

Pro-Productivity Institutions: Learning from National Experience

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ABSTRACT

This article analyses and compares ten institutions that have a mandate to promote productivity-enhancing reforms. The selected bodies include government advisory councils, standing inquiry bodies, and *ad hoc* task forces. We find that well-designed pro-productivity institutions can generally improve the quality of the policy process and political debate, and can make a significant contribution to evidence-based policy-making. Our findings also support the view that concentrating knowledge and research on productivity in one independent, highly skilled and reputed body can help create the momentum and the knowledge that are required to promote long-term productivity growth. Institutions located outside government have more leeway in promoting reforms that challenge vested interests and produce results that go beyond the electoral cycle. Smart government bodies can allow experimental policy-making and a more adaptive, evidence-based policy process. To be successful, pro-productivity institutions require sufficient resources, skills, transparency and procedural accountability to fulfil their tasks; a sufficiently broad mission, oriented towards long-term well-being and with both supply-side and demand-side considerations; policy evaluation functions; and the ability to reach out to the general public in a variety of ways.

Over the past two decades, promoting productivity growth has risen as one of the key challenges facing policy-makers around the world. Despite being widely acknowledged as an intermediate, rather than final, goal of economic policy, productivity is considered as a key driver of long-run economic prosperity. As Paul Krugman (1994) famously observed, “productivity isn’t everything, but in the long run it is almost

everything. A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.” Against this background, economic data since 2000, and particularly since the Great Recession, show a slowdown in productivity growth that reflects a mix of cyclical and structural factors (OECD, 2016a). Explanations vary across countries, and include weak investment in

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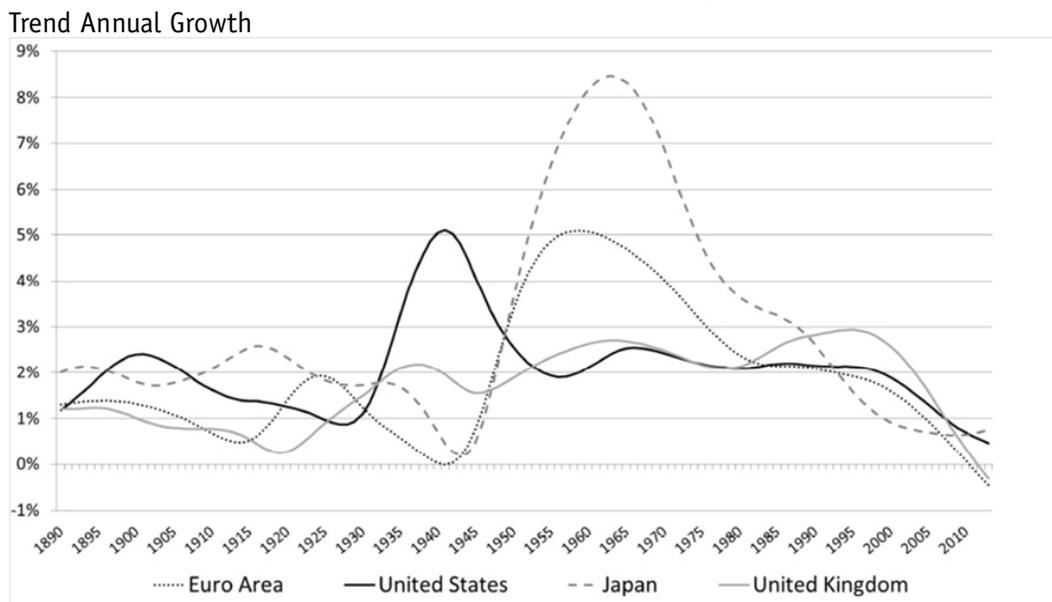
physical capital, sluggish recovery in non-residential investment, and demand-side deficiencies. At the same time, OECD analysis shows a growing dispersion of productivity performance within countries between firms and regions, which suggests that there is no real innovation deficit, but rather a diffusion deficit in many countries (OECD, 2016a; Ashford and Renda, 2016), and insufficient exit, as in the case of “zombie firms” (Andrews *et al.*, 2016). Data presented in a joint event organized by *France Stratégie* (Sode, 2016), and the US Council of Economic Advisers showed a downward trend in productivity in all advanced economies over the second half of the 20th century (Chart 1).

The debate about the slowdown in productivity growth is of sufficient concern to policymakers that the OECD in 2015 created the Global Forum on Productivity. In many countries, the reflection on “secular stagnation” (Hansen, 1939; Summers, 2014; Gordon, 2015) has led to the growing recognition that important, structural changes in domestic and international economic policy are needed to reverse the trend or at least contain the current decline (Ashford and

Renda, 2016). As noted by Banks (2015), very often the productivity challenge can be successfully tackled only by securing more intense market competition, entry of dynamic new market players and the exit of poor performers. Which very often clashes with the interests of incumbent players, who can exert a very powerful influence on policy choices (OECD, 2015a). At the same time, certain current trends (e.g. the internet of things, artificial intelligence, smart manufacturing) are posing new challenges for the measurement of labour and total factor productivity. Indeed, many commentators are still trying to agree on whether the current slowdown is at least partly generated by measurement problems (Byrne *et al.*, 2016; Syverson, 2016).

There has been growing recognition that promoting pro-productivity policies can be a particularly daunting task. Such a task is further complicated by the fact that when it comes to productivity, there is neither a silver-bullet solution, nor a standard set of reforms that can be implemented in the same way in every country. On the contrary, the path towards enhanced

Chart 1: Productivity Waves and Recent Labour Productivity Slowdown, 1890-2013



Source: Banque de France (Cette *et al.*, 2017), www.longtermproductivity.com.

productivity varies according to the peculiarity of the national economy and its institutional settings. Other important factors that further challenge policy-makers include the partly demand-driven nature of the productivity slowdown, which makes traditional supply-side recipes less likely to be effective by themselves (Anzoategui *et al.*, 2016); and the need to guarantee an institutional setting that is conducive to the promotion and implementation of pro-productivity reforms. In this respect, a plethora of institutions can be put to work with a view to triggering a more intense and meaningful debate on which productivity policies are most suited for a given country. When well-designed, transparently governed and adequately staffed, such institutions can serve a key function in ‘neutralising’ the undue influence of vested interests in key reform areas (Banks, 2015).

This debate is the focus of this article. As elaborated by Gary Banks (2015), there are a multitude of institutions directly or indirectly affecting policies impacting on productivity. Some of these institutions can be directly established by governments through legislation (e.g. competition authorities, foreign trade tribunals, auditing bodies, public think tanks; regulatory oversight bodies, central bank research units, departmental bureaus, and standing bodies that advise governments in various forms). Others, like privately funded research centres and think tanks, are stimulated by the practice of open government (e.g. the use of public stakeholder consultation on proposed legislation; or on retrospective reviews of legislation, see OECD, 2015b). As also noted by Banks (2015), these institutions appear to flourish more easily and effectively whenever countries adopt good governance practices, and in particular develop a culture of evidence-based policy, coupled with

arrangements aimed at boosting the transparency and accountability of government.

