

Beyond good governance

The case of the Netherlands

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Abstract

Most cross-country and cross-region comparative research on the economic and social effects of good government institutions indicates that the quality of these institutions matters (e.g. Kaufmann, Kraay, & Mastruzzi, 2004; Rothstein, 2011). The good governance strategy of the World Bank seems to be based on a sound body of evidence. It also appears that in order to use statistical techniques the required N implies that developing countries are included in the sample. The research can therefore be criticized for being trivial insofar as it proves that poor countries have bad institutions and rich countries have good institutions. This conclusion should not come as a surprise. We already knew that rich countries have well-functioning institutions and poor countries lack good governance. Apart from the difficulties to establish a causal link in which the governance institutions are the independent variable much of the research that compares developing countries and highly developed countries also suffers from a lack of practical relevance. Transplanting the institutions of the Netherlands or Sweden to Somalia in order to foster economic growth and human development seems highly unrealistic. The good governance strategy may thus be impractical for most developing countries. The strategy also lacks relevance for highly developed countries. The government of the Netherlands may be very satisfied with being a top ten country both with regard to the quality of its governance institutions and economic and social performance but this conclusion does not provide an action repertoire for further improvement. For the Dutch government such a repertoire is necessary in order to establish even better governance. This paper outlines strategies developed by the Dutch government to improve the quality of its institutions. It reveals what a quality of government strategy looks like in a highly developed country. Such a strategy includes several elements. First the exclusive focus on structures for good governance has been broadened and it nowadays also includes culture and processes. Good governance can become better governance by focusing on the quality of people in the public sector. Furthermore, better governance can be reached by focusing on the way institutions and people (within public sector) collaborate, for example in setting the public agenda or for policy making processes. Another important – strategic – turn is the awareness that improvement in good government cannot be acquired by ‘blue print-thinking’, but only by incremental changes, experiments and learning. A third element of the strategy is the focus on the multilevel responsibility on good governance. Good governance is not only a responsibility of central government, but explicitly a shared responsibility of all layers of government including subnational governments. Finally, research is being carried out into the effects of the principles of good governance. As a result, good governance gains a stronger knowledge base for developed countries. With this, the knowledge base of good governance, as developed by the World Bank, is explicitly broadened and deepened for the Western world.

1. Introduction

The year was 1716. The Dutch Republic of the United Provinces was about to collapse under the financial burdens, economic growth was slowing and the military defense of the nation was weak. Something had to be done. Delegates of the different (autonomous) provinces came together in the so called Second Great Assembly (1716-1717). Having been asked to analyze the Republic's institutional problems, Simon van Slingelandt (1664-1736), secretary of the Council of State, concluded that in the light of economic and political challenges the governmental structures were no longer adequate. In fact, he argued that the situation was so serious that it was 'quite remarkable that the Republic still exists'. Van Slingelandt argued that the governmental design of the Republic, which originated in the sixteenth century, was suitable for the challenges back then, but if the Republic wanted to compete with surrounding countries the Dutch state had to modernize. In his opinion the modernization of the state wasn't an one-time operation, but should be a constant focus. According to Van Slingelandt the ability of the government to adjust to and to effectively cope with new challenges was an important, or perhaps even the only way to maintain and enlarge welfare and well-being of the Republic (Van Slingelandt, 1784-1785; Steur, 2015). Or, to put it in the words of this paper, Van Slingelandt was convinced that institutions matter.

The good governance literature largely rests on the assumption that governance institutions matter (James, 2015; Leite et al, 2014; Aixalá & Fabro, 2007; Rigobon & Rodrik, 2005; Rodrik 2000; Rogers, 2003). Whereas neoclassical economists believed for many years that the foundations for wealth and prosperity, development and sustainability can be found in perfect spontaneous market coordination mechanisms it increasingly appears that the actual foundations can be found in public institutions. The perfect illustration has been described by Acemoglu and Robinson (2012). The city of Nogales is divided by a fence that separates Arizona and the US from Sonora in Mexico. Whereas the north of the city is prosperous, clean, and safe the Mexican part of the city is relatively deprived even though it is located in a rather well-developed part of Mexico. Traditional accounts for these differences range from geography to culture and from the availability of raw materials to the presence of an airport. All accounts fail to explain the differences within this city. The only major difference is the fence that separates the stable legal order from the US and the lacking stable legal order in Mexico. In other words, institutions matter. Already in 2003 Knack (2003:1) concludes that there is an "emerging consensus among development and growth economists" that good governance is a condition for "sustained increases in living standards".

