‘Party manifestos and policy costings in the Netherlands’

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Universiteit Leiden
The Netherlands

Index

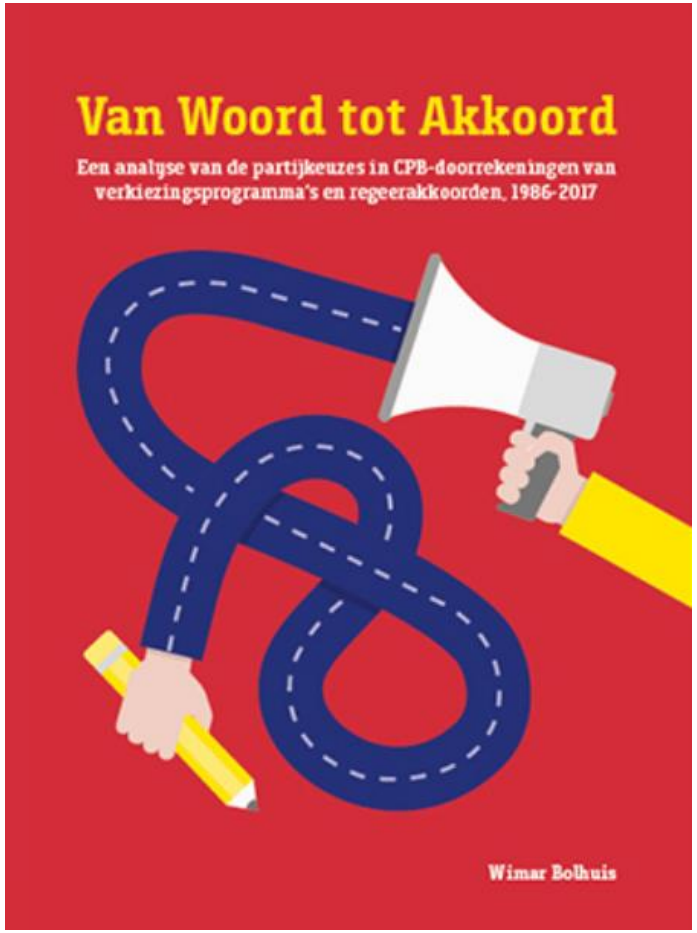
1. Charted Choices (CC) history 1986-2021 (10x)
   - CPB Netherlands Bureau for Economic Policy Analysis
   - History and goals CPB
   - History and popularity CC

2. Remarkable CC trends in party manifestos
   - Dutch electoral politics: tax, spending

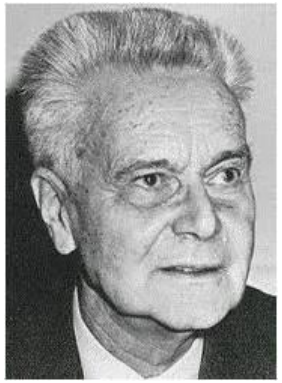
3. Party manifestos CC <-> Coalition agreements CPB
   - Inside the 'black box' of formations

4. Conclusion & discussion

Books, PhD, research



1. History CPB



- Founded in 1945 after WWII
- Jan Tinbergen first director
- Economists, technocratic policy making by experts
- Independent, neutral, accountable
- Rationalization public policy
  - Statistics Netherlands (CBS)
  - Social-Economic Council (SER)
  - The NL Scientific Council for Government Policy (WRR)
- Pieter Hasekamp director (former Min FIN)

Goal CPB: evidence based policy

- **Economic forecasts**

  Quarterly and before national elections (MLT base scenario next 4Y, for CC & CA)

- **Economic policy advice**

  Asked and unasked

Charted Choices history

- **1986 - CDA, PvdA, VVD (3)**
  - Small: Financial economic part of their manifestos

- **2021 – VVD, CDA, D66, GL, SP, PvdA, CU, SGP, DENK, 50Plus (10)**
  - Extended: taxes, premiums, public expenditures, disposable income, macro economics etc

- **Unique in the world**
  - Political parties participate voluntarily (and not all of them)
  - Special: civil servants check politicians and politicians accept MLT base line forecast next 4Y
  - Outcomes of the assessments will become public, after
  - Title: 'Charted Choices' ('Keuzes in Kaart' (KIK))

- **1986-now – Coalition agreements also analysed by CPB**

Popularity 1986-2021

Editie	Aantal partijen	% Zetels Tweede Kamer	Aantal maatregelen per partij	Aantal pagina's	Publicatie samen met PBL?
KiK 1987-1990	3	85	Nb	25	Nee
KiK 1990-1994	4	95	Nb	94	Nee
KiK 1994-1998	5	95	46	222	Nee
KiK 1999-2002	5	87	54	161	Nee
KiK 2003-2006	8	100	42	228	Nee
KiK 2008-2011	8	81	52	218	Nee
KiK 2011-2015	9	99	254	222	Ja
KiK 2013-2017	10	99	247	456	Ja
KiK 2018-2021	11	89	106	374	Nee
KiK 2022-2025	10	82	146	370	Nee

