

Preface

Against a backdrop of a once-in-a-century global health and economic crisis, the management of the global commons presents a very real challenge. The deterioration of trust in governments, experts, and evidence has made reaching consensus in policy making more difficult. At the same time, there has been increased pressure for more rapid decision making to help address real economic, environmental and social issues. We need to rethink the way governments make rules. The important need for trusted, evidence-based, internationally co-ordinated, and well-implemented and administered regulation to deliver on climate action, harness innovation and manage interconnected global risks make this all the more urgent.

As we approach the 10th anniversary of the 2012 OECD Recommendation on Regulatory Policy and Governance, it is timely to look back on Member countries' achievements as well as to consider the ongoing and emerging challenges for regulatory policy. As we pointed out in the 2015 and 2018 OECD Regulatory Policy Outlooks, regulating well can be challenging even in "normal times". There are many technical complexities and uncertainties to grapple with. Often there are political pressures and constraints to deal with. Unless that is done well, the regulatory initiatives that follow can be inadequate or even counter-productive. They may have unintended consequences, including for those who were never intended to be captured by a new regulation. They may achieve their goals at excessive cost. In some cases, they may not serve their goals at all or, worse, have a negative impact.

These concerns need to be at the forefront of policy makers' minds as they upgrade regulatory policy to address today's challenges. The post-pandemic rebuilding of economies and society will require changes to regulations that underpin the market economy, better balancing economic efficiency with sustainability goals, equal opportunity and resilience. It will also require governments to enhance their capacity to co-operate on regulatory matters to face increasing transboundary challenges.

Sound regulatory policy has never been more important. The ability to provide clear, well-reasoned and evidence-based public policy will help to rebuild, refocus and reform economies for decades to come, as well as to enhance trust. Demonstrating where rules need updating and highlighting superior alternatives to the status quo are two of the core strengths of regulatory policy.

Reflecting these challenges, the third edition of the *Regulatory Policy Outlook* calls on governments to engage in a "regulatory reboot" for the 21st century, as the focus shifts towards increased consideration of cross-border flows, environmental issues, inequality, risk, innovation, and foresight in public policies. The recent OECD Recommendation for Agile Regulatory Governance to Harness Innovation aims to help countries in this regard. At the same time, the building blocks of better regulation will be as important as ever – yet, in some countries, they are worryingly weak. Less than one-quarter of OECD members systematically assess whether rules have worked as intended. Countries need to redouble their efforts in the traditional regulatory policy tools of impact assessment, stakeholder engagement, and *ex post* evaluation.

For more than 60 years, the unwavering focus of the OECD has been to preserve individual liberty and to increase economic and social well-being – in short, to promote better policies for better lives. Better policies begin with better policy making. The *Outlook* shows governments the path to improve rule-making for a more balanced, sustainable and cohesive global society.

A handwritten signature in blue ink, consisting of the letters 'M' and 'C' joined together in a cursive style.

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