We will explore the growing consensus on the importance of good governance institutions in section 2. The exploration shows that much research on the economic and social effects of good governance institutions correlates either good governance as defined by the World Bank or one of the underlying dimensions with desired social and economic indicators such as wealth, economic growth, health, and so on. These studies include both developing and developed countries. The conclusion that the quality of governance institutions correlates with these desired social and economic effects shall not come as a surprise. This is not a very revealing discovery. It neither provides a clue on a good governance agenda for highly developed countries. What if a country already has excellent governance institutions, a well-functioning economy, a well-educated and healthy population and relatively low levels of crime, inequality and social injustice? Is there any roadmap towards better than good governance? And if so, what does such a roadmap look like? In section 2 we sketch some

theoretical clues for better than good governance. Section 3 analyses how the Dutch government defines excellent governance and the strategies it has developed toward excellent governance. These experiences should be regarded as the starting point for an international comparison of strategies toward excellent governance. The concluding section provides an outlook for such a comparison.

2. Good governance approaches in theory and practice

Several economists have studied the economic effects of governance institutions. In an exploratory research on the economic and social effects of governance institutions we found more than 150 articles and research papers in which governance institutions have been correlated with wealth and economic growth (Zouridis et al, 2017). Most of the articles concluded that governance institutions are important if not crucial for economic development. For example, Bothlolle et al (2012) have analysed 45 Sub-Saharan African countries and they concluded that governance institutions are even more important than the availability of natural resources. Whereas an additional unit of natural resources negatively affected the tax-GDP ratio (-0,27) a additional unit of improvement of governance institutions increased the tax-GDP ratio (0,28). This ratio reflects the power of a government to collect taxes which is conditional for the quality of government which in turn appears to be important for economic growth. Kaufmann, Kraay, and Zoido-Lobaton (2000) conclude that “a one standard deviation improvement in governance leads to between a 2.5-fold (in the case of voice and accountability) and a 4-fold (in the case of political stability and violence) increase in per capita income”. By using the same approach Kaufmann (2004: 15) has found that an improvement in rule of law by one standard deviation would in the long run increase the per capita income a fourfold. If the improvement in rule of law be more than one standard deviation the per capita income would grow even harder in the long run. As Porter (2000) has argued in a global economy the importance of good governance institutions has grown. Instead of comparative advantage such as natural resources the globalized economy favors competitive advantage. In turn competitive advantage is to a large extent determined by the governance institutions since these affect the context for economic transactions. Thompson (2004) demonstrates that the quality of governance institutions is even more important for the competitiveness of a country than the costs of establishing a business enterprise in that country. His research shows that the protection of property and the level of corruption are major variables for the quality of government.

Even though much research points at the importance of governance institutions this conclusion is also contested. As Fedderke (2001) shows some cross-country comparisons find a positive correlation between governance institutions and economic growth but there are also countries and groups of countries that do not match with this pattern. These countries are caught in a “low income steady state institutional trap”. The country does have good governance institutions but these institutions reinforce the existing poverty instead of stimulating economic growth. On the other hand some relatively authoritarian regimes have been capable of achieving economic growth without the proper institutions such as the protection of property rights. Next to the “low income steady state institutional trap” the Eastern Asian paradox raises some doubts on the overall conclusion that good governance institutions matter. It appears that in some Asian countries economic growth has gone along with high levels of corruption for some decades now. For example, research carried out by

Quibria (2006) in 29 Asian countries shows that the economic performance in countries with better governance is worse than countries with bad governance.