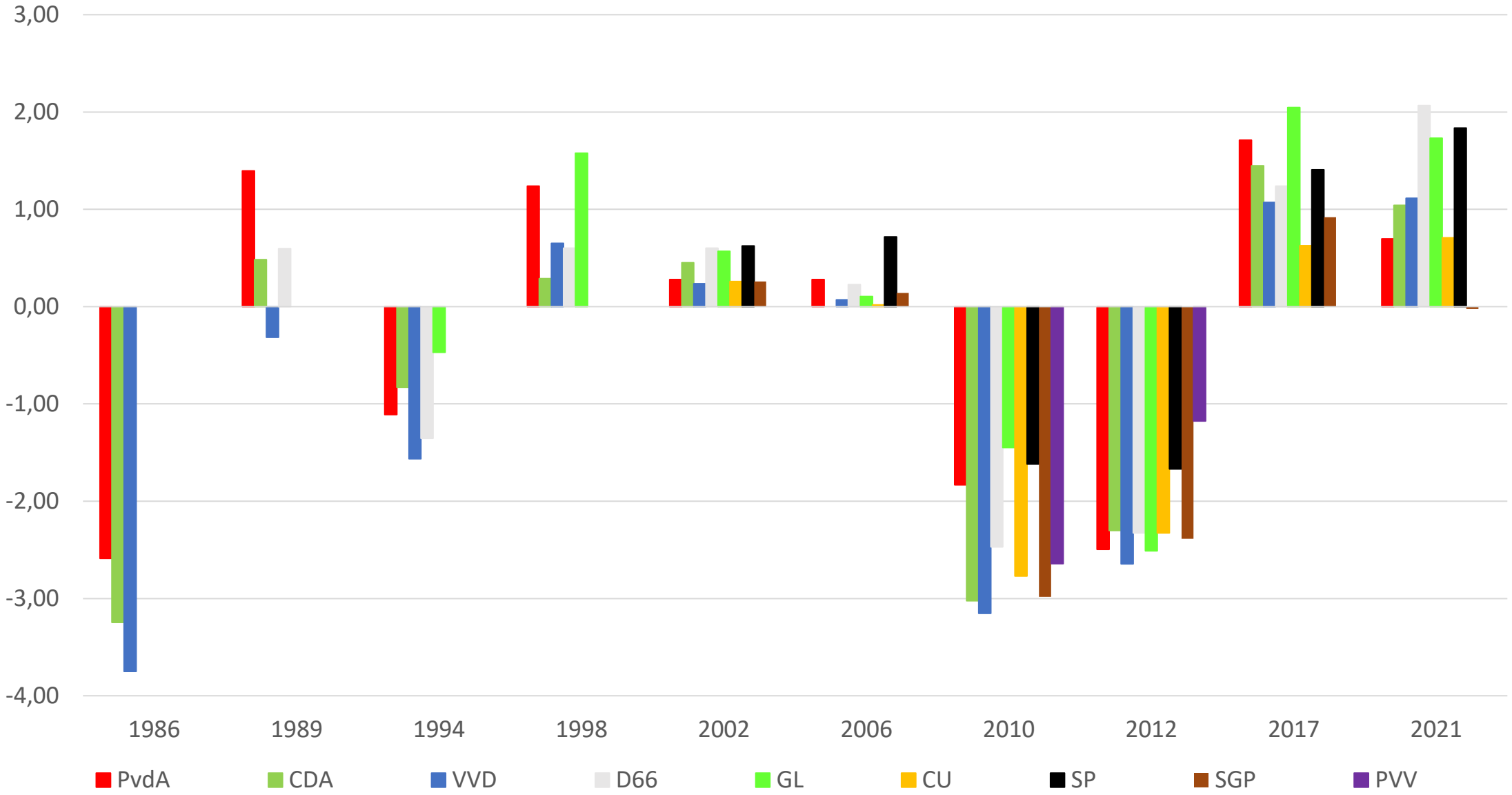
Livestream presentation 2021

Aim CC: To ‘discipline’ politicians

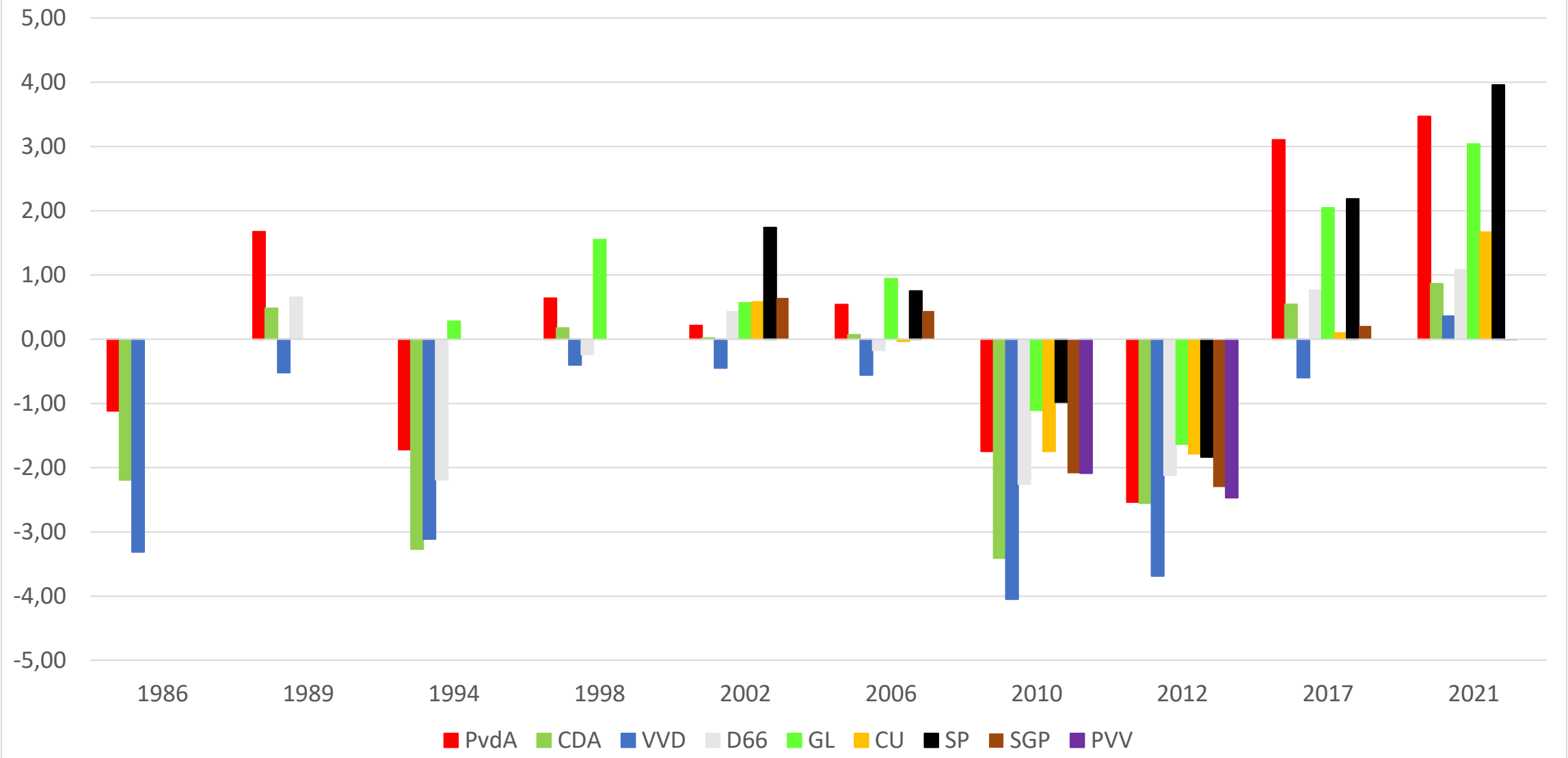
2. Party manifestos

Dutch electoral politics: tax and spending

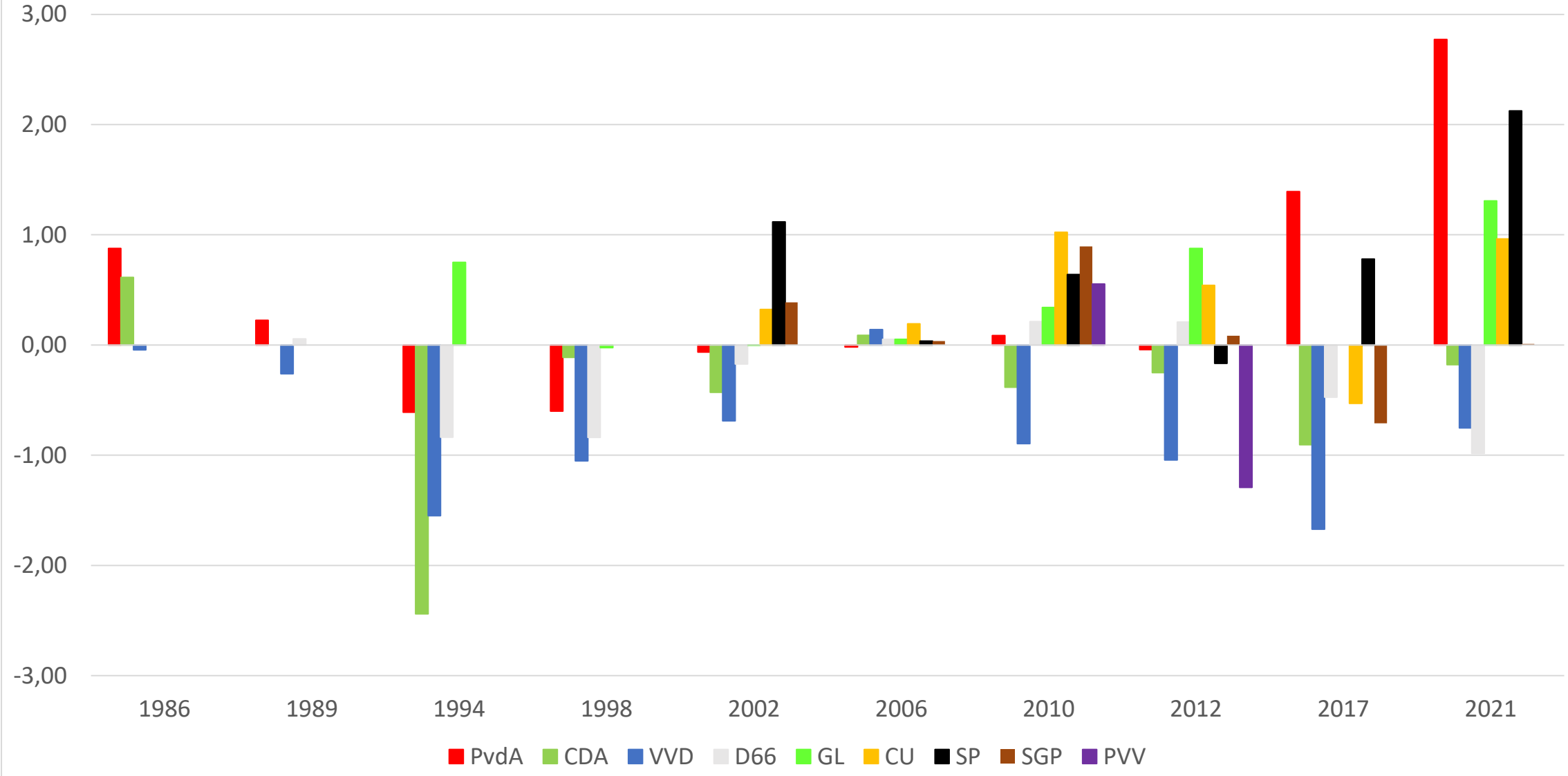
Expenditures – Revenues Total (% GDP, ex-ante)



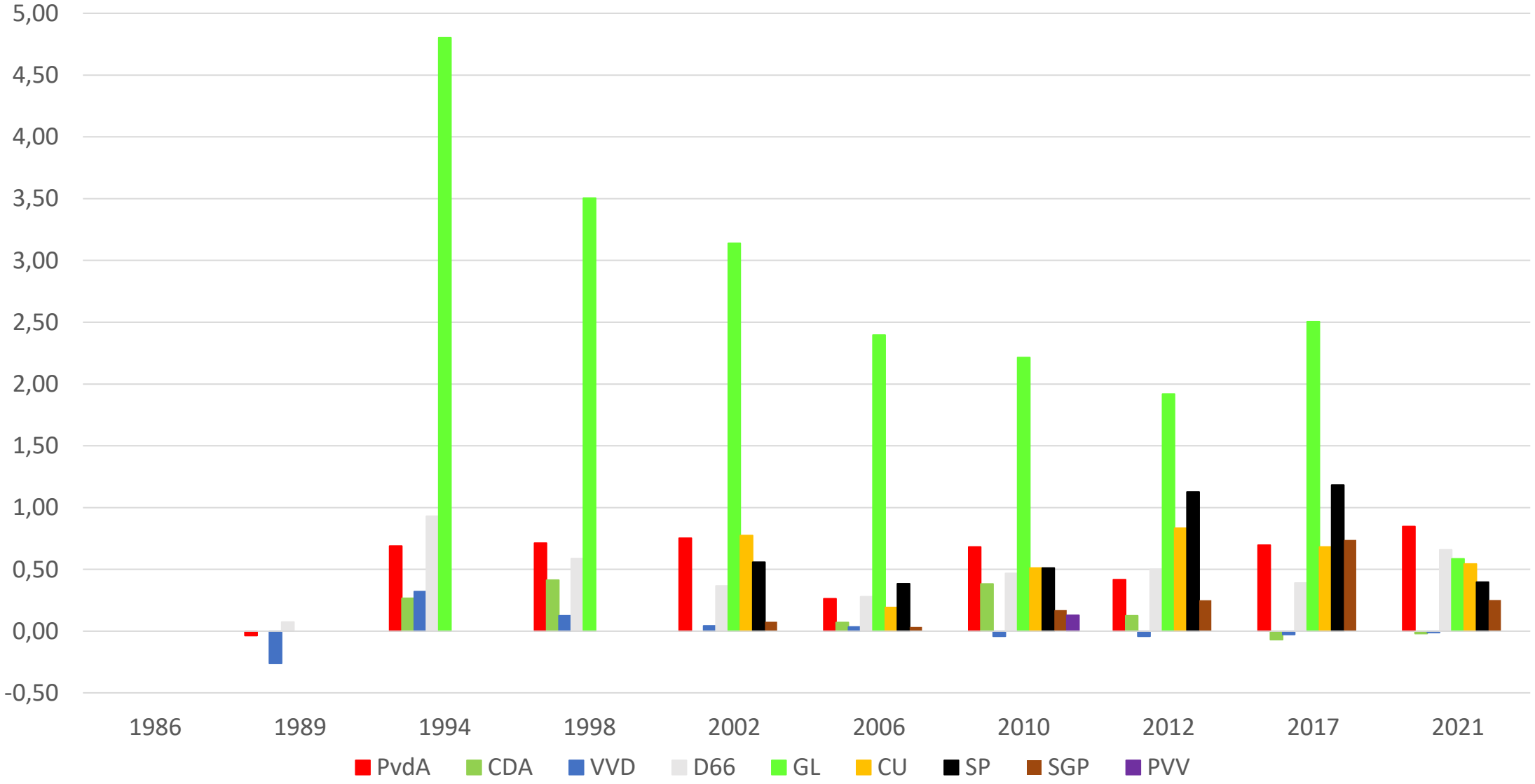
Public Expenditures (% GDP)



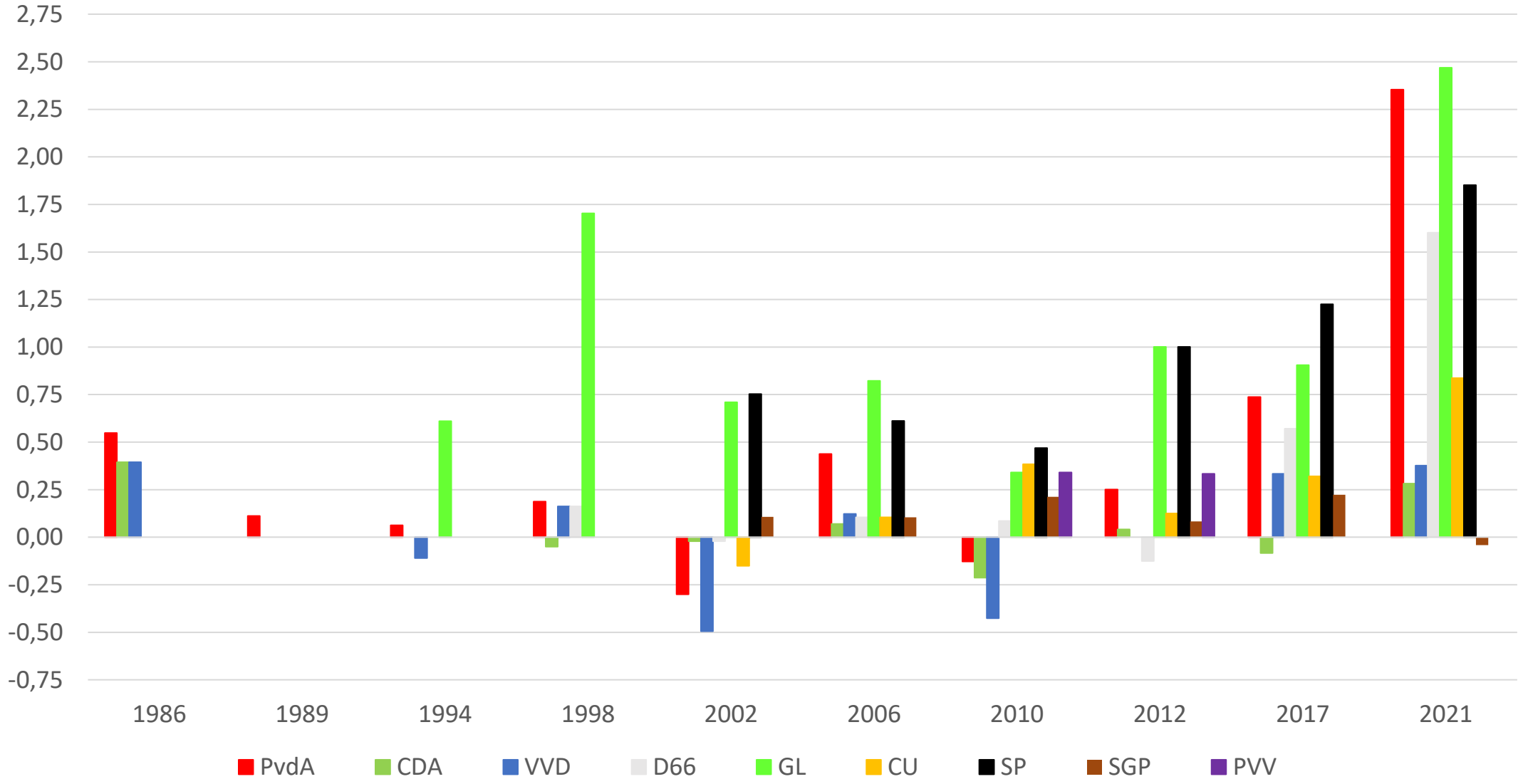
Total Revenues / Tax Burden (% GDP)



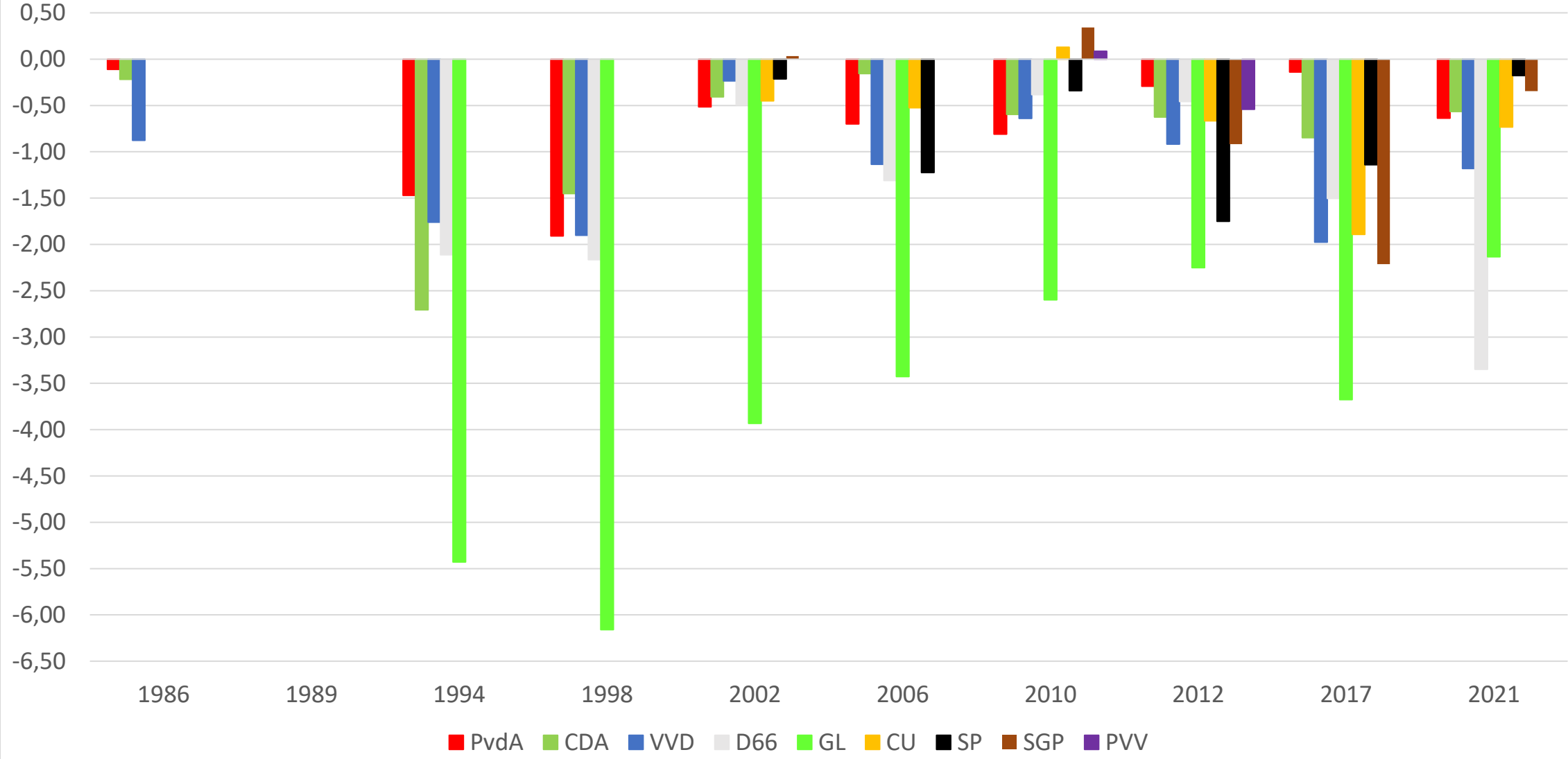
Taxes Environmental Pollution (% bbp)



