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The Quiet Revolution in Dutch Politics. How Economics Changed the Norms for Dutch Electoral Programs*

I. INTRODUCTION

Until recently, The Netherlands was the only country in the world where political parties voluntarily submitted their election programs to an economic and econometric audit by an independent agency, which evaluates the internal consistency of the programs and their expected economic effects. This tradition has gradually evolved over a period of more than 40 years and it has profoundly changed the behavior of political parties and improved the quality of Dutch democracy: it constitutes a quiet revolution. The procedures that have evolved now constitute a tradition that is firmly embedded in Dutch society. Even though this practice is not devoid of disadvantages, other countries have started introducing similar procedures in the last decade.

The article consists of four parts. The first part is descriptive and tells the history of how this tradition, which is interesting in its own right, has evolved. The second part complements other recent accounts by discussing how the unique phenomenon of political parties' voluntarily accepting an independent scrutiny of their electoral programs could arise in The Netherlands after the Second World War. I will argue that for the answer three factors are of importance. One is the profound influence of Jan Tinbergen, one of the fathers of

¹ I thank em. prof. Flip de Kam for precious hints and references, the employees of the Dutch Royal Library (Koninklijke Bibliotheek) in The Hague and the editor of ESB for their kind assistance and anonymous referees for their criticism and suggestions. None of them are responsible for what I did with them.

econometrics and co-recipient of the first Nobel prize in economics. Another has to do with the role of the Dutch press from the early 1970s onward. A third factor is the unique place of the economy in Dutch society, the so-called polder model, and exogenous economic developments that were not unique to the country. The ways in which these three factors have interacted goes a long way towards explaining how this quiet revolution came about.

The third part of the article discusses some aspects of the particular relationship, or symbiosis, between economics and econometrics on one hand and politics on the other in general, and how it has improved the quality of Dutch democracy in particular.

The final part discusses the question whether the Dutch experience, despite its unique history, may be used to introduce the habit of imposing a minimum of financial and economic discipline on electoral programs in Italy. Why Italy? First, Italy is the country where the author, who is Dutch, has lived and worked for the last 25 years. Second, *Biblioteca della libertà* is an Italian journal that seems like a good platform for launching the idea that Italian politics may stand to gain from an attempt to rationalize and discipline the programs with which parties try to attract the favors of the electorate. Last but not least, during the recent negotiations on a European post-coronavirus recovery package The Netherlands and Italy have found themselves on radically opposed sides of the negotiating table. The story that I tell contains the elements to see the Dutch position in a broader historical and cultural perspective that may help to make it better understood.²

My conclusion will be that in a reduced and partial form it should be possible to start introducing the habit of evaluating the internal consistency and expected economic effects of Italian election programs.

THE DUTCH EXPERIMENT

In the months before the national elections of 1977, three journalists of the Dutch weekly *Haagse Post*, Frans Nypels, Kees Tamboer, and Flip de Kam, published a series of interviews with the leaders of the four main politi-

² In keeping with Tinbergen's idea that a better knowledge of facts contributes to a better understanding of other circumstances, opinions and nations. Cp. the last sentence of Tinbergen 1950, 13.

cal parties of the time and their staff, the Christian-democratic *CDA*, the conservative-liberal *VVD*, the social-democratic *PvdA* and the communist *CPN*. They questioned them critically and in great detail on their election programs. Using simple quantitative forecasts based on official economic data, they specifically asked their interlocutors to respond to criticism of the economic and financial compatibility and feasibility of the policies proposed in their programs.³ They had planned four “election specials,” which were published in the weeks leading up to the general elections of 25 May, but decided at the last moment to add a fifth interview, with chairman (and future prime minister) Wim Kok and vice-chairman Wim Spit of the biggest trade union *FNV* and their staff. It was published a few days after the elections.