In this context, this article discusses national experiences on ten selected pro-productivity institutions. It examines the contribution that such institutions can make to building consensus, convincing stakeholders, confronting vested interests, establishing credibility and educating leaders. The ten case studies are the productivity commissions of Australia, Chile, Denmark, Mexico, Norway, and New Zealand; the Irish Competitiveness Council; *France Stratégie*; the US Council of Economic Advisers; and the European Political Strategy Centre in the European Commission. We focus on current institutions at the national level, rather than intra-governmental or supra-national bodies such as the OECD itself, or earlier institutions such as the European Productivity Agency (EPA, 1952-60), which once had affiliates at the national level.²

As the reader will realize, these institutions differ in many respects, including their overall size (e.g. staff), date of creation, institutional location, mandate and mission, tasks and deliverables, and budget. In this respect, it is not our goal to draw comparative judgments. Some of the institutions we selected do not explicitly mention productivity in their statutes or mission statements. As a matter of fact, this wide heterogeneity observed across countries when it comes to institutional design and governance allowed only for a collection of examples of successes and challenges that have been experienced by the ten surveyed institutions.

This article is aimed at collecting and synthesizing the opinion of high-level representatives of those institutions, and also external opinions by prominent decision-makers or commentators with direct knowledge. We conducted ten in-depth interviews with staff members of the

2 More information on the EPA can be found at <http://archives.eui.eu/en/isaar/40>.

selected institutions between June and August 2016 as well as a number of interviews with external experts selected in agreement with the OECD, between August and November 2016. The importance of these experiences is heightened by the European Council recommendation that all Eurozone countries create or designate Productivity Boards by early 2018.³

This paper will proceed by first describing the main features of the ten selected institutions, and second by identifying similarities and differences among them. Finally, after considering the institutions' strengths and weaknesses, seven lessons are drawn from their experience to date.

The Ten Surveyed Institutions

Based on their names, our ten selected institutions include six productivity commissions, three advisory councils located at the centre of government and one competitiveness council.⁴ However, the boundaries between these institutions are more blurred than it might seem, and the similarities within categories are also not always obvious or precise, as explained below.

The six Productivity Commissions are composed of two major sub-groups that can be identified.

- Four institutions (Australia, Chile, Mexico, New Zealand) feature a design that can be said to have been significantly inspired by the Australian experience, already extensively described in Banks (2015). However, the Australian

Productivity Commission features a size and degree of independence and institutionalisation that has no equivalent in other countries.⁵ In particular, in Mexico and Chile the institutions appear to rely on highly limited resources.⁶ In Mexico, the Commission meets only four times per year (though the subcommittees work with continuity). The Productivity Commission of New Zealand is somewhere in the middle, with approximately 20 staff members and enough budget to perform its own research and interact with stakeholders during the conduct inquiries. Also the age of these institutions is very different: the Australian Productivity Commission was created in 1998 (and followed related institutions that have existed since the 1920s), while the other institutions were created very recently, and the Chilean Commission was appointed only in 2015.

- Two productivity commissions (Denmark and Norway) were set up as temporary ad hoc task forces, with limited in-house research capacity and strong (but not necessarily complete) multi-stakeholder representation.⁷ Both institutions took the form of high-level multi-stakeholder *fora* that met regularly for a limited period of time (two

3 Information on the National Productivity Boards is provided in a summary prepared by the European Parliament at: www.europarl.europa.eu/RegData/etudes/ATAG/2016/574423/IPOL_ATA%282016%29574423_EN.pdf

4 See the OECD's work on centre of government institutions.

5 The Australian Productivity Commission has 163 staff members selected from the best available researchers on the marketplace, and an overall budget that allows for dealing with five large inquiries at the same time (although it currently does more than that).

6 The Chilean national productivity commission relies on a high-level multi-stakeholder board composed of eight members, supported by a secretariat of no more than seven researchers, and a budget that should suffice for two in depth inquiries per year (but is reportedly barely sufficient for one); the Mexican Productivity Commission is a permanent multi-stakeholder advisory platform supported by three full-time members of the economic productivity unit at the Ministry of Finance, although these members have the possibility of leveraging competence existing in their ministry and other institutions.

7 For example, the Norwegian Productivity Commission could not manage to engage workers' unions, who were very reluctant and opposed to the process.

years), without producing fresh research or new data, and ended up producing a report with a set of recommendations on how to re-launch and reform the national economy in light of existing challenges (oil price fluctuations for Norway, productivity slowdown for Denmark).

Three institutions are not explicitly framed as productivity commissions, and established as councils that primarily advise the head of government. These are France Stratégie, the US Council of Economic Advisers, and the European Political Strategy Centre (EPSC). These institutions have different sizes, and functions, and are by no means homogenous: for example, France Stratégie is involved in policy evaluation, whereas neither the CEA nor the EPSC play this role.

One institution, the Irish Competitiveness Council, was created with a specific mandate on preserving the international competitiveness of Ireland, and as such mostly looks at the possible reforms that would make the country more attractive for international investors.

Table 1 summarizes of the key features of the ten selected institutions. The degree of diversity is remarkable. However, these institutions all strive to place productivity at the centre of the debate, with different resources, strategies, tools and instruments. A review of what has proven to work and what might have been done differently could prove useful for all those countries wishing to set up similar institutions in the future.

A Fast-Changing Landscape

It is useful to locate these institutions within the broader set of pro-productivity institutions

identified by Banks (2015), who identifies eleven types of pro-productivity institutions: privately funded think tanks, publicly funded think tanks, trade tribunals, competition authorities, audit bodies, regulatory gatekeepers, departmental bureaus, central bank research units, advisory councils, ad hoc task forces, and standing inquiry bodies.

Within that broad range of institutions, our choice fell on a narrow subset of examples (see Table 2): while the Australian and New Zealand Productivity Commissions and the Irish Competitiveness Council were set up as stand-alone inquiry bodies, the Mexican and Chilean institutions, together with the US Council of Economic Advisers, the EPSC and *France Stratégie*, can more properly be classified as advisory councils (in the case of Mexico, heavily supported by a departmental bureau); and the Danish and Norwegian Productivity Commissions can be classified as *ad hoc* task forces.⁸ Our research broadly confirms the initial assessment contained in the institutional scorecard developed by Banks (2015), with some differences especially for what concerns advisory councils and ad hoc task forces. As will be explained in more detail below, a number of countries have recently appointed similar institutions, without endowing them with the necessary skills and research capacity.

One significant finding of our research is the growing importance and perceived usefulness of pro-productivity institutions, and more specifically productivity commissions and advisory councils.⁹ The challenges faced by many governments and the horizontal, systemic nature of many of the reforms needed to boost productivity are leading countries to create independent

8 The Danish Productivity Commission focused systematically on issues of productivity, stressing that higher productivity growth is a basic driver of the long run growth in real incomes. The Norwegian Productivity Commission was more eclectic, acknowledging that some policy measures such as measures to bring low-skilled workers into may reduce labour productivity but may nevertheless improve economic efficiency and welfare.