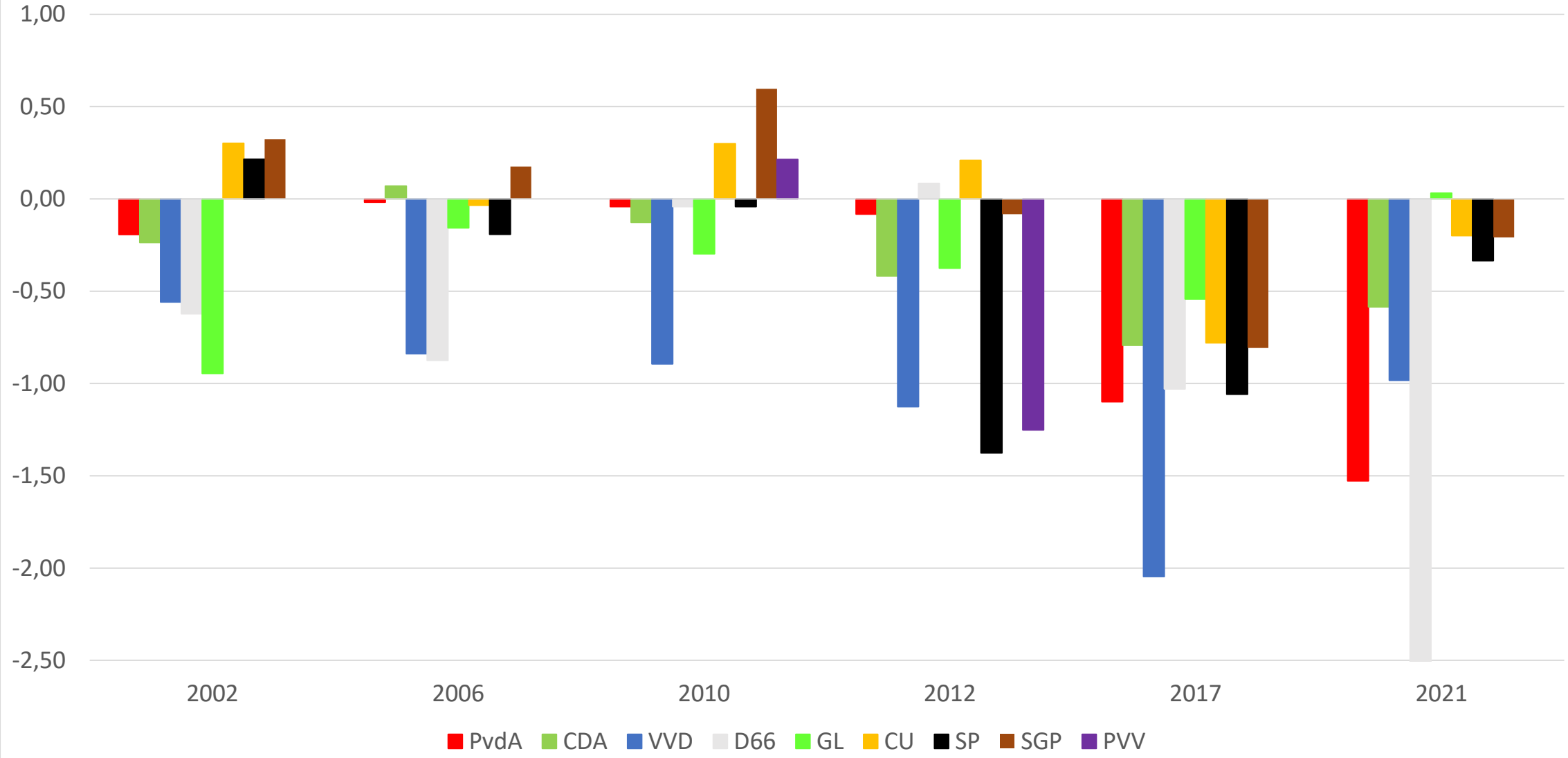
Taxes Capital and Profits (% GDP)



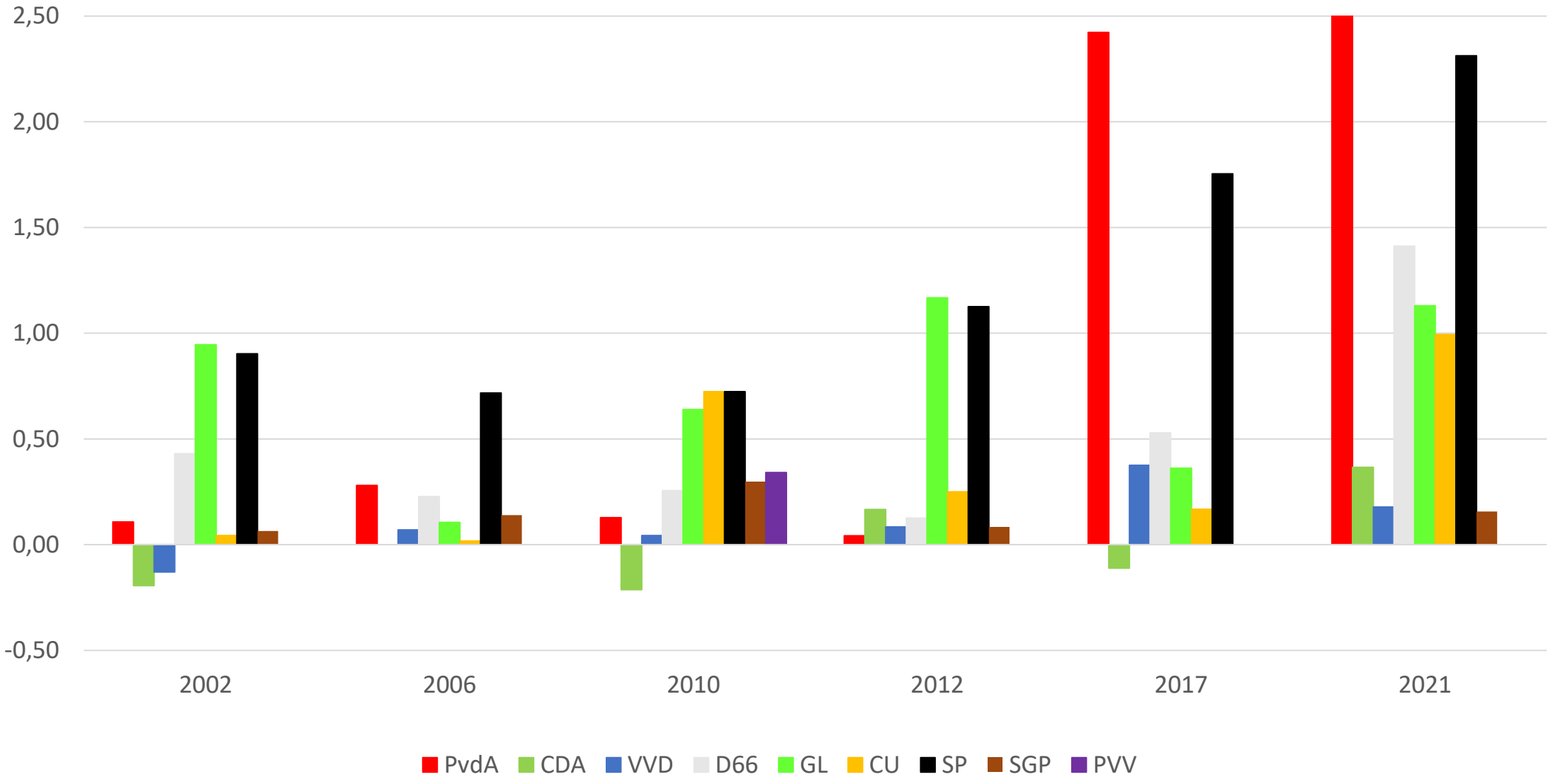
Taxes Labor and Income (% GDP)



Tax Burden for Households (% GDP)



Tax Burden for Businesses (% GDP)



Party manifestos CC <-> Coalition agreements CPB

Inside the ‘black box’ of formations…

PRE ELECTIONS >
campaign parlement

AFTER ELECTIONS
> formation government)

BLACK
BOX

Use CPB's CC & CA analysis

- **Deviations CA** from **the weighted average of the government parties in CC** based on their number of seats in the parliamentary elections

- **Reference measure** for CA compared to CC

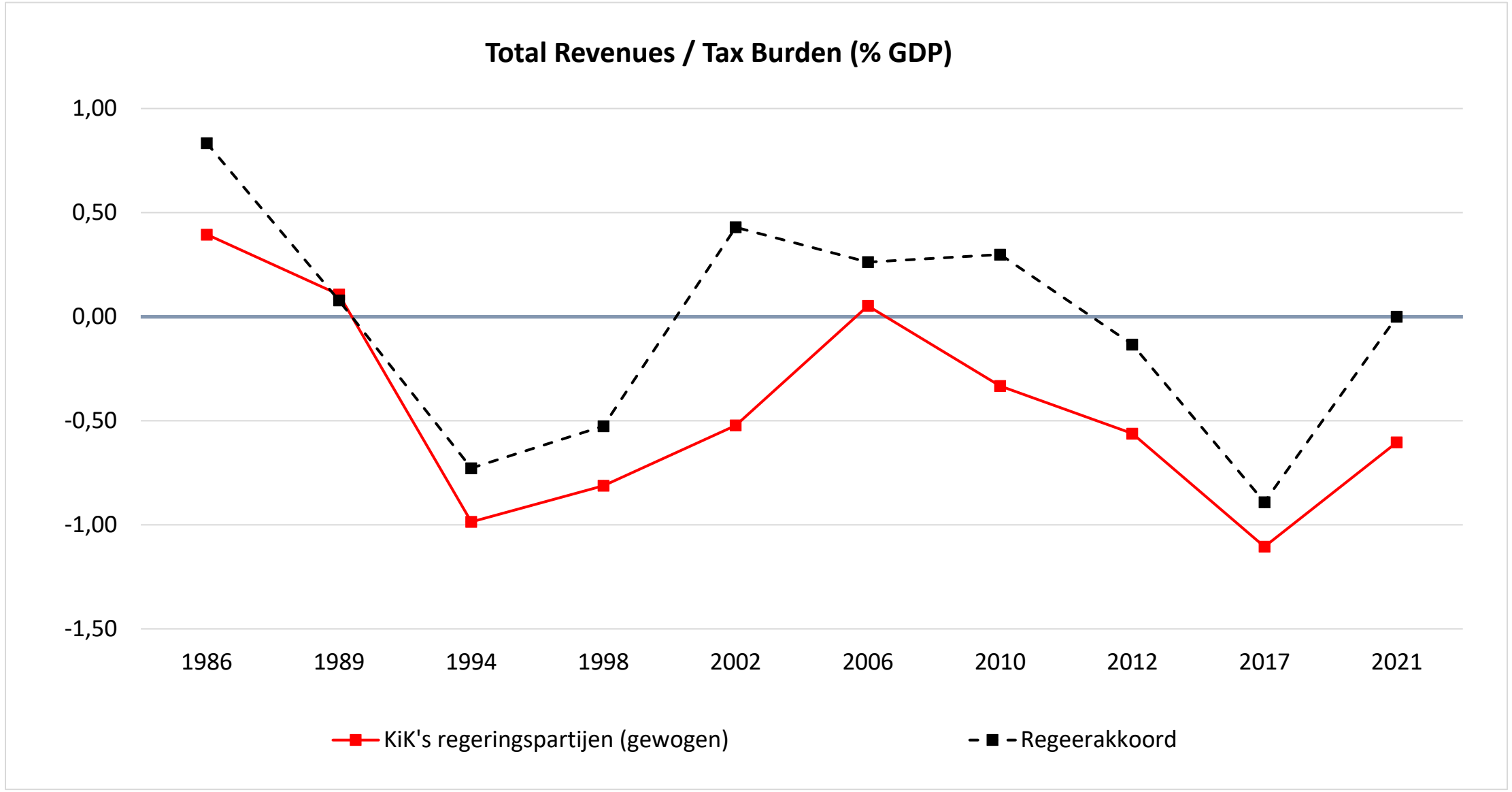
- To indicate relationship → **r = correlation** & **Δ = mean difference**
- **Zero line = MLT base line forecast (no policy)**

