

Many advanced economies remain ill-prepared for present challenges

Wednesday 28 May, 2025

A shifting geopolitical landscape, sluggish growth, digital transformation, the climate crisis and demographic change are testing the capacity of OECD and EU countries to innovate and adapt like never before. Denmark, Finland, Sweden and Norway are among the best positioned. But the analysis of 144 indicators from the Bertelsmann Stiftung's Sustainable Governance Indicators (SGI) reveals a troubling pattern: most advanced economies are still not adequately equipped to deliver sustainable policy.

Gütersloh, 28.05.2025. Most OECD and EU countries lack the institutional frameworks and long-term policy strategies needed to tackle their most pressing challenges – strengthening democratic resilience, boosting economic adaptability, crafting socially viable responses to the climate crises, and managing demographic change. In 11 of the 30 OECD countries analyzed, a fragmented policy mix – combined with weak democratic oversight – poses a serious threat to sustainable governance. Among the G7 economies, Japan, Italy, the United States and Canada are at risk of losing sight of the interests of future generations. “The Nordic states are far better prepared. They offer strong democratic checks and public participation opportunities, comprehensive economic, social and environmental policies, and forward-looking administrative structures,” says Christof Schiller, sustainable governance expert at the Bertelsmann Stiftung.

Sustainable policymaking and a healthy democracy go hand in hand:

- Strengthening the integrity of elections
- Guaranteeing unrestricted access to official information
- Building coalitions to counter anti-democratic forces

The top performers in democratic oversight are Sweden, Norway, Denmark and Finland. SGI data highlight, for example, how Norway has successfully limited the influence of political extremism.

Also the daily workings of government are overdue for a structural upgrade:

- Breaking down ministerial silos
- Increasing transparency
- Strengthening the capacity for strategic foresight

Finland and Denmark top the ranking for anticipatory governance. In Finland, the Prime Minister's Office reviews legislative proposals on behalf of the head of government. Its aim is to improve the quality of draft legislation by enhancing impact assessments and optimizing the timing and planning of new proposals.

When it comes to aligning national economic, social, and environmental policies with the demands of sustainability, all OECD and EU countries face major challenges:

- Designing coherent strategies for economic transformation
- Accelerating the shift to circular economy
- Advancing mission-oriented innovation policies

Sweden, Denmark, Norway and Finland lead the way: “In Denmark, policy design is guided by evaluations and sustainability assessments,” says Thorsten Hellmann, economic policy expert at the Bertelsmann Stiftung. “Impact assessments for new laws are publicly available, which increases transparency. If a policy falls short of expectations, adjustments are typically made.”

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