



PARIS

**PUMA/MPM(98)4**  
**Unclassified**

**Unclassified**

Organisation de Coopération et de Développement Economiques  
Organisation for Economic Co-operation and Development

**PUMA/MPM(98)4**

**OLIS : 25-Aug-1998**

**Dist. : 26-Aug-1998**

**Or. Fre.**

**PUBLIC MANAGEMENT SERVICE  
PUBLIC MANAGEMENT COMMITTEE**

## **DECISION-MAKING FOR "MEGA" POLICIES**

**Meeting of Senior Officials from Centres of Government on  
Information Policy and Democratic Quality  
Bern, 14-15 September 1998**

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**68413**

**Ta. 19151 - 17.07.98 - 05.08.98**

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## Decision-making for “mega” policies

### A. Introduction

1. The governments of Member countries have to address complex issues that are critical to both their own (national) and their joint (international) future -- issues that other countries are facing at virtually the same time and in more or less similar terms. Each country addresses these issues in its own way, and governments in particular opt for approaches that may differ widely from one country to another. But apart from these country-specific disparities, all Members are clearly encountering the same difficulties when it comes to policy-making for “mega” issues.

2. The purpose of this session is to examine the main characteristics of these “mega” issues in greater depth and, with the help of participants, to identify the problems most commonly encountered by governments when decisions need to be taken on such issues. This initial phase will provide guidance for future work by the Public Management Service (1999). “Mega” policies for “mega” issues is an area in which international organisations have a role to play, in particular because the success or failure of domestic policy options may have global implications. As time is usually at a premium, the idea is basically to facilitate dialogue in order to gain a better grasp of the complex nature of the issues and pool experiences of possible solutions.

3. To illustrate the discussion, three practical cases of “mega” policies are proposed: sustainable development, and in particular protection of the environment; population ageing; and employment. These are three of the OECD’s priority areas, in which work is already under way in relevant sections of the Secretariat. Three brief factsheets on each topic are attached.

### B. Features common to all “mega” policies

4. “Mega” issues are too broad for any country to tackle on its own. Resolving them nationally with domestic policies will not eliminate the problem which other countries will be left to face. One example is environmental sustainability. Domestic measures to curb releases of water- or air-pollutants will only work if a majority of countries adopt policies with the same goals. So the policies that are implemented must **extend beyond the confines of a single country**. Success with these issues is clearly contingent on the minimum of co-ordination that treatment of the issue at an international level can bring. This is the case in the three examples chosen here. Countries may differ in terms of effort or the pace of implementation, but they must aim to achieve the basic goals they have all agreed to meet. For governments, of course, the globalisation of “mega” policies raises the issue of the partial loss of decision-making autonomy and sovereignty.

5. “Mega” issues are **multidisciplinary**. Policies to address them must likewise be cross-cutting. Population ageing, for instance, is a demographic fact. Its implications cut across numerous sectors, including current and future employment; training for young and older people, and lifelong learning; pensions; the impact on national, regional and global economies; and the development of more facilities for the elderly. Each country will have its own policy focus but cannot overlook the **linkages** with policies targeting other economic and social sectors or in terms of public information.

6. “Mega” policies are thus of interest to a large number of players and involve several ministries. They are **horizontal** policies, and no single ministry can have an exclusive claim to be in charge of their design, implementation and follow-up.

7. By the same token, these policies cannot remain confined to central government. They concern the various tiers of national and local government (and thus are **vertical**, too). The fact that in a federal system, for instance, they cover aspects relating to both federal and federate powers implies that the vertical dimension must be acknowledged if a policy is to be given every chance of working.

8. The complex nature of “mega” issues, with their national/international and interlinked facets, calls for **long-term policies**, even though time is of the essence when addressing some aspects of environmental sustainability, for instance, or population ageing. Designing and implementing long-term policies, which were the focus of the last meeting of Senior Officials from Centres of Government<sup>1</sup>, raise numerous problems for Member countries.