- Research question and design does not address negotiation theory
- ≠ premier bonus, junior partner, cross-file deals, ideological distance

- **I now only present the striking results!!!**
- Majority of variables correspond to reference measure (+- 75%)

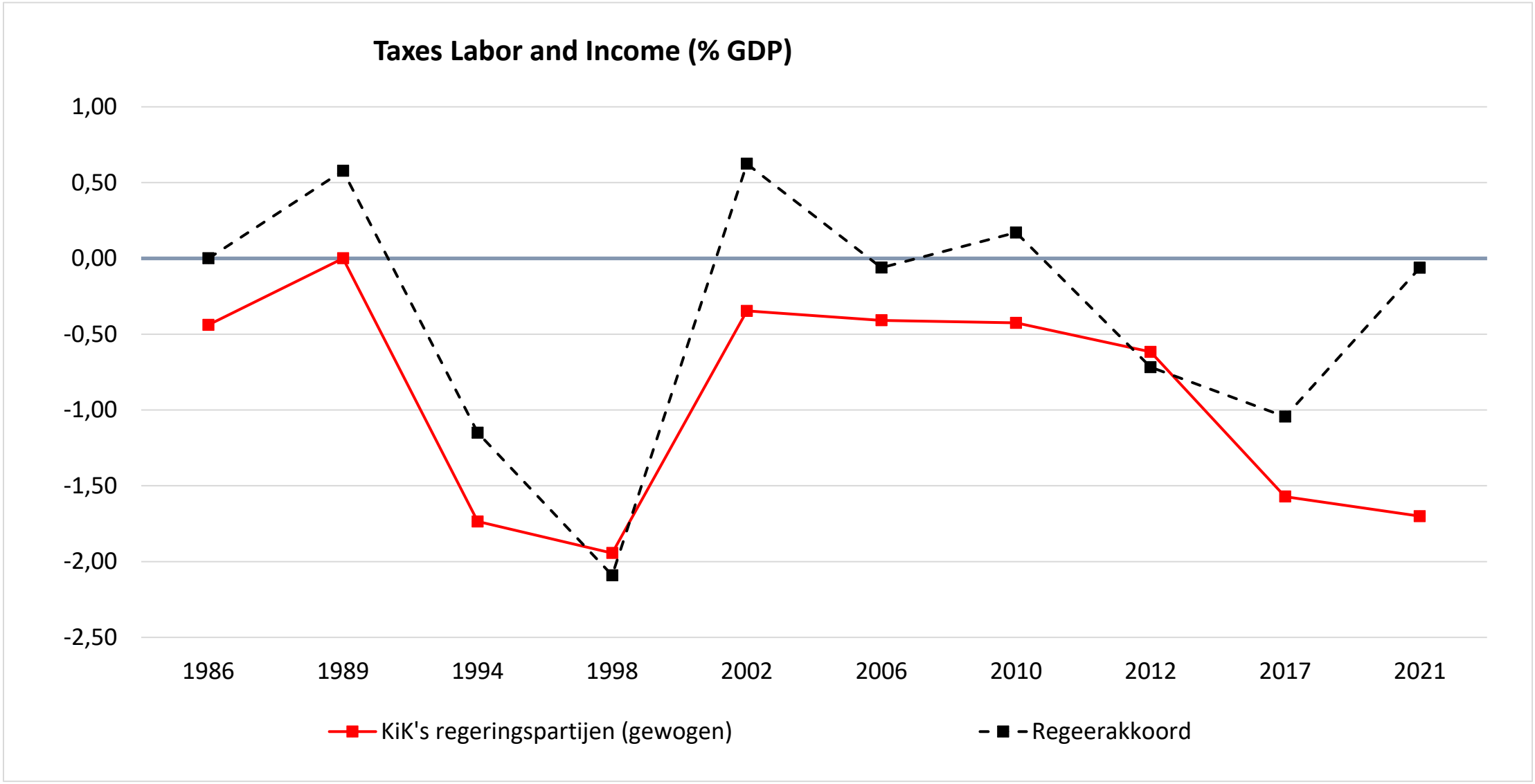
TAXES!