Even though there are some discordant voices such as Williamson (2013) the overall conclusion can be drawn that governance institutions matter for at least economic growth. Some other social effects such as education, child mortality rates, literacy, health, and development have also been correlated with governance institutions and again these institutions seem to make a difference (Zouridis et al, 2017). The next question is what institutions matter. In other words, what are the good governance institutions? The good governance approach adopted by the World Bank may be the most comprehensive approach imaginable. Their approach considers good governance as a combination of government and governance that consists of six dimensions. Taken together these dimensions provide a framework for good governance. Conceptually the dimensions are seen as necessary building blocks for good governance. These building blocks can be used by a government or country to construct an institutional good governance building. The following six dimensions provide these building blocks.

1. Voice and accountability. This dimension refers to the degree to which it is possible for citizens to participate in the selection of their governments. It also includes fundamental rights such as freedom of speech, the right to freedom of association and peaceful assembly and free media.
2. Political stability and absence of violence and terrorism. This dimension captures the probability of political instability and politically motivated violence including terrorism.
3. Government effectiveness. this dimension encompasses the quality of public services, the quality of the civil service and its independence towards politics, the quality of policy development and implementation, and political commitment towards policies.
4. Regulatory quality. The quality of regulation stands for the capacity of government to formulate and implement the necessary regulation to support further development of the private sector.
5. Rule of law. The rule of law dimension refers to the degree in which agents trust social norms and rules and act according to these standard. In particular it refers to the degree to which contracts are enforced, property rights are protected, and the quality of the policy and the judiciary. Rule of law also includes the probability that citizens are confronted with crime or violence.
6. Control of corruption. This dimension includes the degree to which public powers are used for private gain and to the degree to which the state is captured by an elite or private interests. Both petty and large scale corruption are covered by this dimension.

The World bank approach assumes that these dimensions can more or less be aggregated. Because of the statistical correlations the World Bank argues that the dimensions can be put under the same good governance umbrella. Our meta-analysis of the literature we found on good governance shows that good governance appears to refer to three main characteristics of the design and the performance of governments and their governance (Zouridis et al, 2017).

1. Reliable government. The reliability of government refers to two dimensions.
 - a. A rule of law in three respects. First, the rule of law stands for a state that protects property and guarantees the enforcement of contracts in order to prevent predatory behavior (e.g. North, 1990; Rodrik, 2000). Second, the rule of law requires that the state powers are limited so that it will not become a predator itself (Hall & Jones,

1999; Weingast, 1995). Third, the rule of law assumes that the state has the organizing capacity to effectively enforce a legal order that protects property rights and the enforcement of contracts (Hanson, 2014). The fundamental question with regard to the rule of law that remains unanswered is whether the rule of law refers to government institutions or to the rule of law as a social convention or generalized morality (Zouridis et al, 2017).

- b. A well-functioning Weberian bureaucracy with a long term orientation (Nee & Opper, 2009; Evans & Rauch, 1999).
2. Responsive government. In the literature on good governance and its social and economic effects adaptive government refers to three dimensions.
 - a. Participatory democracy that produces local knowledge that matches with the societal circumstances (Rodrik, 2000);
 - b. Democratic accountability that forces governments to align with public preferences (Groenewold & Hak Kan Tang, 2007);
 - c. Connectedness of governance institutions with local needs and the local context on a regional scale (Rodrik, 2000).
3. Impartial government. As Rothstein (2011) extensively demonstrates impartial government both on the input side (equal access to public decision making) and on the output side (impartial and neutral implementation and enforcement of laws and public policies) may perhaps be the most important factor that explains the quality of government. It more or less includes the rule of law and the absence of corruption.