9 Parallel work at the OECD is currently examining aspects of other types of regulatory institutions (OECD, 2016b; OECD, 2017).

Table 1: A Comparison of the Ten Selected Pro-Productivity Institutions

Institution	Type of institution	Date created	Staff	Mission	Location
Australian Productivity Commission	Standing Inquiry body	1998	163 + 12 commissioners	Promoting productivity-enhancing reforms	Independent, reports to Executive and Parliament
Chilean Productivity Commission	Standing Inquiry body	2015	7 + board of 8	Increase productivity to improve long term well-being	Independent, Reports to the Prime Minister
Danish Productivity Commission	Ad Hoc task force	2012	9 members 14 secretariat	Issue recommendations on how to improve productivity in the private and public sector	Independent, Reports to the Prime Minister
European Political Strategy Centre	Government Advisory Council	2014	40 (of which 21 admin staff)	Advice related to the Commission's ten priorities	Centre of Government, Reports to the President
France Stratégie	Government Advisory Council	2013	103 (of which 45 admin staff)	Evaluate, anticipate, debate, propose	Centre of Government, Reports to the President
Mexican Productivity Commission	Government Advisory Council	2013	21 members 3 secretariat	Propose reforms and public policies that improve productivity	Government body, chaired by the Head of Government
New Zealand Productivity Commission	Standing Inquiry body	2010	15 researchers 5 admin	Improved well-being, improved productivity	Independent, reports to Parliament
Norwegian Productivity Commission	Ad Hoc task force	2014	10 members + 5 secretariat	Enhancing productivity and improving resource utilisation	Independent, Reports to the Prime Minister
US Council of Economic Advisers	Government Advisory Council	1946	26 research 7 admin	Economic advice on the formulation of both domestic and international economic policy.	Centre of Government, Reports to the President
Irish Competitiveness Council	Government Advisory Council	1997	12 members 5 secretariat 9 advisors	National competitiveness, sustainable growth and quality of life	Independent, Reports to the Prime Minister

bodies to undertake long-term strategic policy design by incorporating inputs and evidence from various sectors of the economy, and from a variety of sources including civil society, business and academia. This “one-stop-shop” effect, which leads to a more co-ordinated and structured reflection on the future of the country’s economy, is then coupled with the need to communicate effectively the institution’s findings. The latter, as will be explained below, poses different challenges depending on whether the

body in question is a standing inquiry body, fully independent of government, or a functionally autonomous body located within the centre of government.

Another important finding of our research that is worth highlighted at this stage is that pro-productivity institutions appear to be increasingly inter-dependent and complementary to their country’s legal system. For example, especially where regulatory reform has made inroads, the surveyed bodies are extensively co-

operating with regulatory gatekeepers (in Mexico, the United States, and to a lesser extent Australia and New Zealand); in other cases, temporary task forces co-exist with other existing publicly funded think tanks or advisory councils (e.g. Denmark). And in most of the selected countries, central banks and (especially in the United States and Australia) competition authorities produce influential research, which provides support to public policy in the form of evidence and influential recommendations. The role of privately funded think tanks is most apparent in Australia, France, the European Union and the United States.¹⁰

Furthermore, these institutions increasingly co-operate with each other. The Australian Productivity Commission regularly co-operates with the New Zealand Productivity Commission, up to the level of producing joint reports, and has provided assistance and strategic advice also to the Mexican and Chilean productivity commissions.¹¹ The US Council of Economic Advisers and *France Stratégie* cooperate in the production and analysis of productivity data.¹² The Norwegian Productivity Commission capitalized on the format and experience of the Danish productivity commission, for instance by including among its members the former chair of the Danish Commission.

But overall, there is no dedicated standing network of productivity institutions such as, for example, the International Competition Network for competition authorities, or more

regional networks such as the European Competition Network, or the Nordic Cooperation Agreement between the Danish, Iceland and Norway Competition Authorities. However, the recently established OECD Global Forum on Productivity includes all of these institutions as members of its Steering Group.

A Closer Look at the Selected Bodies

In this section we provide a more detailed analysis of a number of features of the ten selected bodies.¹³

Relationship with government

In terms of the relationship with government, there are two key decisions involved in the establishment of a pro-productivity body:

- *Whether the body should be single or multi-stakeholder*: whether to involve various representatives of civil society in a key decision-making function (e.g. on the board).

In our sample, the Danish, Norwegian and Chilean Productivity Commissions, the Mexican Productivity Commission and the Irish National Competitiveness Council are multi-stakeholder;¹⁴ whereas the others are not. Multi-stakeholder institutions are sometimes public-private, sometimes organized to represent all relevant stakeholders. Typically single-stakeholder bodies tend to be more research-oriented.

- *Whether the body should be located inside government, or independent of government*. In our

10 See for instance, www2.jtiia.or.jp/pdf/osirase/2015_Global_Go_To_Think_Tank_Index_Top_USandNonUS_.pdf.

11 For additional information on the joint activities of the Australian and New Zealand Productivity Commissions. see: www.pc.gov.au/inquiries/completed/australia-new-zealand.

12 An example of this productivity data is available at www.strategie.gouv.fr/publications/solving-productivity-conundrum

13 More details on each body and each aspect covered in the current section are available in Renda and Dougherty (2016), which also illustrates their diversity.

14 In Chile, the members of the board are named based on their “technical” and “cross-cutting” competences. The Danish Productivity Commission was an independent expert committee, but made considerable efforts to maintain a fruitful dialogue with relevant stakeholders, although some of its recommendations generated some predictable resistance from interest groups that benefit from current anticompetitive regulations. The Norwegian body is considered as multi-stakeholder even though one important stakeholder, unions, were eventually not directly involved.

Table 2: Location and Composition of Selected Bodies

	Research oriented	Multi-stakeholder
Inside government	France Stratégie U.S. CEA EU EPSC	Mexican PC Irish Comp. Council
Outside government	Australian PC New Zealand PC	Danish PC Norwegian PC Chilean PC

Source: Authors's elaboration

sample, as already mentioned, only the Australian, the Chilean and New Zealand Productivity Commissions are clearly independent.¹⁵

This, of course, does not mean that all other institutions are governmental, *i.e.* dependent on and accountable to government. However, government provides the facilities and secretariat for these organizations. There are tradeoffs related to different levels of independence. A clear advantage is that a fully independent body can depart from the short-term “tactical” needs of government, and concentrate on broader, transformative, long-term issues that are often impossible for government bodies to fully factor into the analysis, while also being less exposed to pressure from vested interests. On the other hand, those bodies that are located inside government, and especially at the centre of government, can perform a variety of very useful functions, such as contributing to policy

process, validating the quality of economic analysis, contributing to evidence-based policy-making “from the inside”.

Based on these two basic questions, Table 2 below shows where the bodies surveyed in this article are positioned.