9. Finally, in many cases government cannot take sole responsibility for “mega” policies, even if it does manage to mobilise all of its ministries and the various tiers of government. It is clear that **other stakeholders** (citizens, enterprises, the media) should become **active partners**. Where employment is concerned, legislation or local incentives may have less impact if businesses are not willing to promote them. For car traffic pollution in urban areas, restrictions will not eliminate the problem without a change of attitude among the public, who first need the right incentives to make personal choices.

### C. Decision-making for “mega” policies: features

10. The problems with which governments have to contend when making “mega” policy decisions are the logical outcome of features inherent to those policies. Probably one of the greatest problems is that a single issue of this kind contains within it virtually every problem that a government faces when making decisions. So, when it comes to “mega” policies, sound **decision-making capacities**, or the potential to enhance them, is of prime importance to governments.

11. Decision-makers must be given objective, reliable information that is comprehensive and ready to use, in order to identify the problem, gain sufficient insight and envisage solutions. They must also be in a position to take a holistic, long-term view (with enough breadth and depth of vision to look ahead and act in full knowledge of the facts), so as to draw up a strategic action plan and set priorities.

12. This assumes that the resources required to gain a good **grasp** of the issues have been inventoried, that weak points and gaps in information have been identified and eliminated, and that the level of knowledge is periodically re-assessed. This may seem self-evident, particularly in the case of population ageing, where governments are now assumed to be fully aware of all the implications. Yet leaders attending the Denver Summit thought it worthwhile to ask their governments to identify gaps in their knowledge of the subject. The multidisciplinary, interdependent nature of the areas concerned makes it hard to gain the kind of overarching view of the problem and its short- and long-term implications that policy-making requires. Without that overarching view, an apparently satisfactory decision may cause difficulties at a later date. Early retirement, for instance, which may have appeared to be a possible answer to unemployment at one point, will generate problems if countries pursue such a policy when their populations start to age.

13. Reviewing available information should give countries a picture of all the resources at their disposal, i.e. in the public sector, the private sector, central and local government, domestic resources and those available from the international community (other countries or international organisations), as well

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1. Meeting held in September 1997, in Dublin.

as “procurable” information, which will require a budget and a least-cost, low-lead-time procurement strategy.

14. The wide range of issues and closely overlapping policy areas also make an **action plan** and **priority-setting** crucial. Governments cannot address all the issues simultaneously. The main policy thrust and some priorities for a particular issue may to some extent be identified thanks to globalisation, as has been the case with the environmental aspects of sustainable development. Nevertheless, countries must determine nationally which sectors they will be addressing first. In the case of population ageing, angles of approach differ substantially from one country to the next. Some have focused on the implications for pensions, some on the economic impact and others on employment and education issues. The policies they have introduced often cut across more than one sector. Of course, the policy option that a country chooses to tackle the implications of population ageing is likely to suit its own culture; but one wonders how many of these options are based on a rational action plan, flexible and adaptable where necessary but ranking priorities and mapping them in relation to the overall management of the issue. An action plan is the factor that provides policy **coherence**. Readily enforceable, short-term arrangements, for instance, may one day generate a new series of problems or obstruct a “mega” policy measure. However, it is difficult to design and implement an action plan when stakeholders are numerous and many government competencies are decentralised.

15. “Mega” policies also highlight the need to strengthen institutions and procedures which foster **co-ordination**. Because such policies concern central government ministries and agencies, local tiers of government and both the private and public sectors, they require close, constant attention during the decision-making, implementation and follow-up phases. This point has already been made by Senior Officials from Centres of Government.<sup>2</sup> Some countries continue to complain of domestic shortcomings that are detrimental to policy-making and implementation. And the globalisation of such issues makes domestic co-ordination all the more important, allowing countries to speak with a single voice on what may be very different (economic, social, or budgetary) aspects of a particular issue. So globalisation, through the policy thrust that international organisations can give with the agreement of their Member countries, can in turn both increase the need for policy coherence and foster co-ordination in individual countries.