Finally, the question should be explored why these institutions matter. In other words, what mechanisms explain why these institutions in particular cause prosperity, happiness, development and many other desired effects? The literature on good governance institutions and their economic and social effects indicates that the most important mechanisms can be summarized with the concepts of generalized trust, social capital, social cohesion, and social conventions. Whether all these concepts refer to the same mechanism remains to be seen. As James (2015) shows trust is “built on a foundation of generalized morality”. Generalized morality appears to be correlated with the climate for investment, transaction costs, fear for private and public predators and public satisfaction with political and governance institutions as well as their legitimacy. Higher levels of generalized trust seem to affect inefficient allocation of resources (as, for example, corruption inefficiently extracts resources from an economy) but it also reduces the transaction costs and it promotes investment. In turn these effects stimulate economic growth. Generalized trust is the mechanism that connects governance institutions with the desired social and economic effects. Reliable, impartial and adaptive governance institutions stimulate generalized trust and in turn higher levels of generalized trust produce the desired social and economic effects mentioned above.

Overall the research on good governance institutions and their social and economic effects convincingly demonstrates that governance institutions matter. On a global scale such a conclusion may be justified but this conclusion is not very helpful for countries with both good institutions and all the desired effects such as the Netherlands. The fact that the Netherlands appears to occupy a top-10 position in most rankings and sometimes even a top-3 position should not be a reason to become complacent. Merely concluding that the governance institutions in the Netherlands are better than those in Nigeria or Costa Rica may be academically interesting but it does not provide any direction or guidance for improvement of the governance institutions in the Netherlands. So how

do good governance institutions become excellent governance institutions? Before we explore this question on a more theoretical level we will first explore the strategies currently pursued by the Dutch government.

3. The good governance strategy of the Dutch government

In 2011, the Minister of Interior and Kingdom Relations, Piet Hein Donner, published his strategy "Government and Administrative Organization" (Tweede Kamer 2011-2012, 33047, nr. 1). In this strategy, the minister formulated a coherent view on Dutch public administration. The main focus was on how the size and organization of public administration should be seen in the future. This vision was written against the backdrop of the economic crisis. The focus was therefore primarily on how public administration could become more efficient and effective: "The government will have to work with less tax money, fewer officials, fewer rules and fewer drivers, based on the principles "it's either your task or not" and "timely delivery". The Minister implemented this strategy with a number of structural measures, such as delineating the tasks of municipalities and provinces. This strategy should have been the working program for the minister of Interior in the following years. Things turned out differently: the cabinet resigned on April 21, 2012.

New elections for the House of Representatives followed on September 12, 2012, after which the liberal VVD and social-democratic PvdA formed a new cabinet within a short period of time. The new coalition agreement 'Bruggen slaan' contained a solid section with a focus on structural reforms of the public administration: formation of 100,000+ municipalities, formation of a 'Noordvleugel'-province (merger of North Holland, Utrecht and Flevoland) and the decentralization of social to municipalities, reducing municipal and provincial politicians with 25 percent, abolishing the regional governments ('WGR-plus') and the merger of Dutch water boards. These measures were aimed primarily at reducing costs of public administration. For example, the new cabinet wanted to save € 750 million with bigger municipalities. However, the measures also aimed at bringing the public administration closer to the citizen, especially by decentralizing many tasks in the social domain to municipalities. In the first year and a half of the new cabinet period many of the intentions were found to be impracticable, either because they were virtually unreachable (such as the formation of municipalities with a minimum population of 100.000), or because of the lack of political support. It was also found during this first period that a number of assumptions underlying the Cabinet's plans were incorrect. This included, for example, the savings saved on municipal mergers.

Because a number of governmental plans could not be implemented new initiatives were developed. These initiatives were also triggered by a number of developments. Firstly, cabinet had no new ambitions in the area of modernization of public administration. The new Minister of the Interior, Ronald Plasterk, focused on a number of other aspects of his portfolio. Secondly, a new Secretary General, Richard van Zwol, to the Ministry of Interior and Kingdom Relations was appointed. He wanted to reposition the Ministry from a good governance perspective which he considered to be the "heart of the Ministry". Thirdly, there was increasingly criticism that the ministry lacked a (good) vision on the future of Dutch public administration. Due to these developments a new context was created that triggered a new governance strategy.