Overall Mandate and Mission

Another key issue in the observation of existing pro-productivity institutions is related to their mandate and mission. The ten selected bodies have one aspect in common: they consider their mandate to be chiefly related to “long-term thinking”, of the kind that governments are increasingly unable to engage in, due to resource constraints, as well as pressing short-term policy challenges.¹⁶ By their very nature, pro-productivity institutions have to devote a significant amount of their time and resources to identifying structural reforms that would improve standards of living in the country, although the extent to which such activity takes

15 The case of Chile is hybrid as the members of the secretariat of the Productivity Commission are under the same contract as civil servants.

16 However, while all institutions consider themselves as focused on long-term issues, opinions diverge as regards the relevance of short-term work. For example, the first months of the Chilean Productivity Commission were characterized by attention to shorter-term issues, as the institution itself was also striving to establish its legitimacy and reputation in the face of government and the public opinion. And all institutions that are called upon to contribute to the evaluation of existing policies, whether *ex ante* or *ex post*, can be said to work also on short-term issues alongside longer-term subjects.

Table 3: Mandate and Focus on Long Term

	Short and long term	More long term
Narrow mandate	Mexican PC Chilean PC	Irish Comp. Council Danish PC
Broad Mandate	Australian PC New Zealand PC U.S. CEA	France Stratégie Norwegian PC EU EPSC

Source: Author's elaboration

place varies significantly across selected bodies. In addition, the scope of institutions' mandates varied considerably, with some being set up with a more narrow topical focus, while others are much broader in scope and potential policy reach.

Table 3 shows how the pro-productivity bodies surveyed in this article are placed based on the two aspects mentioned in this section

Legitimacy and Process

A very important dimension in the analysis of pro-productivity institutions is their degree of legitimacy to various stakeholders. This concept is usefully broken down into three complementary concepts: input, output and throughput legitimacy, which refer broadly to participation, performance and process, respectively (Schmidt, 2013). Input legitimacy refers to the degree of participation of stakeholders in the activities of the institution; output legitimacy is determined by the quality of the outputs produced by the institution, as well as by the extent to which they meet the consensus of stakeholders; throughput legitimacy looks at the use of stakeholder consultation and the efficacy, accountability and transparency of governance processes. All three forms of legitimacy are relevant for the purposes

of this article, and are discussed below with reference to the ten selected cases.

Regarding input legitimacy, different countries have adopted different arrangements:

- *Some of the selected institutions are multi-stakeholder "by design", since they feature decision-making bodies that include relevant stakeholders from the business sector and/or organized labour groups (Mexico, Norway, Ireland, to a lesser extent Denmark and Chile).*
- *Other institutions involve stakeholders extensively during performance of their activities (Australia, New Zealand).*
- *Other institutions occasionally involve stakeholders in the early phases of their work (the United States, the European Union, France).*

For output legitimacy, some institutions publish a wide variety of regular and occasional reports (e.g. in Australia, New Zealand, United States, the European Union, France); whereas others have focused their activity on a limited number of regular deliverables (e.g. in Ireland); and yet another group mostly produces recommendations that are addressed primarily at government policy-makers, or those of joint

interest with the private sector (e.g. Mexico, Chile, Norway, Denmark).¹⁷

In addition, the productivity commissions of Australia and New Zealand and the bodies surveyed in the United States, France, Ireland and the European Union feature varying degrees of capacity to produce new research, whereas the commissions established in Mexico, Norway and Denmark mostly compile existing information, without producing new knowledge through in-house research. In Chile budget constraints so far made it very difficult for the productivity commission to embark upon its own research initiatives, and on a few occasions research work was outsourced to the private sector.

Moreover, while institutions like the Australian Productivity Commission and the US Council of Economic Advisers have existed for several decades and have consolidated their reputation and prestige, virtually placing them at the same level of highly independent and authoritative institutions such as central banks, other institutions are either chiefly dependent on the personality of their chairperson (e.g. France), or are still striving to achieve a significant degree of reputation. In the case of Chile, a focus on short-term pressing issues has become almost inevitable in order to signal the salience and importance of the commission's work.

Most institutions apply techniques aimed at increasing the impact of their publications on public opinion and ensuring that employees have strong incentives to produce work of the highest quality. These include drafting blog posts and op-eds to summarize the results of research undertaken and/or explain policy recommendations (e.g. the United States, Chile, the European Union, France, Australia); and relying on third party academics to evaluate or

referee the quality of specific deliverables (e.g. New Zealand). But even more powerful, in this respect, is the performance of extensive public consultation on draft reports, a practice that is typical of the Productivity Commissions of Australia and New Zealand when carrying out their sectoral inquiries.

All in all, output quality seems to be one of the most valuable and fragile assets for a pro-productivity institution. Even one of the most established of the surveyed institutions, the Australian Productivity Commission, seems to be particularly aware of being "one bad report away" from losing its reputation. This, in turn, determines the need to secure sufficient budget, such that the institution can hire top-level researchers, and research can take place in-house, with all due peer review arrangements.

Finally, the level of throughput legitimacy of the pro-productivity institutions is heavily dependent on sound internal governance arrangements (due process), as well as the extent to which these institutions contribute to an open, transparent and accountable policy process. Against this background, a number of potential challenges have emerged from the interviews.

- On the one hand, *when the pro-productivity institution is independent of government the terms of reference have to be clearly stated*, so that responsibilities can be easily allocated between the institution and the receiving end. In some countries (e.g. Ireland, Denmark, Norway) terms of reference (TORs) have been drafted for the institution as a whole, and were made available to the public. In Australia, Chile and New Zealand TORs are specified for each inquiry. Especially in Australia and New Zealand, the

17 The Danish Productivity Commission came up with more than 100 policy recommendations many of which have found their way (sometimes in modified form) into subsequent legislation both during the previous and the current government. Overall, the commission's policy recommendations have had a significant impact and there is considerable awareness of the Danish productivity problem in policy circles.

TOR-based process is extremely transparent and inclusive, which certainly contributes to high levels of throughput legitimacy.

- On the other hand, *institutions located at the centre of government often work on the basis of a specific mandate established by an administrative act*. This is the case for the US Council of Economic Advisers (law), *France Stratégie* (decree) and the EPSC (decision). These institutions perform a number of activities, only a subset of which can be subject to a transparent, inclusive process. However, all keep track of their activities (e.g. the EPSC reports all the meetings held by its Chair with stakeholders) and reach out to a wider audience to show the content and direction of their work through notes, publications and blog posts.