The interviews reflect “the spirit of ’68.” Before 1968, politicians in The Netherlands were highly respected public figures, or were at any rate reverently treated as such, both by the general public and by the press. After 1968 things would never be the same again.⁴ The very titles leave no doubt about that: “Wiegel’s fairy tales” (*VVD*); “The lust to govern of Marcus Bakker” (*CPN*); “Van Agt’s censorious paternalism”⁵ (*CDA*); “Den Uyl’s pessimism” (*PvdA*); and “The powerlessness of the trade unions.” The interviewers’ language and behavior are not exactly deferential, either. They interrupt their interlocutors with comments such as “this is nonsense,” “you’re a utopian,” and “that’s childish.”

The interviews did not stand alone. They are part of a great number of thoroughly-researched articles and interviews on political, social and eco-

³ The Dutch weekly economic review *ESB* had taken a somewhat similar initiative prior to the elections of 1972. It invited seven political parties to answer a series of detailed questions regarding their “economic vision” on wage and price policy, income distribution, employment, economic growth and territorial planning. Both the questions and the answers are in qualitative terms; quantitative measures are neither asked nor provided, with the exception of a few references to inflation figures by D66 and a measure of population density in the reply by another party, DS70. This constitutes an important difference with the interviews of 1977. I owe the reference to Bos and Teulings 2011.

⁴ Cp. also Lijphart 1990, ch. 1, where it is argued that Dutch politics underwent a radical change in 1967.

⁵ To a native speaker of Dutch the original “bedilzucht” has connotations that are difficult to capture in English.

conomic issues that appeared in *Haagse Post* in those years. They were particularly numerous during the election year 1977. The virtues of this journalistic enterprise were their own reward: between 1970 and 1980 the number of copies sold increased by 45%, from 29,000 to nearly 52,000.

Before the next elections, in 1981, Nypels and De Kam conducted another round of interviews. In the meantime, however, the political landscape had changed. The Dutch Communist Party *CPN* was no longer included whereas the progressive-liberal *D66* was. Again, they used simple quantitative forecasts. This time, the interviews were published in the daily *Haarlems Dagblad*,⁶ of which Nypels had become the editor.⁷ What had also changed were the economic conditions. Economic growth had turned negative, unemployment kept rising, and in the eight months before the elections the estimates of the public deficit continued to be revised upward, from 5% of GDP to 8%. These developments caught politicians completely by surprise. All parties agreed that the state of the national economy urgently required cutting public expenditure, increasing public revenue, or both. But this was obviously not a message they were happy to adopt in their election campaigns.

D66 had asked the official *Netherlands Bureau for Economic Policy Analysis* (CPB) for an estimate of the effects of their policy proposals. CPB replied they were too busy preparing the official forecasts,⁸ suggesting they ask the Ministry of Finance instead. The Ministry complied and produced some figures shortly before the elections.⁹ *D66*'s action was in keeping with their innovative proposal of 1971 to make it compulsory for parties to include the costs of their policy proposals in their programs.¹⁰ In 1980, *CDA*, too, had asked and obtained a quantitative estimate of the effects of their

⁶ They are collected in De Kam and Nypels (1981), which also contains two essays on the general economic and political situation.

⁷ In 1981. In 1977 he had left *Haagse Post* and moved to *Haarlems Dagblad*.

⁸ Cp. De Kam and Nypels 1981, 21.

⁹ Cp. De Kam and Nypels 1981, 21, 24, 32.

¹⁰ *D66* had been founded five years previously. Its main objective was to make the political system more democratic. Other novel proposals included the direct election of the prime minister and mayors, the abolition of the Upper House of Parliament and making referenda a standard part of political decision making.

planned policies from the Ministry of Finance. As to *VVD*, they said in the 1981 interview that the Ministry of Finance had “approved its method of calculating the estimates.” When the journalists pressed the party’s representative for a less elusive answer, he reluctantly admitted that the Ministry had some doubts about the figures themselves.