leuker kunnen we't niet maken....
wèl makkelijker....
FISCUS
FISCUS
BELASTINGEN



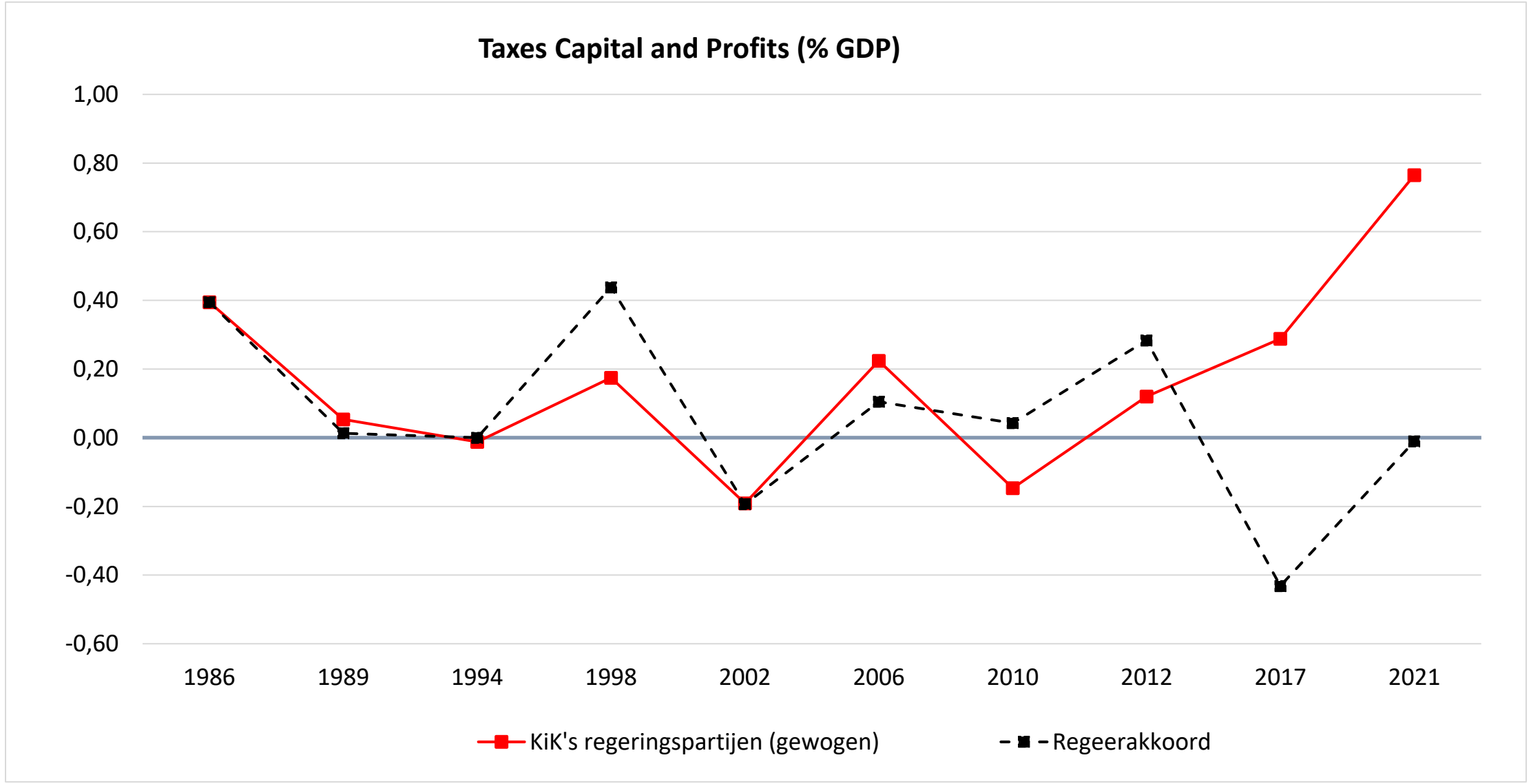
R = 0.86

Δ = **+0.40 %-PT GDP**



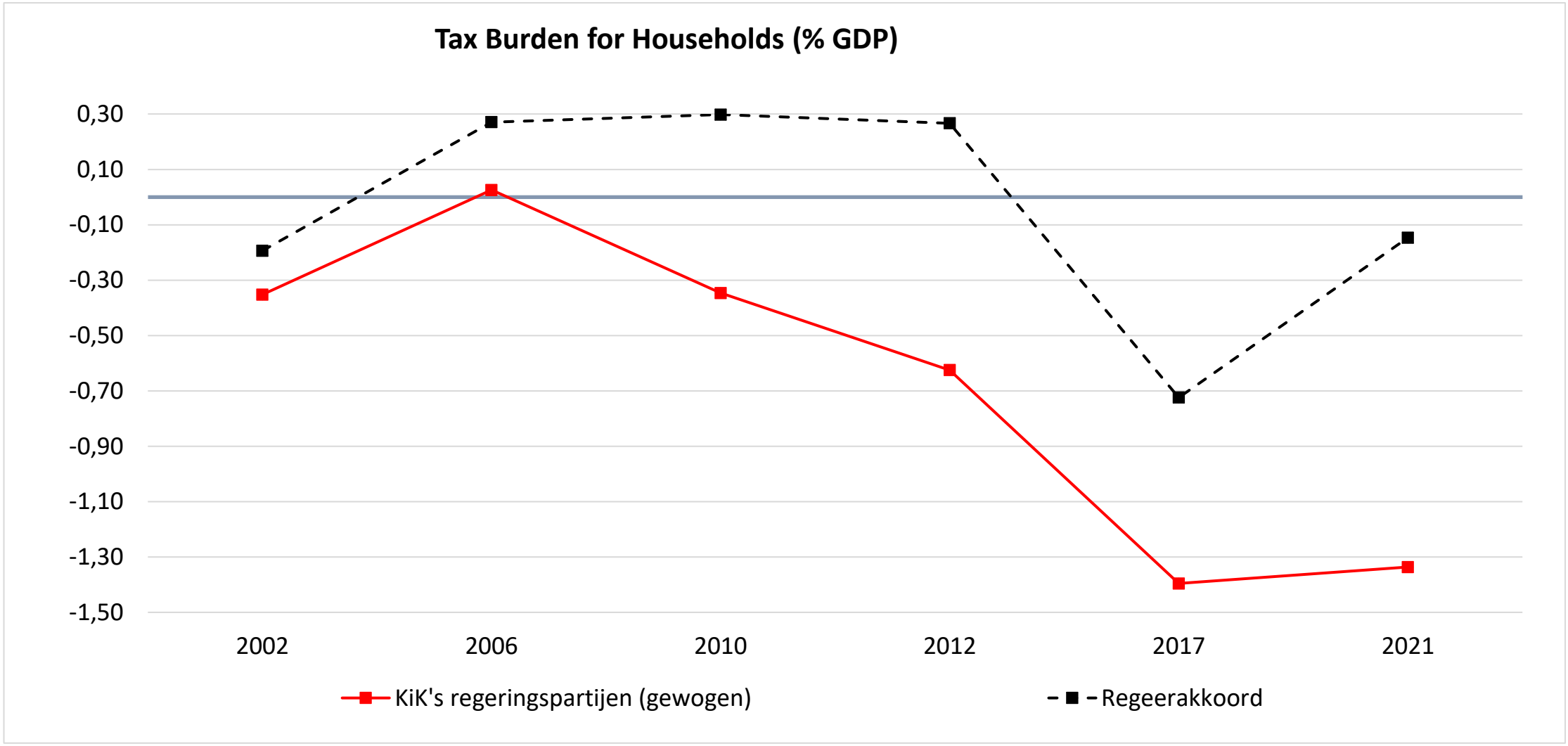
R = 0.81

Δ = **+0.54 %-PT GDP**



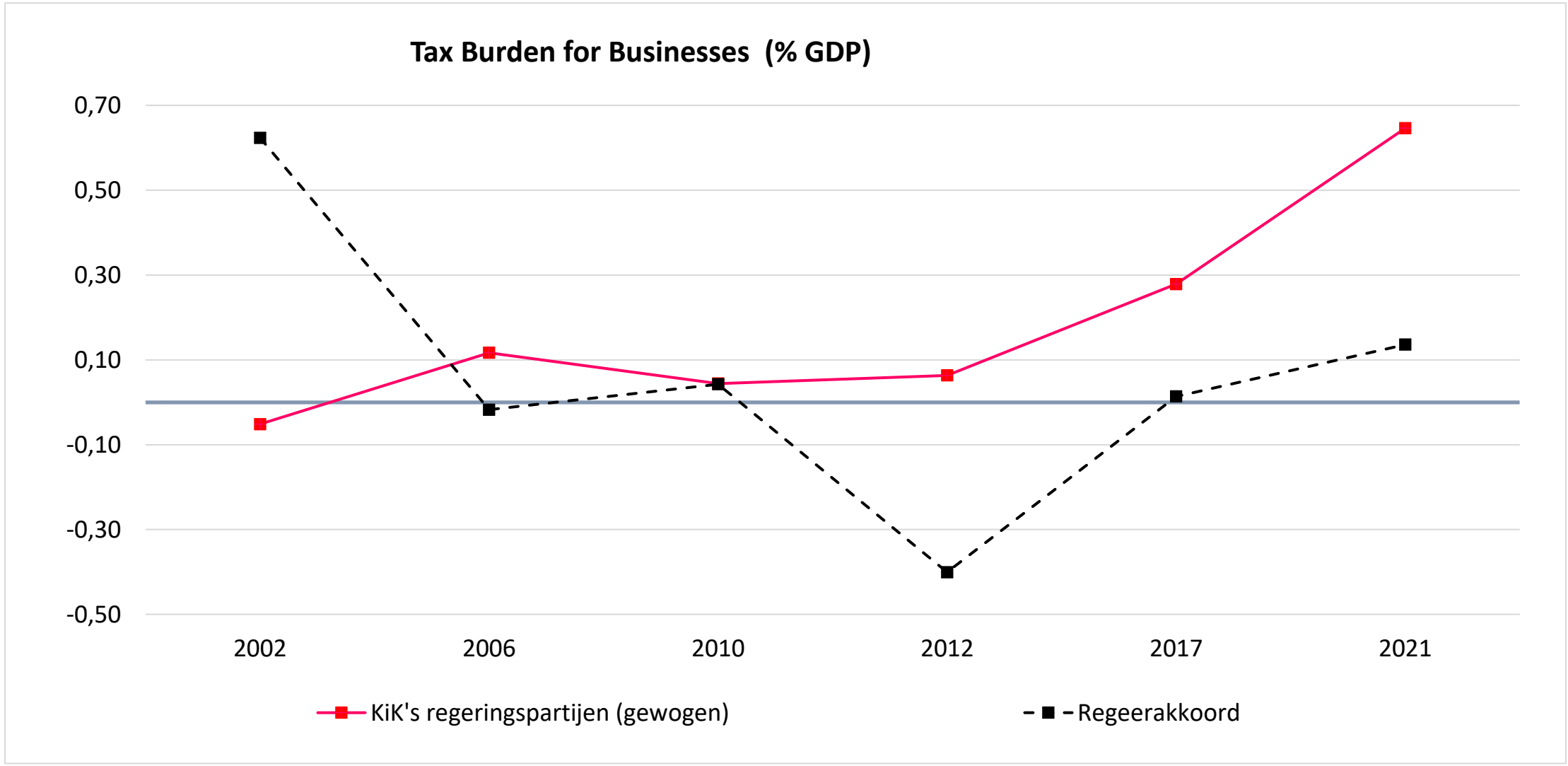
R = 0.12

Δ = -0.10 %-PT GDP



R = 0.74

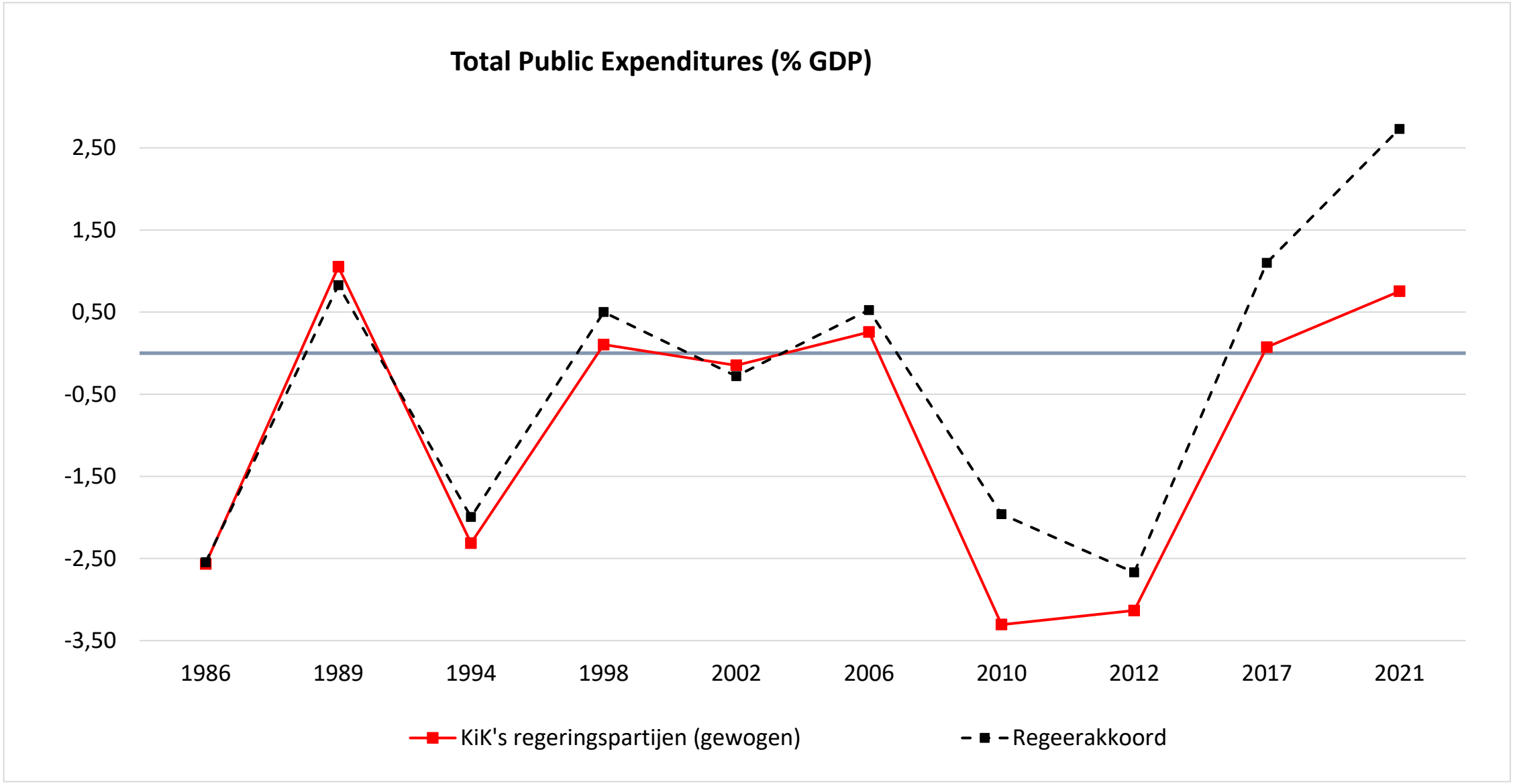
Δ = +0.63 %-PT GDP



R = -0.10

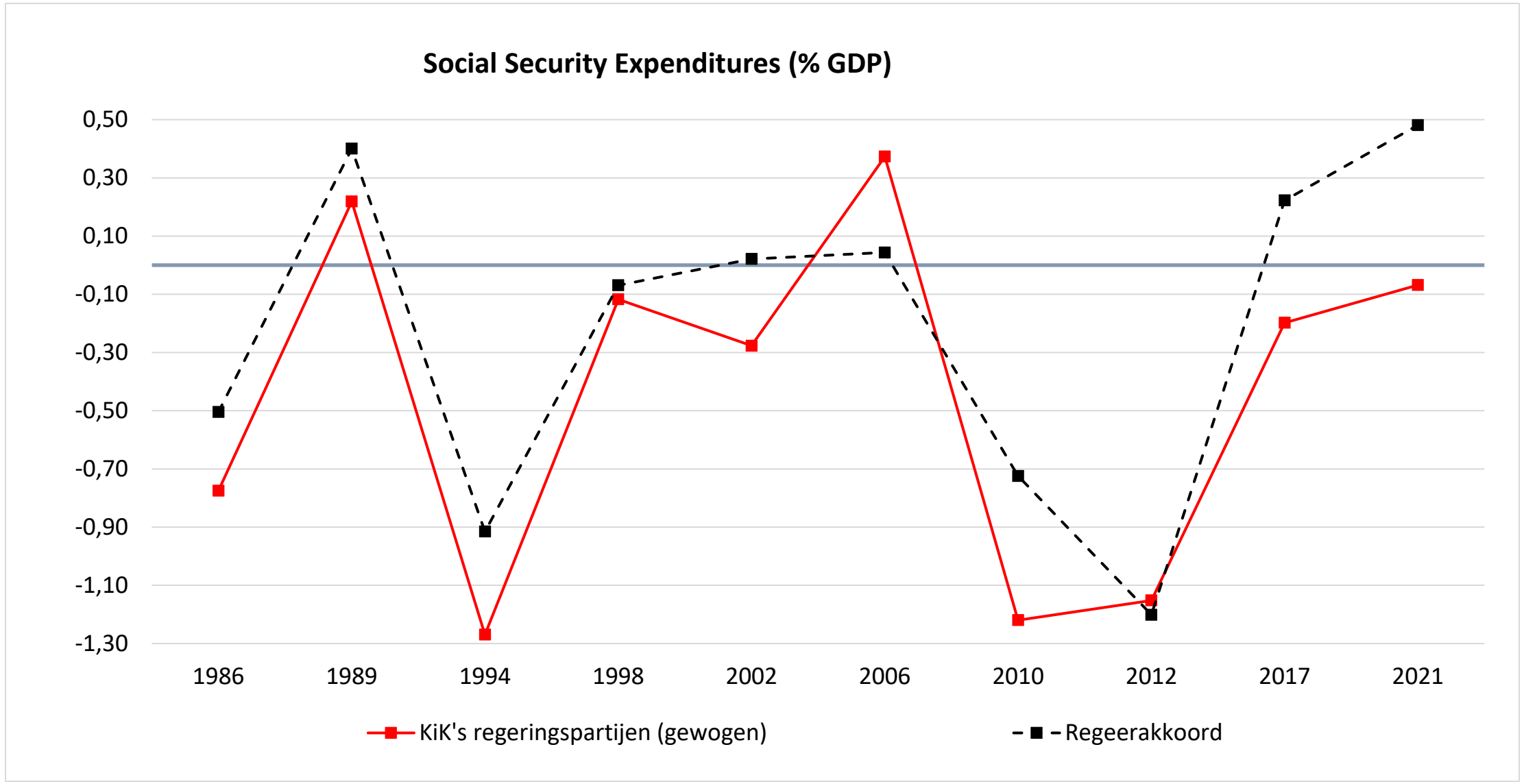
Δ = -0.12 %-PT GDP

EXPENDITURES!



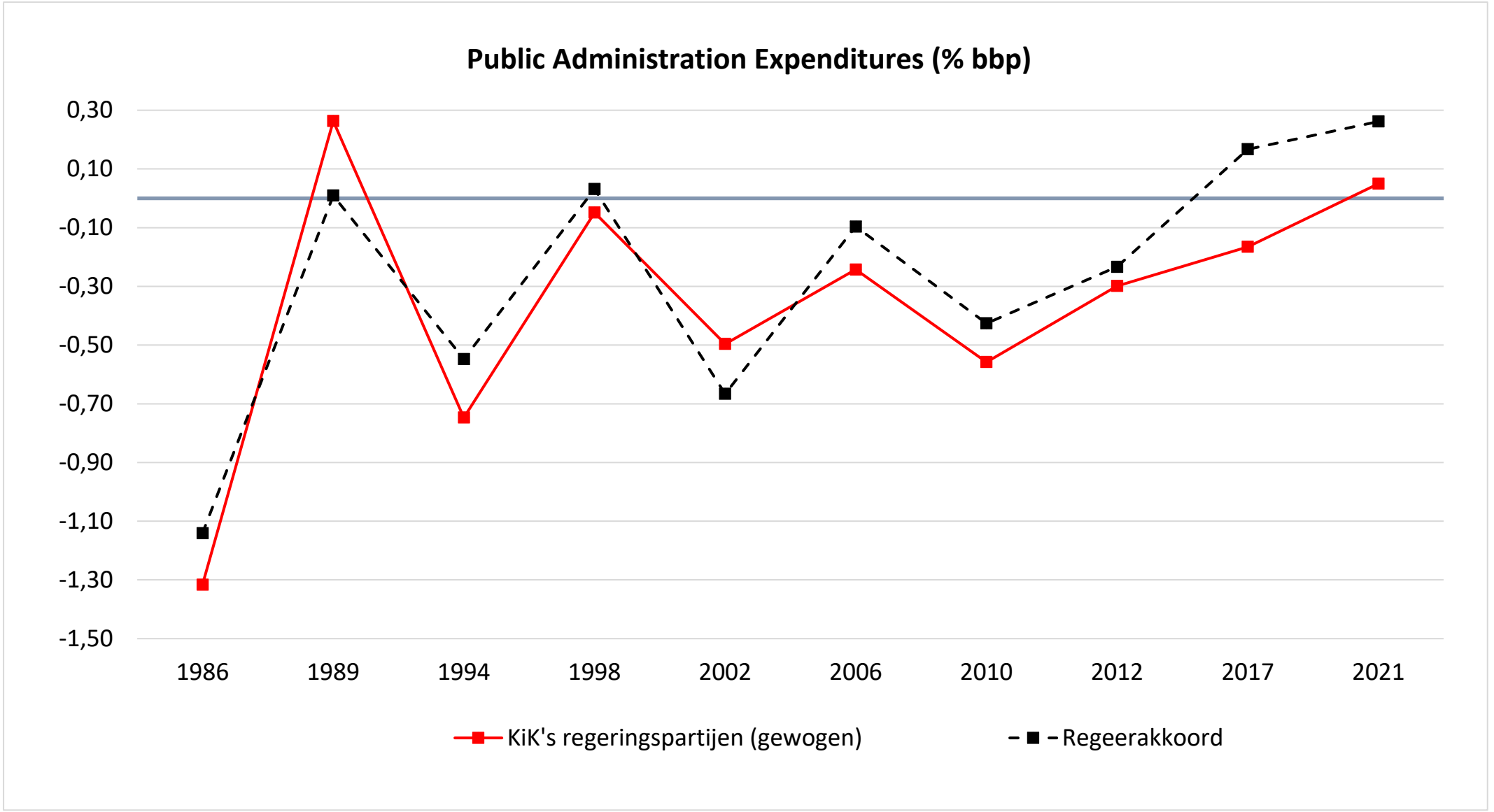
r = 0.92

Δ = **+0.55 %-pt GDP** (REVENUES = +0.40)