But throughput legitimacy goes beyond the existence and clarity of the mandate, and encompasses also the efficacy of decision-making, and the quality of the process. These two dimensions are more difficult to capture for institutions like the ones under scrutiny in this article, compared to what occurs for institutions that are more directly involved in policy-making. However, the quality of internal governance and organization can also exert a significant impact on advisory bodies. For example, the existence of a board that is larger in number than the underlying staff was reported as potentially hampering the efficacy of the decision-making process in the Chilean National Productivity Commission.¹⁸ A similar problem emerged in Mexico due to the very limited num-

ber of government staff working to support the activity of the productivity commission. Currently there are only three dedicated staff, whereas a reasonable number would be two or three times that number of full-time, relatively senior staff to fully support the functioning of the Commission. Budget and resource constraints also surfaced in the case of more established institutions such as the Australian Productivity Commission.¹⁹

Resources and skills: coping with scarcity

Many of the surveyed institutions appear to be coping with resource limitations, both in terms of funding and human talent. At the same time, several interesting practices have emerged, which help these bodies achieve results by leveraging the potential of external experts as well as government staff. The following stand out as particularly interesting and/or innovative:

- *France Stratégie* was given the mandate to co-ordinate as many as eight other existing institutions.²⁰ In this manner, *France Stratégie* can tap into the existing knowledge of several well-established, high quality institutions without necessarily having to hire personnel with competence in such a wide array of fields. *France Stratégie*'s co-ordination function is being strengthened in light of the European Council's 2016 recommendation that all Eurozone countries create or designate Productivity Boards.
- In New Zealand, a Productivity Hub was created as a partnership of agencies, which aims to improve how policy can contribute

18 In the case of the US Council of Economic Advisers, one possible issue was the very short duration of member positions: however, such short duration reportedly helps attracting top-level scholars, who cannot leave their academic positions for more than two years.

19 Although its budget would reportedly be compatible with running as many as five inquiries at the same time, the Commission currently has nine on the table.

20 The Council for Economic Analysis; the Advisory Council on the Future of the Pension System; the Advisory Council on Employment Policy; the High Family Council; the High Council for the Future of Health Insurance; the High Council for the Financing of Social Protection; the National Industry Council; and the CEPII, a research centre in international economics.

to the productivity performance of the New Zealand economy and the well-being of New Zealanders. The Hub Board is made up of representatives from the Productivity Commission, the Ministry of Business, Innovation and Employment, Statistics New Zealand and the Treasury. Several other agencies and non-government groups are active in the partnership.

- The Mexican Productivity Commission can rely on a very small secretariat rooted in the Ministry of Finance. However, the secretariat can leverage expertise from the whole government administration. To this end, the creation of five sub-committees in charge of high priority issues has proven essential for a smooth and effective working of the institution.²¹

Independently of the resources available to them, many of the surveyed institutions face problems due to the lack of sufficient capacity or skills in those parts of administrations that receive policy recommendations and would be in charge of implementing them. Well-established productivity commissions consider the lack of capacity in their interlocutors among the key constraints they face to an expansion of their activities.

Are pro-productivity institutions plugged into the policy process?

Banks (2015) notes that pro-productivity institutions can be expected to be more effective when they are ‘plugged in’ to policy-making processes bearing on productive performance, or at least to be in a position to directly influence decision-making in those areas. Our analysis broadly confirms this idea, and shows that there

are many ways in which an institution like the ones considered here can become plugged into the policy process at the national level. Where a culture of evidence-based policy-making is more developed, pro-productivity institutions can engage more effectively with the executive, and be involved in the regulatory governance cycle. In this respect, legal systems like Australia, Mexico, the United States, and the EU (European Commission) have a clear advantage over others, which have experimented less with better regulation tools (OECD, 2015c, 2016a). That said, the following experiences stand out as particularly relevant:

- The US Council of Economic Advisers regularly co-operates with the regulation oversight body (Office of Information and Regulatory Affairs) in the *ex ante* economic analysis of the impacts of new federal regulations, in particular when the quality of economic analysis is at stake; and it had a role also in overseeing the first steps of the retrospective regulatory reviews mandated in 2012.²²
- *France Stratégie* is in charge of evaluating public policies for the French government. In order to fulfil this mandate, it performs *ad hoc* policy evaluation and acts also through dedicated initiatives and bodies.
- The Chilean Productivity Commission achieved a major milestone recently when President Bachelet officially endorsed the first of its 21 recommendations, which entails that all new major legislative proposals be subject to a specific productivity impact assessment.

21 All subcommittees feature a multi-stakeholder composition, with strong participation from the government side. They meet independently of the plenary sessions of the Commission, which meets normally four times per year. See www.gob.mx/cms/uploads/attachment/file/6672/Acta_sesion1_CNP.pdf.

22 The *Economic Report of the President* for 2016 observes that while macroeconomic issues continue to be an important part of the CEA’s portfolio, in recent decades the CEA has devoted an increasing amount of attention to microeconomic issues that arise in the context of legislation, regulatory processes, and other administrative actions.

- The Mexican Productivity Commission cooperates extensively with the regulatory oversight body COFEMER, which participates in the sessions and works with the subcommittees in the identification of areas for the reduction of administrative burdens and regulatory costs; and carries out both *ex ante* and *ex post* evaluations of existing regulation.

Being involved in *ex post* evaluation is more difficult for those institutions which largely play an advisory role, rather than being nested in the centre of government. For example, the Danish Productivity Commission came up with more than 100 policy recommendations, many of which have found their way (sometimes in modified form) into subsequent legislation both during the previous and the current government. The Norwegian Productivity Commission issued 180 recommendations, some of which have been implemented. Both commissions did not have much time to assess the impact of their recommendations, given the broadness and complexity of their mandates. On the other hand, their main role was identifying important problems and helping to pave the way for (some) controversial reforms by influencing public opinion and the political debate. Many of the policy recommendations reportedly needed further technical analysis before they could be put into practice, but this is probably best done in the relevant ministries and government bodies and/or in other expert committees with a more narrow and specific focus.

However, there are ways to follow up on policy recommendations and put pressure on administrations to actually implement them. For example, in Ireland, the Jobs Action Plan forced administrations to report on the implementation of recommendations issued by the Competitiveness Council in its Competitiveness Challenge report on a regular basis. And the New Zealand Productivity Commission is considering commissioning external work on the

actual implementation and impact of the recommendations issued.

Communication and outreach: the quest for keeping productivity under the spotlight

As already mentioned in the introduction to this article, developing an effective narrative for pro-productivity reforms is often difficult due to the distributional impacts that these reforms often create, requiring at times that powerful incumbents be subject to enhanced competition, or that entirely new business models enter the marketplace. Productivity has been termed by one of our interviewees as facing both an “awareness problem” and an “image problem”. On the one hand, it is hard to communicate why productivity should be a key concern for economic policy in the long run; on the other hand, it is common to hear opinions that associate productivity-oriented reforms with job losses and reduced safeguards for employees or other social groups. As an example, it reportedly turned out impossible to involve workers’ unions in the activities of the Norwegian Productivity Commission.

Many of the interviewed institutions still face important challenges in building a convincing narrative for productivity, and keeping the issue under the spotlight in public debate. Of course, the government and politicians will continue to play a key role in communicating such narratives to the public.

Overall, it is possible to distinguish between institutions that have diversified their activities to adopt a very broad notion of productivity, most often overlapping with long-term well-being; and institutions that strive to keep productivity at the core of the activity of government. Emerging lessons include the following.

- *Focusing on long-term well-being*, rather than productivity *stricto sensu*, is important to elicit trust and signal the relevance of the institution’s work. Institutions in Australia,

New Zealand, France, and the European Commission all follow this strategy, both due to their broader official mandate and also to enhance their legitimacy.

