



Bundeskanzleramt



Meeting of Senior Officials from Centres of Government

*Ways out of the Crisis: Managing Fiscal Consolidation and Investing in
Future Growth*

Réunion annuelle des Hauts responsables de Centres de gouvernement

*Sorties de crise : Assainir les finances publiques, investir dans la
croissance future*

SUMMARY REPORT

Berlin, Germany • Berlin, Allemagne

22-24 September 2010 • 22-24 septembre 2010

Economic uncertainty means that the need for decisive leadership from the centre will remain strong. The 2010 meeting of Senior Officials from Centres of Government was held against a backdrop of continuing economic uncertainty and competing pressures to generate growth while reining in public spending. Senior officials from 34 countries with very different economic contexts and diverse policy approaches participated in the meeting. The challenging context for the meeting was outlined by Chancellor Angela Merkel, who welcomed participants, and by OECD Secretary General Angel Gurría. Their interventions underlined the fragility of global economic recovery and the long-term nature of some of the challenges OECD governments face, notably fiscal sustainability and unemployment/job creation. They agreed that the crisis has now moved on to its second phase; a phase marked by a weak recovery, over-leverage of public budgets and persisting high levels of unemployment in many countries.

The trend from 2009 confirmed -- Centres of Government play an increasingly prominent role in effective decision making. In the current search for complex policy solutions, Centres of Government are confronted with a shift in the weight of their traditional roles – from (i) privileged advisors to the prime minister/president; and (ii) managers of the decision-making process to (iii) final arbiters for the trade offs between competing policy initiatives. In each of these roles, the past 12 months has brought increased pressure and unprecedented demands. Unpredictable movements in economic performance, financial market volatility, extreme fiscal pressure, social unrest, minority and caretaker governments – all of these factors have contributed to increasing the need for strong, decisive and co-ordinated action by government, led from the centre. Delegates attested to the extreme pressure faced by the centre in managing complex and often conflicting demands from markets, social partners, government agencies, citizens and the international community.

Budget negotiations and fresh debate over fiscal consolidation will test the ability to Centres of Government to build and maintain consensus. Against this background, delegates to the meeting reported that preparation of government programmes and budgets for 2011 – many of which are to be submitted to parliaments in October or early November – represent a particular challenge. There is emerging critical questioning within governments and within society of the rationale for fiscal consolidation in a time of sluggish growth. From a situation several months ago of general acceptance of the need for decisive action to curb deficits, the issue is now the extent of deficit reduction that is compatible with economic recovery – with very sensitive implications for the structure and allocation of cuts and the need to provide “fair” packages. In this respect, Centres of Government are (increasingly) expected to ensure that sound, relevant data and analysis are available for decision making.

Despite ongoing pressures, there is a need to rebalance power and limit the tendency to over-centralise. Most countries have used extraordinary mechanisms to manage short-term situations. The challenge for Centres of Government has been to accelerate Cabinet decision making and roll-out of decisions, while maintaining accountability and oversight. Delegates reported a call for a return to "rigorous process" at Centres of Government after having loosened procedures during the crisis. At the same time, as negotiations for the 2011 budget are likely to represent a new test for Centres of Government.

Maintaining momentum for reform across the whole of government is now a key task for Centres of Government. Delegates confirmed that a wide range of reforms aimed at streamlining public service delivery are underway. Countries cited initiatives such as fusion of government offices, reduction in the number of government agencies, consolidation of purchasing offices, administrative simplification and red tape reduction inside government, and many others. Many were reforms that were either planned or long overdue. Others were more experimental and innovative – for example, in France, as a temporary measure SMEs can apply to ignore regulations that impose additional costs on their business.

Looking forward to 2011. The 2011 meeting of the Network of Senior Officials from Centres of Government will take place in Canada (date to be decided).