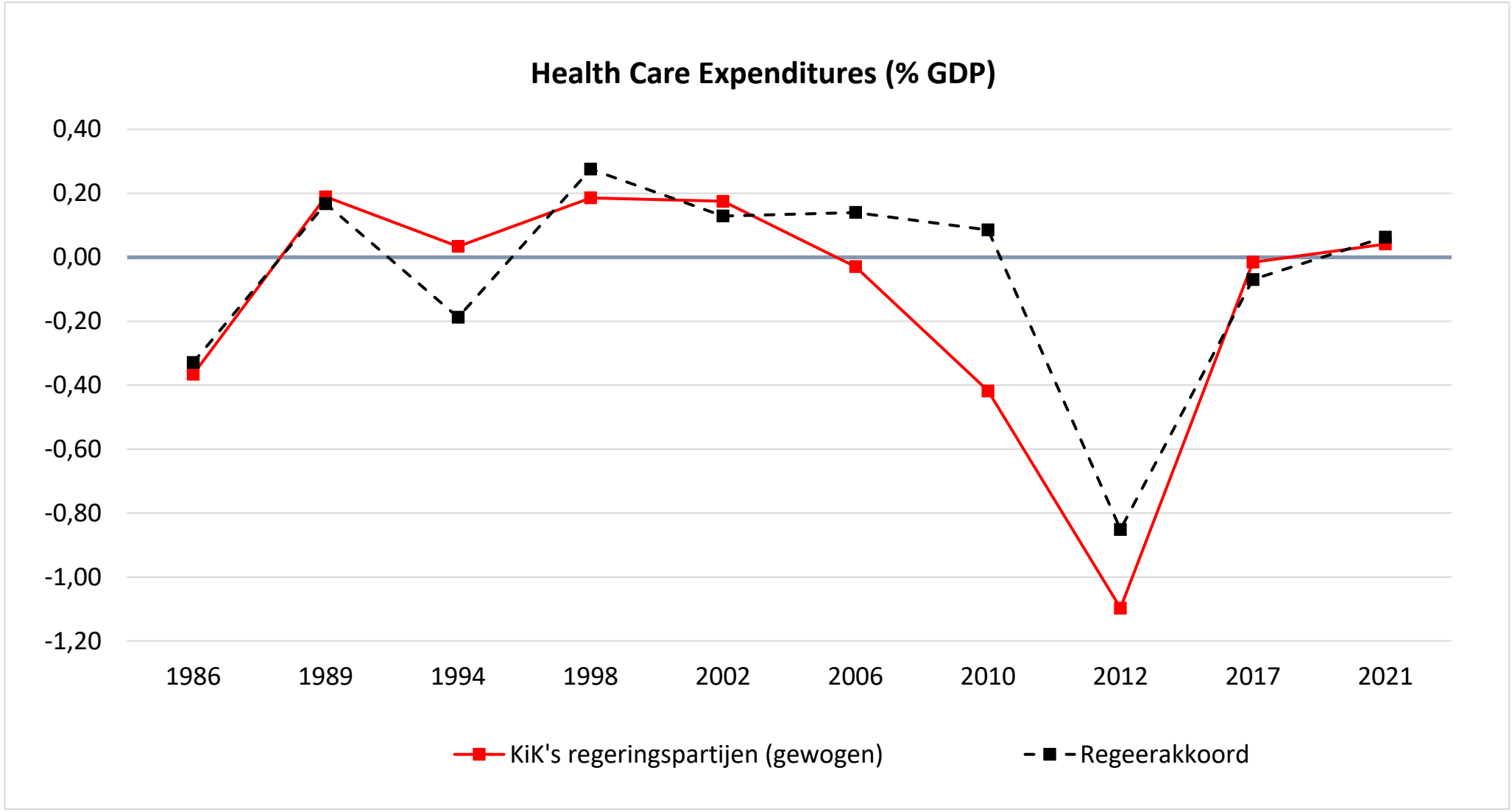
R = 0.90

Δ = **+0.22 %-PT GDP**



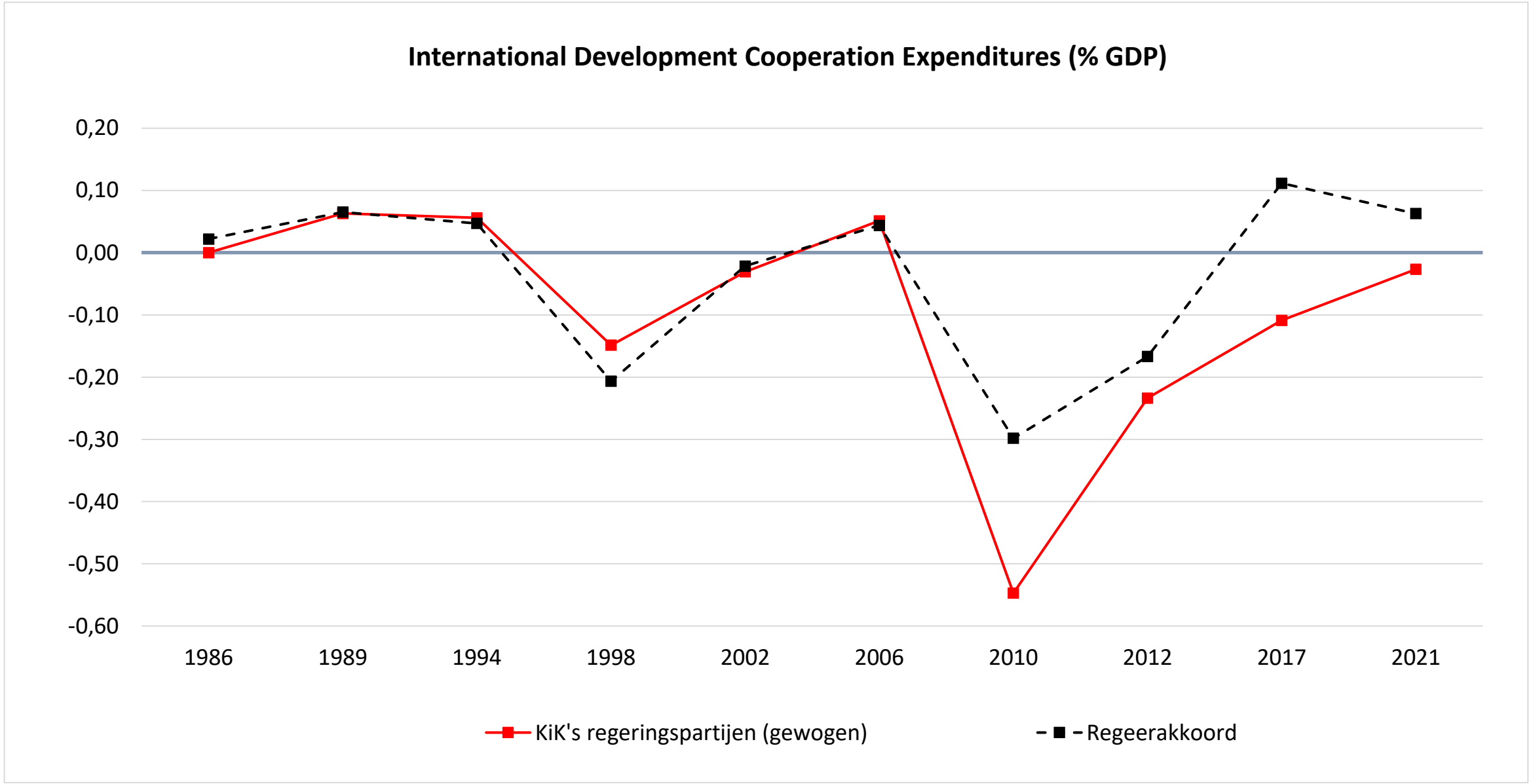
R = 0.92

Δ = +0.09 %-PT GDP



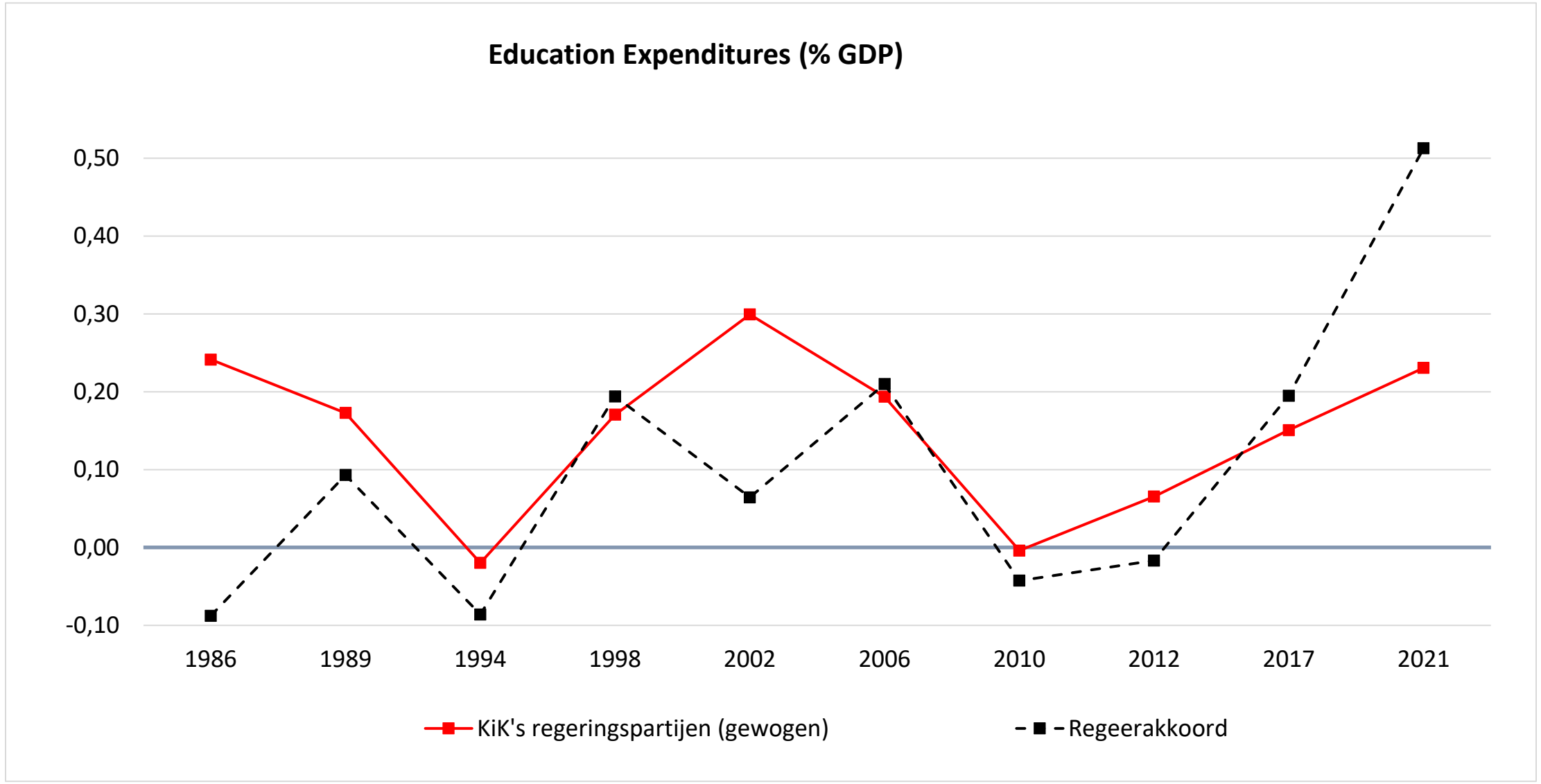
R = 0.87

Δ = +0.07 %-PT GDP



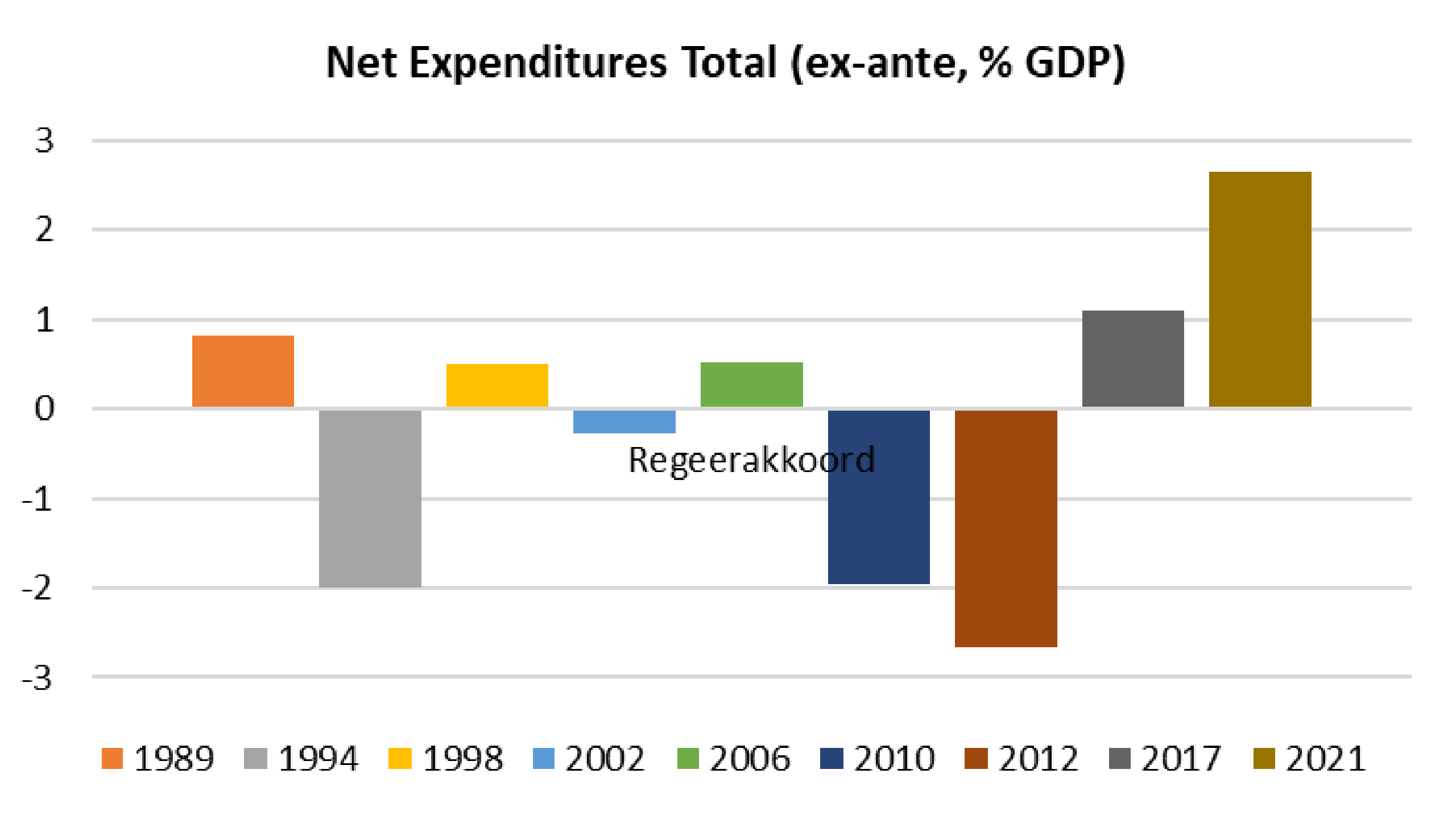
R = 0.85

Δ = +0.06 %-PT GDP

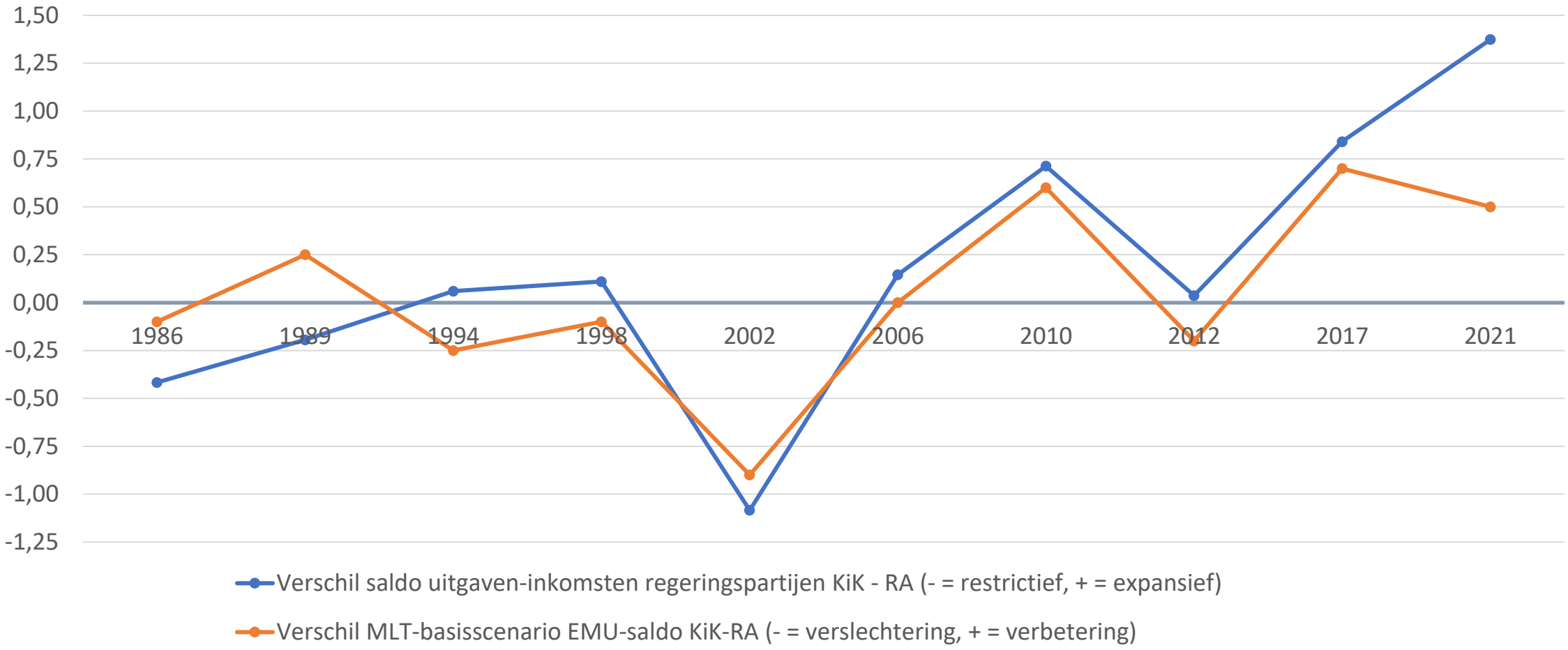


R = 0.46

Δ = -0.05 %-PT GDP


Net Expenditures Total (ex-ante, % GDP)
3
2
1
0
-1
-2
-3
Regeerakkoord
1989
1994
1998
2002
2006
2010
2012
2017
2021

Strong effect update MLT Base Line Government Deficit on political budget decisions in CA (% GDP)!



R = 0.86

Δ = +0.16 %-PT GDP (EXPENDITURES-REVENUES COALITION)

Δ = +0.05 %-PT GDP (CHANGE MLT SCENARIO DEFICIT)

IT'S THE ECONOMY STUPID!
FIX IT FOR 2012
WRECK IT FOR 2012.
WOLF! GRUDKEY

Coalition agreements result into

- Lower economic growth (Δ = -0.04%-pt GDP)
- Higher unemployment (Δ = +0.09%-pt)
- Larger EMU-budget deficit (Δ = -0.19%-pt GDP)
- Worse sustainability public finance (Δ = -0.84%-pt GDP)

.. than the assessed party manifestos in Charted Choices

- **Do formations cause effeciency losses?**
  - **(trade off justice <-> efficiency)**

Conclusions