- *A balanced combination of long and short-term actions is also important, where possible, to keep the institution's mission under the spotlight.* In some cases, a focus on short-term actions has proven inevitable to very young institutions wishing to signal their relevance (e.g. Chile); in other cases, a relatively narrow focus has been combined with the need for actionable short term recommendations (e.g. Ireland); and in yet another set of circumstances the institution has been used at times also as a “crisis unit” (e.g. the US Council of Economic Advisers during the financial crisis at the end of the last decade).²³
- *Communicating the expected impacts of proposed reforms* is essential for stakeholders to understand the relevance and salience of recommendations issued by the institution. This is leading several institutions to enter the evaluation space and also to become more visible in the media, which are often thirsty for figures to show.
- *Periodic reporting on productivity, and/or the creation of one or more landmark reports can help keeping proposed reforms under the spotlight.* This is more easily achieved when the mandate of the institution at hand is relatively narrow. For example, the Irish Competitiveness Council is becoming increasingly influential in Irish politics due to the quality and impact of its yearly reports on the Competitiveness Scorecard and on the Cost of Doing Business in Ireland.

- *A strong political commitment to follow up on the recommendations issued by the institution is essential.* The example of the Jobs Action Plan in Ireland is an important one, where the government has demonstrated the commitment to follow up on the recommendations of the competitiveness council by mandating that administrations report on their achievements on a regular basis.

In addition to these pre-conditions, the institutions interviewed are adopting a number of strategies to keep their mission on the radar of policy-makers and public opinion. This includes putting a strong emphasis on frequent public communication and engagement. In most cases this also involves the publication of blog posts; the development of user-friendly recommendations with attractive graphics; and the delivery of regular public speeches and interviews. Their mere existence in some cases exerts an impact on the private sector. For example, in Chile the creation of the productivity commission has reportedly led both the industry association and the workers' union to start considering the creation of parallel bodies. More generally, to the extent that the creation of pro-productivity institutions contributes to the diffusion of a culture of evidence-based policy-making, this can also lead academics, stakeholder groups, and think tanks to become gradually more involved in the public debate.

Emerging Lessons

This section discusses some of the emerging lessons from the interviews that were conducted for the purposes of this research. A number of these echo the more general findings of Banks (2015).

23 Under the leadership of CEA Chairs Edward Lazear, Christina Romer, and Austan Goolsbee, the CEA played a role in designing countercyclical measures that were passed in response to the 2008-09 global financial crisis and its aftermath. The Council conducted the overall macroeconomic analysis that helped identify the need for, and design of, countercyclical fiscal measures, most notably the American Recovery and Reinvestment Act of 2009. See www.whitehouse.gov/sites/default/files/docs/ERP_2016_Chapter_7.pdf.

Lesson 1: Context matters: there is no one-size-fits-all solution when it comes to pro-productivity institutions

The selected jurisdictions have adopted very different solutions in terms of overall functions, design, governance, process, and degree of transparency and stakeholder engagement for pro-productivity institutions. The impression gathered through the interviews is that context matters, and that different legal systems might find specific arrangements more appropriate than others. This, in turn, means that those institutions that can be considered as “success stories” since they managed to remain in place for several decades and are well embedded in their countries’ institutional architecture, such as the Australian Productivity Commission, or the US Council of Economic Advisers, may not be easy to transplant from one legal system to another.²⁴

Perhaps the clearest example in this respect is the assistance provided by the Australian Productivity Commission to governments wishing to set up similar bodies in countries like New Zealand, Mexico, Chile and Argentina (not covered in this article). It appeared clear from the outset that for various reasons none of these countries could exactly replicate the Australian model, which can be traced back to almost a century-long experience involving similar statutory bodies and can rely on a consolidated tradition of transparent, accountable, evidence-based policy process. The new productivity commis-

sions ended up being often less financially endowed and in some cases less transparent and independent than the Australian one, but still contributed to a marked improvement in their country’s policy debate.

Other countries have decided to set up pro-productivity institutions as a response to a specific shock or an emerging policy problem, as was the case for the oil crisis in Norway, evidence of a slowdown in productivity growth in Denmark, or the need to preserve cost competitiveness in Ireland. These emergency-led strategies have led to a narrower scope for the initiatives, be that in terms of duration of the mandate (Norway, Denmark) or in terms of the institution’s activities (Ireland).

As a result, there is a strong need to adapt institutional and governance arrangements for pro-productivity institutions to national legal and political culture, as also flagged by the persons interviewed. This can be an iterative process, as once institutions gain more legitimacy, they may be able to pursue a more ambitious approach. To be sure, a key decision to be made is whether the pro-productivity institution to be created should be temporary or permanent in nature. Our findings suggest that there are advantages and disadvantages of both approaches. A temporary institution should however be given a narrower mandate, and possibly a narrower focus, otherwise it may end up developing too superficial policy recommendations, without reaching a sufficient level of detail.

²⁴ Defining success is not easy for many of the institutions analysed in this article, especially since a few of them have been established very recently, and it would be premature to draw conclusions on their effectiveness in achieving their statutory mission. However, some of them have been in place for longer, and were already subject to a number of external evaluations. This is the case of the Australian Productivity Commission, as reported by Banks (2015: 19), who finds that past quantitative estimates of the gains from reforms, in particular in industry assistance and economic policy areas, “suggest big returns on the ‘investment’ by government in the Commission and its staff”. In the case of the Council of Economic Advisers, the literature pointed at ups and downs in the influence exerted by the Council on economic policy-making in the White House (McCaleb, 1986). Recently a White House report pronounced the CEA, on the occasion of its 70th anniversary, “a durable and effective advocate for the public interest” (White House, 2016).

Lesson 2: Pro-productivity institutions are no panacea: they should be part of an effort to embrace good governance and evidence-based policy-making

In addition to institutional design and governance aspects, our work supports the view that the effectiveness of a pro-productivity institution can significantly depend on the extent to which good governance and better regulation principles are embedded in the legal system. Pro-productivity institutions can issue as many policy recommendations as they wish, but the uptake of such recommendations in the administration will largely depend on the administration's capacity to absorb and implement them, on the political commitment towards following up on these recommendations, and on the extent to which government relies on evidence to design its regulatory reform proposals.

Against this background, the issue of pro-productivity institutions and reforms cannot, and should not, be kept separate from that of regulatory governance and reform. In some cases lack of commitment can result in badly designed institutions, with insufficient resources to meaningfully contribute to public debate. A well-designed productivity institution surrounded by government administrations that lack transparency and accountability arrangements, effective public management practices,

and skills is doomed to remain a preacher in the desert, and represent a waste of money to taxpayers.²⁵

Lesson 3: Political commitment is essential

An essential element that emerged from the interviews is that without a strong political commitment, pro-productivity institutions are unlikely to flourish or become prominent in the overall political landscape. There are various ways in which the role and work of a pro-productivity institution can be given importance and impact at the government level. They include:

- Providing a strong legal basis and both *de jure* and *de facto* independence to the institution;²⁶
- Chairing a multi-stakeholder body at the highest political level (Mexico);²⁷
- Appointing highly reputed academics to head standing inquiry bodies or advisory councils at the centre of government (United States, Chile, Ireland, Denmark);
- Mandating research on specific pressing policy issues, to be analysed by the institution in a transparent and in-depth manner (Australia, New Zealand);
- Committing to explicitly discuss or even to formally adopt and implement the institution's recommendations (Mexico, Ireland);²⁸

25 In this context it is thus useful to compare the results of our survey with those of the OECD Regulatory Policy Outlook. www.oecd.org/publications/oecd-regulatory-policy-outlook-2015-9789264238770-en.htm.