Illustrative of the reorientation was the installation on November 26, 2014, of the National Advisory Committee on Public Administration and Governance (Studiegroep Openbaar Bestuur, 2016). The National Advisory Committee was given the task of analyzing the effectiveness of the organization and functioning of Dutch public administration in the light of future economic and social developments (Tweede Kamer 2014-2015, 31490, nr. 162). In the assignment, drawn up by the Minister of Interior and Kingdom Relations, two boundaries were set. Firstly, where in the past, Dutch governance was primarily focused on democratic legitimacy, and therefore as a *value in itself*, the National Advisory Committee was asked to focus on the *instrumental value* of public administration. The National Advisory Committee should, in other words, focus on the contribution of the organization and functioning of Dutch governance to solve future economic issues. It was a novelty that the performance of public administration should be seen in the light of economic effects. Secondly, the Minister asked the National Advisory Committee to focus on the organization *and* functioning of Dutch public administration, where the focus in the past solely was the organization of Dutch public administration. The new governance strategy assumes that "turning on a few organizational buttons actually leads to improvement in public administration" (Van Zwol & Steur, 2016: 81). These two changes of focus mark a change in the Dutch government's strategy in the field of public administration. A change that can be found later in other documents from the Ministry.

3.1 Principles for a strategy for improving public governance

In comparison with earlier strategic visions on the future of Dutch good governance the new strategy does not consist of one single strategic document. Although there is no overarching document describing the strategic vision of the improvement of Dutch governance, a number of documents are available that paint a coherent picture of the good governance ambitions. As already noted public administration is considered as something instrumental: it is meant as a means to reach a goal rather than a goal on its own. To be able to do this effectively, Dutch governance must be sufficiently adjusted to today's and tomorrow's challenges – as Simon van Slingelandt already observed centuries earlier. The question then is obviously how the organization and functioning of public administration should look like. From the available strategic documents, the following elements can be deduced.

– Challenges first

The social or economic challenges are leading for government action. The idea that challenges are leading, must be a guiding principle for public administration. It is by no means a new principle. Tony Blair called for this in his Civil Service Reform speech (February 24, 2004): "government organized around problems, not problems around government". The importance of prioritizing the challenges comes from the realization that social problems are not the same everywhere. In a region like northeastern Friesland, the labor market problem is not the same as in the metropolitan area of Amsterdam. This means that uniform government measures do not work in practice, but much more has to be done with differentiation. A prerequisite for this is that social issues are paramount.

– Contribute to quality improvement

The quality of Dutch public administration is high. We can deduce that from the various international rankings, where the Netherlands always scores high. But good is not good enough. Dutch public administration must become better. This requires at least three strategies. First of all, more attention must be paid to government failures. Over the past few years, economists have

published extensive studies on the mechanisms behind market failures. A structural equivalent in the public sector is lacking, while from studies into government failures can be learned a lot. Secondly, there must be more systematic attention to international comparative studies. The focus in these international comparisons should not so much be on best practice, but on best mechanisms. It's obvious examples from other countries can't just be copy-pasted, but Dutch governance can benefit from lessons from the mechanisms that led to greater quality abroad and then apply them to the Dutch situation. Finally, we believe that public administration should pay more attention to productivity studies. In what way and under what conditions can productivity increase in public administration be increased.

– Collaborative governance and government

The insight that social problems are not confined to administrative boundaries is not new. This means that cooperation within public administration must intensify. Only then it will be possible for public authorities to perform effectively. This collaboration means that formal tasks and responsibilities are no longer the starting point, but – as mentioned above – the societal and economic problems. Public administration must organize itself around these problems. This means an important shift in the paradigm "it's either your task or not", which shifts more to a paradigm of "either you join us or not". The call for collaboration is definitely not limited to the public administration organizations. It certainly applies - and perhaps more - to collaboration between public administration and other social partners, such as companies, knowledge institutions, civil society organizations and individual citizens. It may be clear that public administration is only part of a network, which is common to certain tasks. However, the public administration should be aware that many partners still expect that public administration will play a leading role in that cooperation.

