. The next step will necessitate a discussion about how the government must act in 2018 to promote the public's interests. We can see the future contours of a new repertoire emerging. However, these have not yet been established. They are, therefore, primarily a starting point for a discussion, rather than a definitive picture.



*photo credit: Beeldunie*

**An intelligent mix of government, society and market** – It is outdated to have to choose between the market, society or government. Representation of the public's interests requires an analysis of the nature of the issue, as well as an intelligent mix of government, market and society. There is no clear triangle for addressing societal issues in 2018. This only translates into complexity in the approach. And this will have to be weighed against decisiveness and speed, which may also be necessary.

**Insight into governmental successes and** – It is necessary to obtain a broader and better understanding of how the government works. This concerns questions about the mechanics of how government either succeeds or fails. In the past decades, the functioning of the government has mainly been viewed as deriving from the functioning of the market. This is unfounded. The functioning of the government must be viewed much more as an independent object; only then can insight be gained into the effectiveness of governmental interventions.

**Commitment to quality** – In recent years, considerable attention has been paid to governmental efficiency. Although this is important, the effectiveness and legitimacy of governmental actions should feature more prominently. This shift concerns the quality of governmental actions: not just governmental performance, but also how the government achieves this performance. The government must become more adaptive in its actions: on one hand robust, and on the other hand flexible.

**Attentive to differences between people** – Today's government must pay greater attention to (the differences between) people in society – and the diverse expectations that result from this. The government must realise that people's expectations vary widely. This means that the representation of the public's interests cannot always be uniform. It calls for a differentiated approach to societal issues; one that is adapted to the world in which people live. Such a shift in governmental action leads to higher costs and a fundamental change in how organisations function.

**Talking differently about government** – Language matters; it is not innocuous. The government has yet to realise this. This means that the government's representation of the public's interests should also be reflected in the way in which the government talks about itself. Government officials should not hide behind an outdated discourse. The government must employ new language in its actions; a language that forges connections due to new insights about its role and abilities.



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## Responses

Would you like to respond or do you have an opinion you would like to share?

Send an e-mail to the authors of this article at: [Ellen.Doorne@minbzk.nl](mailto:Ellen.Doorne@minbzk.nl)