26 For example, the Australian Productivity Commission was created as an independent authority by an Act of Parliament in 1998, whereas the New Zealand Productivity Commission was set up as an independent crown entity. In Chile, the legal basis of the Productivity Commission is now being strengthened, in an attempt to consolidate the standing and legitimacy of the institution.

27 The fact that the President of Mexico participates in one of the sessions of the productivity commission reportedly motivated all stakeholders to engage in active and fruitful involvement and participation; at the same time, such a presence is limited to one meeting to avoid that the discussion becomes too formal, and that the debate within the commission becomes less open.

28 Recommendations are being made binding for government administrations in Mexico. Some countries mandate that governments report on their adoption of recommendations on a regular basis (e.g. in Ireland, limited to the Jobs Action Plan); or that government responds to the recommendations with a communication or a motivated statement (often, in Australia and New Zealand).

- Involving the institution in the design and/or in the evaluation of policies (United States, France, Chile);
- Providing the institution with capacity to start its own research projects, in addition to responding to government requests (Australia, New Zealand).

Lesson 4: Independence is important, although its extent can vary depending on the circumstances

Most of the surveyed institutions consider their independence to be a key asset, which contributes extensively to the legitimacy of their output. At the same time, some of the institutions at hand report to their governments, rather than to parliaments or other non-governmental institutions. This can make them potentially less independent in formulating policy recommendations. However, the experience of market regulators suggests that how this reporting works in practice is critical, and other factors such as tenure, funding and transparency are at least as critical in affecting independence (Banks, 2012; OECD, 2016b; OECD, 2017). The common features that appear to be essential for a fruitful role of a pro-productivity institution are the need to avoid governmental control on the content and scope of the recommendations; as well as the possibility to act autonomously, not just react to specific mandates issued by government.

Against this background, independence and autonomy are always destined to remain relative, rather than absolute. For example, while a number of the productivity commissions modelled on the Australian example consider themselves to be fully independent, this situation has to be qualified since in many circumstances their ability to undertake their own initiatives and

research is constrained by their limited budgets. In addition, workload commissioned by government can crowd out the possibility for independent research.

The lack of full independence is of course more likely when institutions are purely internal to the administration, even if functional autonomy is explicitly granted. It is, however, important that clear provisions are in place to secure that the fields of research and the ultimate recommendations produced by such institutions are not entirely pre-determined by the centre of government, which normally acts as the main recipient of such recommendations, and is in charge of translating them into concrete policy steps.

At the same time, institutions should remain “plugged in” to the policy-making process, in order to enhance the likelihood that recommendations will be adopted. And they should feature, whenever possible, champions from the government administration, which can increase the ownership of the reforms and guarantee continuity in the activities of the institutions they contribute to.²⁹ One possibility to be considered in this respect is either the sharing or the secondment of personnel from government to the independent pro-productivity institutions, which may contribute to enhancing over time the capacity of government to implement the reforms proposed by the pro-productivity institution. The impact of these practices may be greater if seconded personnel have solid technical expertise, and go back to positions of influence in the administration at the end of the secondment period, thereby increasing government’s ability to understand and implement the proposed reforms.

From a slightly different angle, it is interesting to observe that the “TOR system” is more

29 This is the case, for instance, of Mexico and Chile, which however seem to rely on too small a staff of very skilled civil servants that back the activity of advisory-type bodies.

appropriate for truly independent bodies, than for “internal” advisory bodies. But even for independent bodies, TORs should not be the only way for a pro-productivity institution to produce research and policy recommendations. Within the TOR system, it is essential to ensure that stakeholders have a say on the main premises and results, in order to avoid governments exerting undue control over the results of commissioned research. More generally, quality, transparency and political commitment are all factors that result from, and also reinforce, the independence of a pro-productivity institution, and as such should be adequately considered when designing such an institution for a given legal system.

All in all, some of our interviews have cast important doubts on the ability of non-independent (or not fully independent) bodies to propose *disruptive* changes and/or *courageous* reforms. Such lack of independence undermines the role that pro-productivity institutions can play as “long term public policy design workshops,” that develop systemic reforms needed to boost productivity. Accordingly, sufficient independence, particularly in developing ideas and forming policy recommendations, seems to stand out as a core requirement for the effectiveness, legitimacy and overall impact of pro-productivity institutions.

Lesson 5: Budget and human resources must be sufficient for high-quality research and quality control

The need for autonomy and independence is also reflected in the need for sufficient budget and resources to organize the institution’s research work, as well as to adequately engage

with stakeholders, e.g. through extensive public consultation. One aspect relates to whether budgets are determined annually, or on a multi-year basis, which can help to shield the institutions from undue influence (OECD, 2014). While certain institutions only focus on the compilation of relevant research with no ambition to produce new data and information (e.g. in Denmark and Norway,), most institutions have the ambition to be active in the production of new findings, whether through inquiries or desk/empirical research. However, the budget and human resources they are endowed with are not always compatible with this ambition.

As a consequence, if the role of a pro-productivity institution is to be taken seriously sufficient resources need to be made available to attract an adequate number of high-quality researchers, as well as to allow for peer review, public consultation, and quality control of research methodologies and results.³⁰

In terms of specific expertise, while the role of economists is widely acknowledged, that of other experts, for example in, innovation, education and public administration, is often underestimated. In Denmark and Norway, several outside observers offered the criticism that productivity commissions were dominated by economists, and one of our interviewees suggested that the commissions could probably have benefited from a greater participation from political scientists with special insight into public administration, given that a large part of their agendas focused on productivity problems in the public sector.

The availability of resources is even more important when coupled with a mandate that, in addition to specific “on demand” research,

30 For example, the Norwegian Commission was well supported by competent staff from the relevant economic ministries and also drew on analytical work by Norwegian academic experts and consultants. The Danish commission had a relatively small secretariat (considering its very broad mandate) and could have benefited from having more resources, although its members tried to draw as much as possible on outside expertise and relevant academic research.

allows for the institutions own research initiatives. When this is explicitly foreseen (e.g. Australia, Chile, New Zealand), most often the budget is insufficient to leave space for spontaneous initiatives, and this is potentially weakening the pro-productivity potential of these institutions' work.