– Adaptive / Viable government

In its functioning (structure, culture and processes) public administration must be able to respond and adjust itself to new developments, even if these are disruptive in nature. The idea that new policies should be completely thought out (like a blueprint) before these policies can be put into practice does not fit anymore in these times. That requires space for professionals, but we will get back to this in the next section. Some policy areas will have a permanent meta character: the development of new policies will never end, and therefore never codified. In other policy areas, appropriate measures will only be reached by experimenting. However, a blueprint at forehand does not exist. In this light, it is also necessary to look at existing regulations, as it may be impeded to work for the adaptability of public administration and to tailor solutions.

– Learning government

A more adaptive public administration is only possible if organizations apply learning principles within their organization. In a society where much more is spent on continuous adaptation to changing environment, public administration must be able to draw lessons from experience gained and apply these lessons to practice. Public organizations are not primed to learn. Available information is mainly used for accountability. In a politically-managed environment it is complicated for organizations to deploy this information for learning effects. For accountability, it is necessary that information be generated at regular times, while not automatically being the moments of information that would be most useful. Additionally, the unintended side effects of additional information are risky, as this information may be re-used for accountability purposes. Only learning behavior makes it possible to improve the quality of public institutions.

- Differentiation and standardization

Social issues ask for appropriate solutions. These issues can vary widely between regions in the Netherlands by their nature and character. This also applies to their measures. What works in one region does not necessarily work in another region. It is therefore necessary that there is sufficient space within public administration to provide customized work. However, this is not an absolute principle. In some domains, more standardization is required. In fact, differentiation is possible only if a more standardized form of standardization takes place in other areas. They are sides of the same medal. Domains with which we think of standardization are, for example, the computerization.

- The importance of people

As mentioned before, public administration is the whole of processes, culture and structure. For the time being, processes and structures have been given great attention to renewal of public administration. In a world where flexibility is needed to adapt to new situations and developments, the quality of people has become more important than before. Therefore, more attention must be paid to the quality of people. These include directors, representatives and officials. There are two elements involved. In the first place, attention must be paid to greater diversity within the government. This applies not only to gender or origin, but also to value orientations. Within the public administration there is a tendency to employ people with the same, existing orientations. Secondly, more attention should be paid to skills and knowledge that fit in today's society. This involves, for example, networking or digital skills. These two elements can be realized by a better selection of the gate or by a large, continuous commitment to development throughout the career. For the time being, education during the career is free, while it is necessary for the professionalism of the active people in public administration to keep their knowledge and knowledge on time. Away with the freelance. However, this also requires a considerable investment, which ultimately is paid back by a better and more effective public administration.

3.2 Implementation of the strategy

In the previous section we presented the most important elements of the new governance strategy. The governance strategy also includes an implementation paragraph. The implementation is guided by a number of principles.

- No blueprints

An important starting point in implementing the new governance is learning by doing. Or, as the Secretary-General of the Ministry of Finance has stated regularly, "Leap before you look". This is also in line with what the Council of Public Management, one of the leading public opinion consultants, advised in its report "End of Blueprint Thinking" (ROB, 2010). From the Ministry of BZK, this adage is being tackled by - if there are new plans - not closing us up and developing the new plans, but shaping along the way, and in cooperation with other stakeholders.

- No uniformity, but customization

Not all social problems can be solved by uniform measures. Sometimes certain problems are so specific within a particular geographic context that custom is offered. This was also reflected in the substantive strategic principles, but this is also put into practice by the Ministry of the Interior. A good illustration of this approach are the city deals, agreements between the government and

different partners to formulate measures on different societal and economic challenges. Below we want to address this approach briefly.

In September 2014, the City Agenda was announced, aiming to affect the economic growth potential of cities. Instead of a uniform policy aimed at all Dutch cities, the choice was made for customized work through so-called city deals (Tweede Kamer 2014-2015, 31757, nr. 73). Cities and other stakeholders are self-guiding in developing the City Deal. The Government can act as a partner and facilitate (temporary) adjustment of regulations to make room for innovative testing and regional customization, linking existing funding flows, adjusting funding conditions, and through new forms of procurement, innovation-oriented procurement and to act as launching customer. In City Deals, concrete cooperation agreements between cities, empire, other governments, companies and civil society organizations are anchored. City Deals are public-private agreements on collaboration with innovative solutions for a concrete, urban task. These deals should lead to innovative solutions to social issues and / or include measures to strengthen the economic ecosystem of the urban region (s). The aim is to connect ambitious and powerful players in the urban network. City Deals formulate an appealing ambition for one or more major social tasks, organizing agglomeration power through urban-urban cooperation (both national and cross-border), take public-private cooperation between business, government, knowledge partners and social initiatives as a starting point. Innovative and focused on breakthroughs that are also internationally appealing and excellent.