16. Finally, “mega” policies mean **breaking the old habits** of traditional policy-making and finding **new approaches**. One example is to use information policies in a different way, seeking closer partnerships between government and the community. Here more than in probably any other area, it is a question of changing public attitudes and seeking community support in order to achieve goals. Civil society (see paragraph 9) plays an important part in making “mega” policies a success. It must accordingly be given the opportunity to support such policies, take part in their formulation and help to implement them. Governments should involve society right from the start when building a strategic policy framework. The search for imaginative ideas should extend to decision-making procedures, as an antidote to institutional inertia and approaches that are still too sector-specific and confined to the same few ministries.

#### **D. Issues for discussion**

17. Among the possible ways to facilitate decision-making for “mega” policies, it is suggested that the following avenues be explored:

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2. Lisbon (1993): “Coherence in policy making”. OECD/PUMA: Occasional Papers No. 12 “Building policy coherence”.

- **Providing decision makers with relevant information and better advice.**
- **Drawing up a strategic plan to select the best angles of approach to a “mega” issue.**
- **Optimising structures and procedures that foster co-ordination and coherence. Possible new approaches.**
- **Developing partnerships with civil society.**
- **Advantages of international co-operation.**

Participants are asked to focus the debate on these five points, using the three examples given in annex, or others which may be relevant.

**E. Annexes**

- population ageing;
- employment;
- sustainable development.

ANNEX 1

“MAINTAINING PROSPERITY IN AN AGEING SOCIETY”

OECD Council at Ministerial Level  
27-28 April 1998, Paris  
Excerpts from the documentation for Ministers

<p><u>A global issue: action should be immediate and make use of international co-operation</u></p>	<ul style="list-style-type: none"> <li>• “Governments should take action <i>now</i> across a broad range of economic, financial and social policies to ensure the foundations for maintaining prosperity in an ageing society. While reforms are already underway, much deeper reforms will be needed to meet the challenges of population ageing.” (p. 37)</li> <li>• “Action at the international level can supplement national action. While specific reforms must be tailored to meet the circumstances of each country, there are many common directions and much that can be gained by international co-operation during the reform process.” (p. 41)</li> </ul>
<p><u>A horizontal and multidisciplinary policy issue</u></p>	<ul style="list-style-type: none"> <li>• “Reforming the structure of retirement income”;</li> <li>• “Population ageing will put a premium on more effective health and long-term care spending”;</li> <li>• “Incentives for early retirement should be eliminated”;</li> <li>• “ ‘Active ageing’ should be encouraged”;</li> <li>• “Significant financial reforms are also necessary”;</li> <li>• “Higher economic growth would alleviate pressures”.</li> </ul> <p>(pp. 37-38)</p> <p><b>N.B.</b> Also listed are the principles for achieving reform (including public pension systems; skills for older workers; fiscal consolidation), which cut across more than one sector (p. 40).</p>
<p><u>The agenda for policy reform requires strategic frameworks</u></p>	<ul style="list-style-type: none"> <li>• “The agenda for policy reform for maintaining prosperity in an ageing society requires a policy response cutting across traditional boundaries of economic, financial and social disciplines, and across traditional areas of responsibility of government administrations. <i>Strategic frameworks</i>, including implementation structures and timetables, should be put in place at the national level <i>now</i> in order to implement these reforms in a coherent way over time.” (p. 40)</li> </ul>

## ANNEX II

**“THE OECD JOBS STRATEGY”****OECD Council at Ministerial Level****27-28 April 1998, Paris****Excerpts from the documentation for Ministers**