- Higher Total tax burden vs. higher Total public expenditures
- Expenditures: Public Administration, Social Security, Health Care, IDC vs Education
- Taxes: higher taxes Households vs. lower taxes Businesses
- Purch. power: higher social security Beneficiaries, lower middle/high Working class
- Macros: GDP, Unemployment & Budget Balance slightly worse, Sustainability 'down'

Theory

- Negotiations between multiple parties always cost taxpayers' money? (vetos)
- Is there simply political inactivity? (status quo bias, loss aversion)
- Is the employer lobby powerful in Dutch formations? (calendar setting)
- Do politicians behave differently before and after elections? (political economy)
- More extreme promises in campaign to attract votes? (distinctive)
- In formation 'normalize' because of social wishes? (support base)
- Campaign focus on 'middle class' purchasing power? (vote maximization)
- After formation, they want to be 'a cabinet for all Dutch people'? (debate)

Thank you for your attention!

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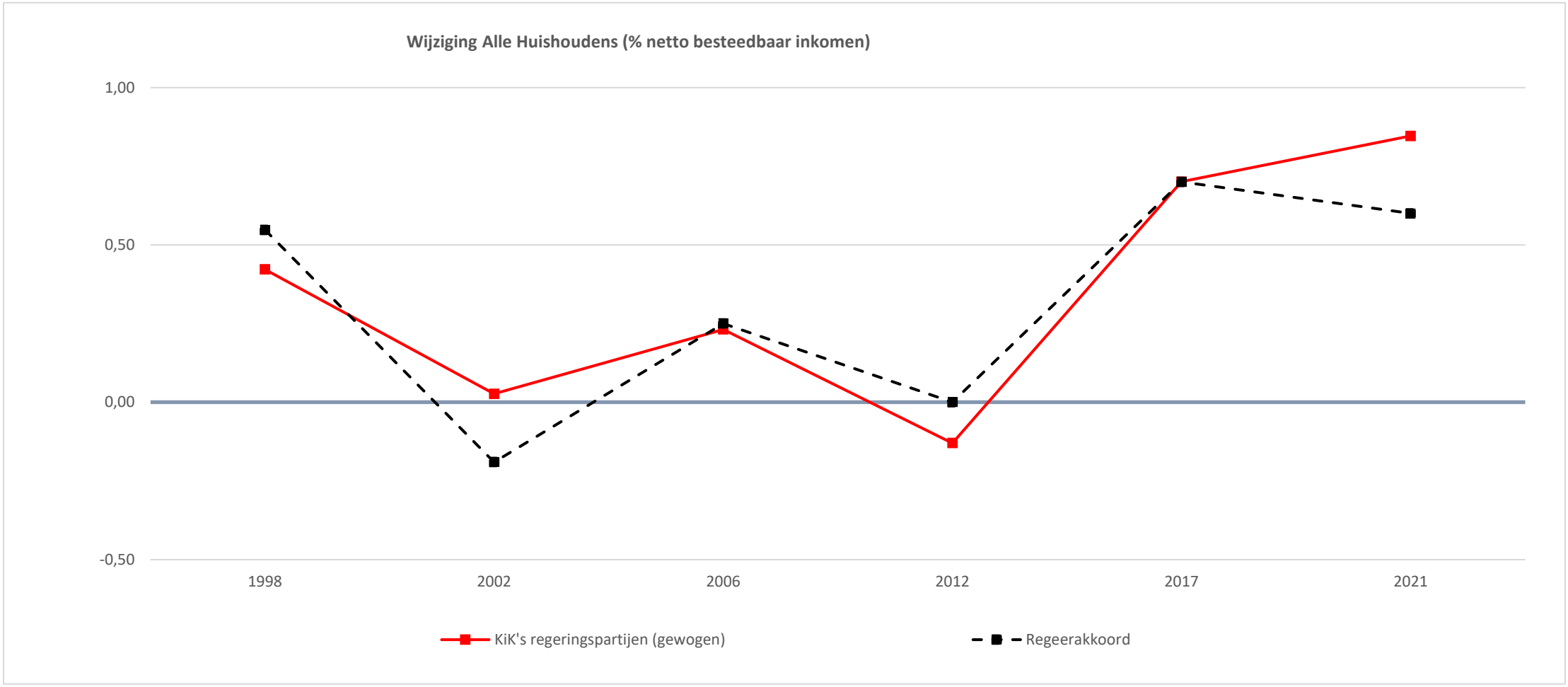
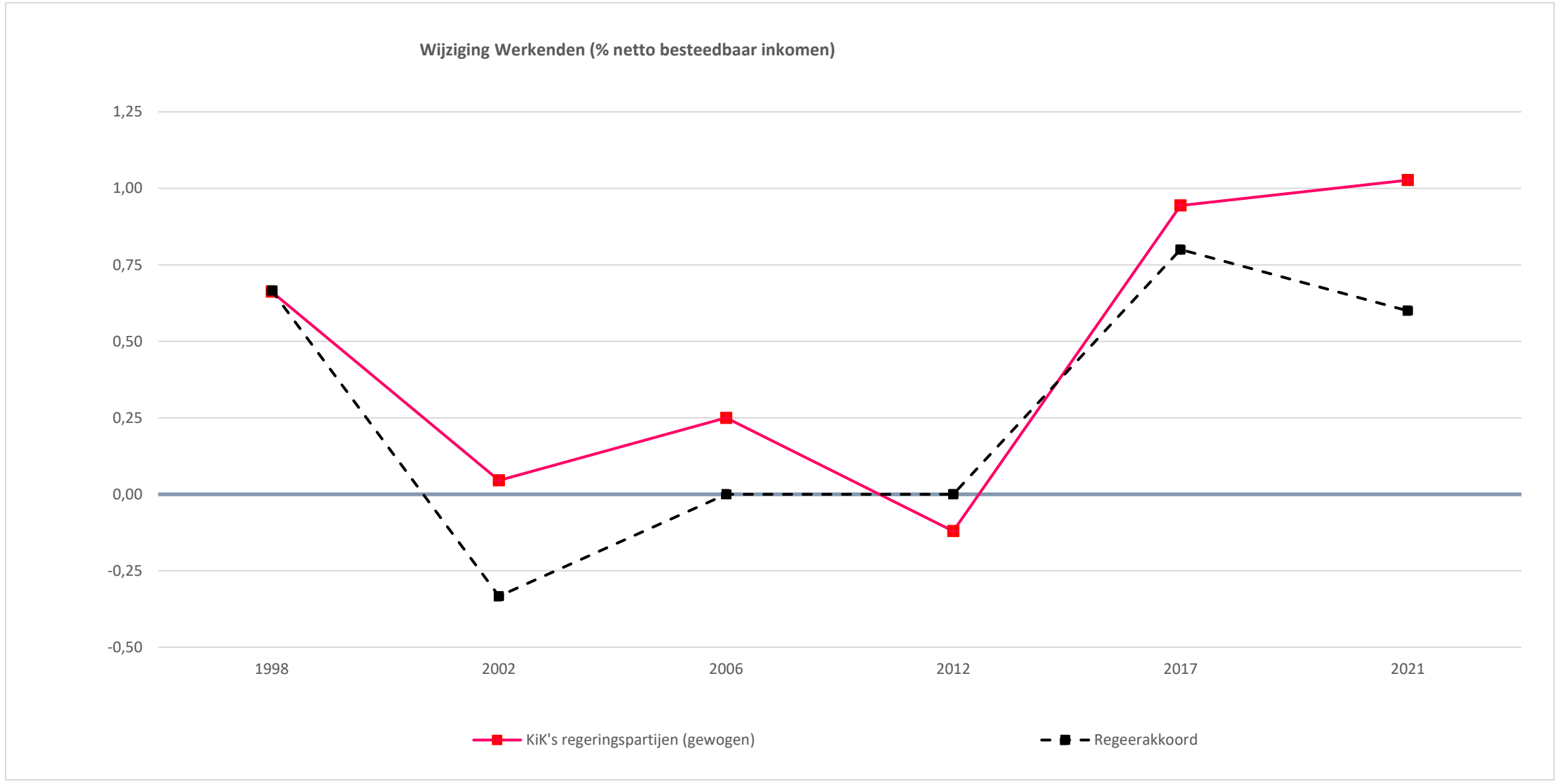
Disposable Income!