– Experiment first!

A third point of departure is to experiment with new proposals. By testing new proposals first in practice, it can be seen what the effects will be. Two illustrations can be given: the law to experiment and the 'proeftuinen' (governance experiments).

First of all, the law to experiment, the name of which is already revealing more or less its meaning. Municipalities have been invited to come up with proposals for experiments. To promote an innovative approach to social issues, the Minister of Interior and Kingdom Relations, Ronald Plasterk, announced a law to experiment in January 2015, allowing a number of designated municipalities for a predetermined period, in derogation from existing to experiment with an alternative, innovative approach. The purpose of this law is to provide a structural legal basis for municipal experiments that promote an innovative approach to social issues and which are not yet possible. In March 2015, the Ministry of BZK and the VNG asked municipalities to come up with proposals for the Experiments Act. This question has led to more than 75 proposals from 25 municipalities. The proposals cover different areas: physical, social, education, public health, economics and organic legislation. The proposals thus affect regulations from different departments. The proposals are discussed in a broad and solution-oriented way. Besides inclusion in the law to experiment, other ways are explored to solve the underlying bottlenecks, such as utilizing experimental articles in sectoral legislation or involving proposals in current policy areas. Initially, it is ultimately about two experiments presented by municipalities in response to a call from the Cabinet to come up with proposals for an innovative approach. It is also proposed to introduce a legal procedure for submitting and evaluating such proposals, to encourage municipalities to make innovative proposals in the future and to respond to new developments. Underlying aims are to provide municipalities with freedom of policy in applying national regulations and, in general, to provide space for innovation and new technological developments in line with the government's policy on future-proof regulation.

The second illustration of the new governance strategy to first test certain measures are the governance experiments. After the report of the National Advisory Committee was published in March 2016, it was decided to test the recommendations of the Committee together with the municipal (VNG) and regional (IPO) councils. This differs from the usual procedure. Normally, after a committee publishes his recommendations a position is formulated by the government, the recommendations are not implemented right away, not even for experimenting. The testing of the recommendations took place in 'proeftuinen' (governance experiments). At the beginning of June 2016, a call was made to regions to participate in these trials, after which four regions were selected. The selection was made by the Secretary General of the Ministry of BZK, the Director of VNG and the Director of IPO. The determining criteria were if regions could start directly and have a concrete proposal. The possibility of learning from a region was also important in the selection. Furthermore, a good mix of tasks and forms of cooperation (intensity, ambitions, organized triple helix) and geographical spread over the country. In the end, instead of four six regions were selected: Northeast Fryslân, Metropolitan Region Amsterdam, Eindhoven region, Zwolle, Drechtsteden and Zeeland region. The regional teams of these governance experiments worked throughout the year and organized different activities in each region to elaborate the recommendations described in the report "Make the difference" using the practice of regional economic cooperation. On Monday, March 27, 2017, the conclusions were presented at a major conference. The participating regions had the feeling that the approach (as laid down in the report) could achieve better results, even though the half-year's turnaround time was very short. This was endorsed by the Scientific Advisory Committee, which accompanied the 'proeftuinen'. Based on these conclusions, the six provinces called on a following cabinet to work together on economic structural reinforcement. The regions asked the government to offer partnerships and work with regional deals, to organize optimal financial arrangements, and to create a single point of contact for regions at the national side. Also, the regions asked the government to utilize the possibilities of legal and financial instruments for regional economic cooperation and to invest in the knowledge, skills and skills needed for this. The experimental approach is not limited to the outcomes of the Public National Advisory Committee, but is also applied in other ways, such as the results of the 'Make True' report, which deals with the digital government.