Lesson 6: Institutions should engage with stakeholders

Openness and transparency are increasingly important for pro-productivity institutions. Some institutions consult stakeholders throughout the course of their activities; others are multi-stakeholder by design, and yet other institutions meet constantly with stakeholders or reach out to the public opinion even if their core activity would be advising the government. Institutions that engaged with the private sector and labour early in the consultation process report their involvement being highly constructive, although these experiences are somewhat limited.

While the scope and design of the institution determines the best way in which it can interact with stakeholders, the need for such interaction has emerged from our analysis as an essential pillar of setting up an effective pro-productivity body. These forms of engagement might involve the use of an open government approach and open access instruments, or wiki platforms for interaction with external stakeholders. To date, however, few of the institutions have broadly embraced these new instruments.

Possible arrangements that can strengthen the level of interaction with stakeholders, include the adoption of minimum consultation standards (especially in TOR-based standing inquiry bodies); commitment or obligation to respond to submissions with a motivated statement of acceptance or rejection; the organization of workshops or online *fora* related to individual

policy issues; the use of blogs with comment sections to stimulate interaction, and many more.

Lesson 7: It is important to combine short- and long-term thinking in the institution to preserve legitimacy and salience

Our analysis has highlighted that all pro-productivity institutions consider long-term thinking to be their core business. These institutions focus on structural reforms because other organizations have little time to do so. Short-termism in government is often caused by the need to preserve political consensus, the constraints exerted by the electoral cycle, and shrinking budgets (Thompson, 2010). Having an institution think about issues that require reform in the country's public policies is increasingly essential.

However, it would be naïve to imagine that an institution can at the same time be plugged into the policy process, provide influential policy recommendations to government, and stay away entirely from short-term issues. In addition, relatively new institutions often find short-term issues to be a useful opportunity to enhance their reputation and legitimacy for the wider public. In addition, reports that focus on short-term as well as long-term initiatives have proven to be very useful. Bodies can also play a useful role by "framing" short-term issues from a long-term perspective, capturing economy-wide ramifications and incorporating future social, economic and technological transitions in their analysis.

Accordingly, there seems to be reason to believe that a combination of short- and long-term research and advocacy is to be preferred to a less balanced approach, as it can increase the effectiveness and legitimacy of pro-productivity institutions, and in addition makes them more easily plugged into the policy-making process.

Lesson 8: Pro-productivity institutions should be “plugged into” the policy process

Pro-productivity institutions can represent a great complement to regulatory oversight bodies in ensuring that the economic analysis behind legislation and regulation is sound, and that the “long-term” is adequately accounted for when designing or evaluating new policy interventions. This occurs especially in the United States, but also to various degrees in Mexico and Chile. Elsewhere, the link between these institutions and oversight bodies in charge of the regulatory governance cycle is weaker.

Depending on the institutional location of the pro-productivity institution, the arrangements that might promote a further involvement in the policy process can vary. The ones that seem more effective and important include the following:

- **Coupling policy recommendations with a preliminary impact analysis, which incorporates an assessment of the distributional impacts of proposed reforms.** This could help government bodies in charge of *ex ante* regulatory impact analysis in conducting their evaluation; it would also help the data produced “speak for themselves”, including for media outreach and policy advocacy purposes; and it would also incentivize pro-productivity institutions to formulate “actionable”, evidence-based recommendations.
- **Carrying out early stakeholder consultation on proposed reforms.** This can lead to the collection of data and stakeholder positions in a way that facilitates government in the subsequent phases of the policy cycle.
- **Assisting regulatory oversight bodies in validating the quality of economic analysis of proposed new regulation.** Especially when pro-productivity institutions can rely

on highly skilled economists, this role could prove very important for government.

- **Assisting government departments and ministries in the retrospective review of existing rules, or clusters of rules.** Pro-productivity institutions are well positioned to help governments run an in-depth evaluation of entire policy areas, individual pieces of legislation/regulation, or the performance of specific industry sectors.
- **Evaluating the functioning of the whole regulatory system.** Independent bodies that possess a consolidated reputation are well positioned to perform such an evaluation.

Concluding Remarks and Policy Implications

This article contains the results of a comparative analysis of ten pro-productivity institutions, and draws a number of lessons that could prove useful for the institutions themselves, and for governments and legislatures that are currently considering whether to create new pro-productivity institutions. The ten selected institutions can be classified as advisory councils, standing inquiry bodies or ad hoc task forces, and do not exhaust the possible choices available to a given country when it comes to stimulating and promoting the debate on pro-productivity reforms. Moreover, the peculiarity of legal systems and the importance of context in determining the optimal design, mandate, mission and governance of pro-productivity institutions limit the possible extension of individual findings to all other institutional settings.

That said, this article broadly confirms earlier work for the OECD (Banks, 2015) regarding the usefulness of setting up pro-productivity institutions, and the importance of conceiving of an overall institutional setting that leaves space for long-term thinking and strategic policy design. And while, with the exception of Australia, it is

difficult to correlate the existence of pro-productivity institutions with stronger economic performance, it is acknowledged that governance indicators and institutional capacity indicators (e.g. government effectiveness) are more correlated with growth and economic performance than most other indicators, including regulatory indicators (Han et al., 2014; Furceri and Mourougane, 2010).³¹

OECD countries face the challenge of slower productivity growth. The reforms needed to restore inclusive growth and sustainable development call on governments to adopt a long-term perspective, overcome vested interest and incumbency stances and cross-sectoral boundaries by crafting new policies that favour and promote systemic change and socio-economic transformations. One way to face this challenge is to ensure that the overall governance and institutional setting is conducive to such reforms.

The creation of pro-productivity institutions is a meaningful way to pursue this goal. When well designed, pro-productivity institutions can make a very important contribution to the economic policy debate. While not a panacea, they can orchestrate and promote a multi-stakeholder, evidence-based dialogue on the causes of the productivity slowdown in their countries, as well as on possible solutions. Resource and time-constrained governments are not as well positioned as independent, highly skilled, multi-stakeholder institutions in playing this role. However, it takes smart and effective governments to engage with independent pro-productivity institutions, to fully understand their recommendations and translate them into concrete reform initiatives.

Our analysis adds to existing knowledge in several respects. We find that, despite existing

constraints, well-designed productivity commissions can generally improve the overall quality of the political debate over economic, social and environmental reforms, and contribute to evidence-based policy-making. Our results also support the view that centralizing knowledge and research on productivity in one independent and highly skilled body can help create the momentum and the knowledge required to promote long-term productivity growth. And importantly, we find evidence that while institutions located outside government have more leeway in promoting reforms that challenge vested interests and produce results over a time span that goes beyond the electoral cycle, the existence of smart government bodies can engage to a much larger extent in experimental policy-making and pave the way for a more adaptive policy process, based on evidence.

In all this, it is of utmost importance that these bodies be given sufficient resources, skills, transparency and procedural accountability to fulfil their tasks; a sufficiently broad mission, which looks at long-term well-being and at both supply-side and demand-side; policy evaluation functions, be they related to the bodies' own proposed reforms, or to existing or proposed government policies; and the ability to reach out to the general public in a variety of ways, from consultation to advocacy, use of social media, and other forms of communication.

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