<p><u>An issue requiring comprehensive reform in all policy areas</u></p>	<ul style="list-style-type: none"> <li>• “The central message of the OECD <i>Jobs Study</i> presented to Ministers in 1994 is that a strategy for bringing down unemployment from unacceptable high levels, increasing employment opportunities and raising living standards for the population as a whole, and in particular for the least well-off, requires a comprehensive approach with actions across a range of policy areas.” (p. 23)</li> </ul>
<p><u>Policy implementation requires greater co-ordination and more coherent reform</u></p>	<ul style="list-style-type: none"> <li>• <b>“Reforms need to be made politically feasible</b> Achieving consistency and credibility in implementing reforms is key to best policy practice, and requires overcoming institutional inertia as well as addressing transition costs and the redistribution of incomes and jobs associated with technological change. Factors for success include the extent to which co-ordination can be achieved between different ministries and the involvement of various stakeholders. Checks must be put in place against government failure, such as institutions furthering their own special interests, or adopting a partial rather than an economy-wide perspective. Measures to promote upskilling and lifelong learning can raise the mobility and employability of workers, mitigate the costs of job displacement resulting from rapid technological change and reduce resistance to reform. At the same time, policies must be designed so as to avoid undermining incentives for work, upskilling, organisational change and restructuring.” (p. 28)</li> </ul>
<p><u>Allowing for cultural factors</u></p>	<ul style="list-style-type: none"> <li>• <b>“Cultural attitudes raise new policy challenges</b> Cultural attitudes are formed through complex and poorly understood processes. However, it is commonly accepted that cultural factors affect the way in which business is conducted. The transmission mechanisms are numerous. For example, an environment characterised by mistrust can increase transaction costs and may deter some forms of entrepreneurial initiative. Also, the discouragement of risk-taking can be reinforced by cultural attitudes. Cultural attitudes will shape a country’s institutional framework. In turn, the institutional framework is likely to affect cultural norms, especially over long periods of time.” (p. 30)</li> </ul>

## ANNEX III

**“SUSTAINABLE DEVELOPMENT”****OECD Council at Ministerial Level****27-28 April 1998, Paris****Excerpts from the Note by the Secretary-General of the OECD included in the documentation for Ministers****Meeting of the Environment Policy Committee at Ministerial Level****2-3 April 1998, Paris****Excerpts from the Note by the Secretary-General of the OECD: “A strategy for further OECD work on sustainable development”, C(98)46 dated 18 March 1998**

<u>Definition</u>	<ul style="list-style-type: none"> <li>• “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (as defined by The World Commission on Environment and Development [the “Brundtland Commission”, 1987] and quoted in Note C(98)46, p. 4).</li> </ul>
<u>A horizontal and multidisciplinary issue</u>	<ul style="list-style-type: none"> <li>• “The sustainable development concept has placed emphasis on the links that may exist between economic, social and environmental concerns, bearing in mind that such links are complex and that whether there is complementarity or substitutability will depend importantly on the specific circumstances of each case... It is important, in this context, to ensure that economic policy considerations take into account environmental and social policy concerns, and vice versa, ...” [Note C(98)46, p. 8].</li> <li>• “The overarching objective is to maximise human welfare, and provide a sound economic, social and environmental base for future generations” [Note C(98)46, p. 12].</li> </ul>
<u>A long-term issue</u>	<ul style="list-style-type: none"> <li>• “Sustainable development must be seen in a dynamic and long-term perspective” [Note C(98)46, p. 9].</li> </ul>
<u>An issue requiring the involvement of all the stakeholders</u>	<ul style="list-style-type: none"> <li>• <u>“Broadening participation and responsibility”</u> Broadening the range of actors who share responsibility for implementing policies to achieve greater sustainability is another crucial requirement. Governments will continue to have the overall responsibility for setting the policy framework in which sustainable development can be advanced, but other key actors in society are assuming, and will assume still greater, importance in the future” (Issues paper for the Meeting at Ministerial Level, 2-3 April 1998, p. 9).</li> </ul>
<u>An issue requiring a policy framework</u>	<ul style="list-style-type: none"> <li>• “A key objective is to proceed with this work in an integrated manner so as to contribute to a coherent, overall policy framework for sustainable development”. (p. 72)</li> </ul>
<u>An issue requiring new approaches</u>	<ul style="list-style-type: none"> <li>• “The challenge confronting the Organisation and its affiliates is that of moving beyond a narrow sectoral approach to policies, and of making greater use of synergy between these different competences”. (p. 73)</li> </ul>