– Development of a multi level agenda

A fourth strategy is to collectively address social issues. From the idea that social problems do not hold administrative boundaries, governments need to work together to solve them. This also fits with the contentious ambition of the cooperating government. In the above-mentioned illustrations, collaboration between the various government layers has already been clarified, but also in preparation for the next cabinet period, the different layers jointly develop, for example, the development of a so-called intergovernmental program. It sets out the areas in which the various authorities want to work closely together and what they want to achieve. Examples of these domains include the approach of undermining criminality, regional economy and the approach to energy transition.

– Developing knowledge

A final implementation principle is the development of more knowledge about the effects of this new governance strategy. An important pillar for the strategic reorientation of the ministry of the Interior is the fact that it is not based on assumptions but from a knowledge base. It is thus explicitly necessary that the Ministry stimulates looking and learning how the new strategy works in practice.

Therefore, for example, scientific reflections were also chosen on the city deal approach and the 'proeftuinen'-approach. This also has to do with the strategy to work and act more as a learning organization. It also means that research from the Ministry of the Interior is being deployed on elements of this strategy. One of these actions is also the writing of this paper, so we reflect on the chosen road that has been taken.

4. Beyond the Netherlands... Some clues for a good governance strategy in highly developed countries

We have argued that good governance research indicates that the quality of governance institutions affects the wealth, growth, and development of a country. However, this research also includes studies on developing countries. Good governance studies suggest that countries with poorly functioning institutions can benefit greatly by improving their institutions. This leaves open the question what developed countries can still achieve by scrutinizing the quality of their institutions. It appears that three main characteristics of the design and the performance of governments and their governance really mattered: reliable, responsive and impartial government (Zouridis et al, 2017). In its approach the Dutch government has included these qualities but the Dutch policies also suggest a fourth characteristic. We can refer to this as adaptive government that builds on a foundation of reliable, responsive, and impartial government. Adaptive government guides the Dutch good governance strategy. The strategy considers it important that government can respond quickly and flexibly to these new developments. Governments need to know what is happening in their area, to change regulations that stimulate innovation within that area and create optimal conditions for this. What are the main elements for adaptive government?

- a. Flexibility: government should be able to respond quickly and swift to changing situations. To do this governments should be more concerned about new economic or societal trends and their implications.
- b. Leeway for professionalism: within government there should be more leeway and discretion for professionals, so they are able to respond to situations at hand. This also means there should be a program of deregulation, which creates the necessary space.
- c. Experimenting: governments should be less occupied with making new rules, but first experiment with them in cooperation with other governmental layers or other societal stakeholders.

This call for adaptive government has implications. With the introductions of a fourth characteristic the relations between them also becomes more difficult. Elements of adaptive government (which requires less rules) could lead to tensions with other characteristics, like reliable government (that requires clear and determinate rules). Therefore, the further improvement of good governance in developed countries also more challenging.

Our analysis only provides some inspiration for what a good governance strategy looks like in highly developed countries such as the Netherlands. Because statistical cross-country research does not suffice in these contexts and innovations and experiments should go along with research at least three implications can be derived from our our analysis. First, developed countries should focus more on cross-country research between each other. Instead of showing that three-star Michelin restaurants are better than restaurants that have not even made it to the Michelin guide it is more

fruitful to compare three-star restaurants with each other. This task should be picked up by academics perhaps even in collaborative efforts with practitioners. Second, public organizations working on the enhancement of good governance should be learning more from each other and perhaps even in collaborative efforts with academic research. The international contact between public organizations is mostly ad hoc-driven, instead of a more structural network where countries can learn from each other. A more daring variant would be the exchange of public officials between countries so they can see on a day-to-day basis what works and what doesn't. Third, developed countries should extend on other elements of good governance. Until now the focus in discussions of good governance remain on the traditional elements of good governance: reliable and impartial government. This is understandable because discussions on the importance of good governance still encompass developing and developed countries. Developed countries should pay more focus on the elements of good governance that can further enhance the effectiveness of their institutions, like the ones we described above.

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