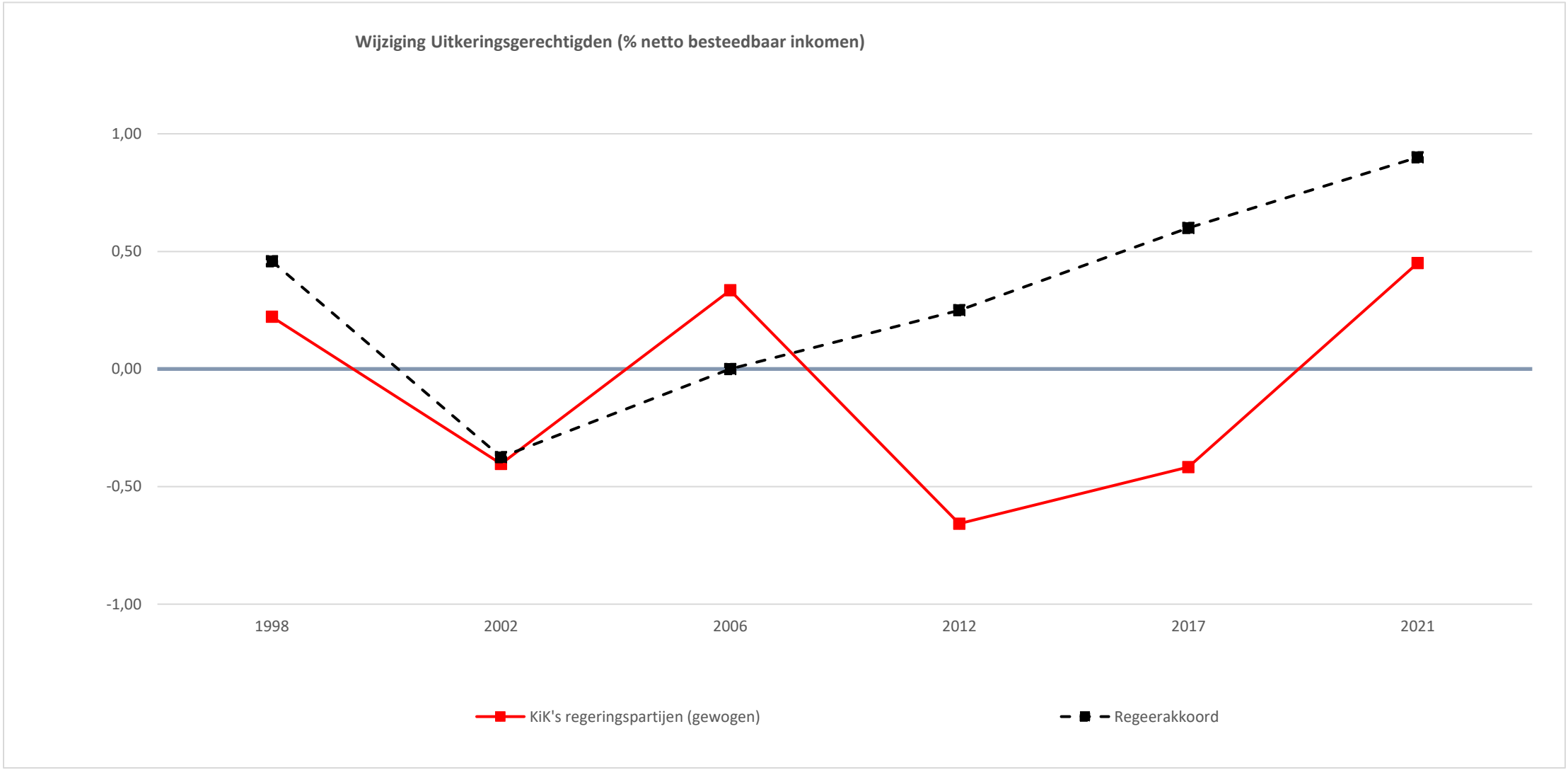
R = 0.90

Δ = -0.03 %-PT NDI



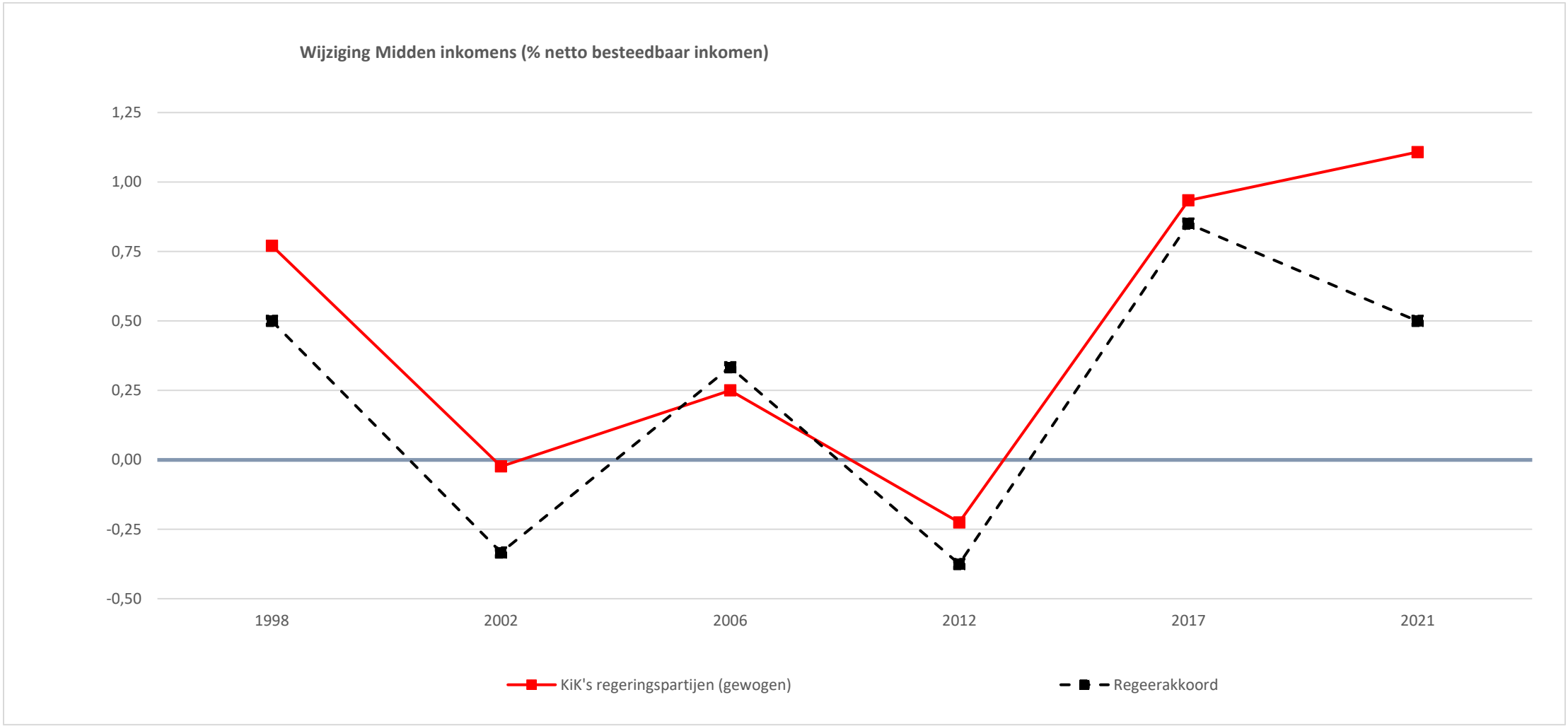
R = 0.90

Δ = -0.18 %-PT NDI



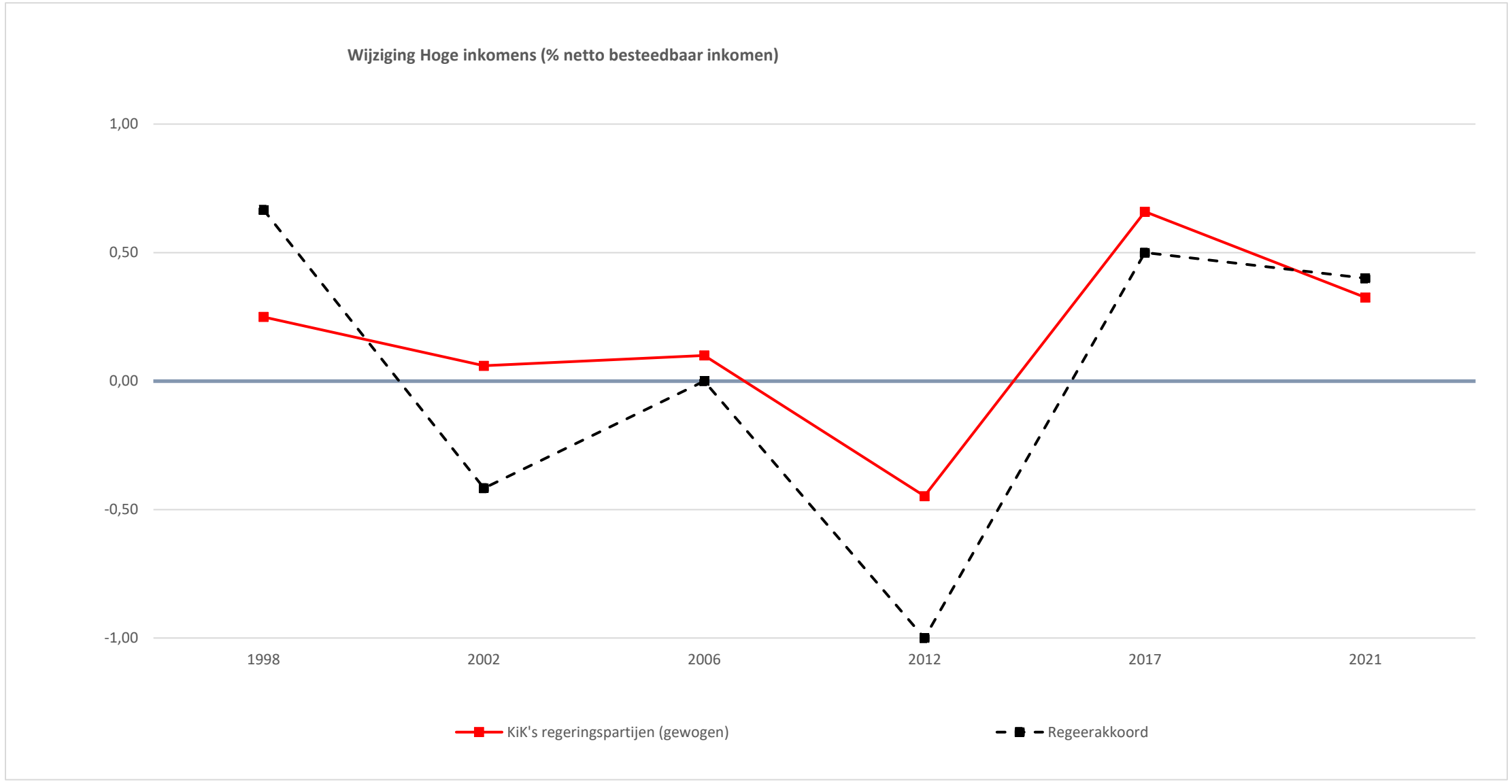
R = **0.37**

Δ = +0.38 %-PT NDI



R = 0.90

Δ = -0.22 %-PT NDI



R = 0.88

Δ = -0.13 %-PT NDI