Another interesting feature of the 1981 elections is that each party used their own expected GDP growth figure for the next four years. These were far more optimistic than the recently published official statistic of -2% and varied from $+2.25\%$ (*PvdA*) to 175% (*CDA*) to $+1.5\%$ (*D66*) to between 0 and 1% (*VVD*). Apparently, all parties were counting on the positive effects they expected their policy proposals to have. They all agreed that real incomes for most workers would have to fall, though not by how much.¹¹ The two interviewees of *PvdA* even continued to disagree on the specific percentage during the interview. To cut things short, leading candidate (and former prime minister) Joop den Uyl told the party’s financial specialist Hans Kombrink: “Let’s stop juggling with figures. We are talking politics.”¹² That was probably the last time a Dutch politician could say something like that in public and get away with it.

Regardless of the signs and magnitudes of the various estimates, the very fact that the parties of their own accord had asked for external professional help in calculating the effects of their programs was an important step in the history of Dutch politics.¹³

The politicians’ uncertainty about how to react to the unexpectedly grim economic situation had also brought about a change of attitude. They were now well aware that what they said, and how they said it, might have important electoral repercussions. As a consequence, the atmosphere of the interviews was much less cordial than four years earlier. The leader of *VVD*, Hans Wiegel, and the leading candidate of *CDA*, prime minister Dries van Agt, even refused to be interviewed at all.¹⁴ The interviewees of *D66* objected

¹¹ Parties differed as to which income categories would be affected most or at all (public or private sector, minimum wage earners or others).

¹² De Kam and Nypels 1981, 74, my translation.

¹³ The interview with *PvdA* contains no hints that they did so, too, but it is reasonable to presume that they did. Cp. the next section.

¹⁴ It was during Van Agt’s term of office that the economy and the public accounts had taken such a sudden and catastrophic turn.

that their opinions were not correctly represented in the published text, even though it had been submitted to them for possible corrections. None of the parties were satisfied with the published articles. This is what the journalists had to say about their pre-publication comments:

Why this surliness and irritation? Is it perhaps because one is not supposed to confront politicians with their powerlessness? Or is it perhaps because one is not allowed to critically test the promises politicians make? Or is it perhaps because one may not check the politicians' sums? Or is the cause the expressed doubts, sometimes disbelief, as to the feasibility of the policies that are promised in the programs?

Doubts if the expected economic growth will be realized? Doubts as to the number of prospected jobs? Doubts if it is possible to make people forcefully accept the deeply negative cuts in real income that is assumed in all programs, four years long?

Such thoughts bubble up irresistibly, after the waves of protective aversion from "The Hague." (De Kam and Nypels 1981, 91, my translation)

Yet, the seeds of irritation they had sown had fallen on fertile soil. That may be concluded from what happened next.

2.1 *The parties take over*

As we have just seen, three of the parties had already requested an official estimate of the effects of their policy proposals. The fourth, *PvdA*, then in the opposition, when challenged by Prime Minister Ruud Lubbers, also submitted its alternative public budget proposals to a quantitative check by CPB.¹⁵

These experiences helped pave the way to what happened in the run-up to the next elections in 1986. Instead of waiting to be interviewed, *PvdA*, *CDA* and *VVD* took matters into their own hands and asked CPB for an economic and financial audit of their programs. The results were published after the elections and therefore could not influence voters' choices. Yet, the very decision to submit their programs to an independent quantitative check was an important step by itself. In this respect, the journalistic enterprise of Nypels, Tamboer and De Kam had been so successful as to made itself redundant.

¹⁵ Cp. Bolhuis 2017, 15.

For the following elections, in 1989, *D66* joined *PvdA*, *CDA* and *VVD* in their request for an econometric check of their programs. This time the results were published a month before the elections. That time-table was to be stuck to for all subsequent elections.

The parliamentary elections of 1994 and 1998 saw the left-wing green party (*Groen Links - GL*) join the pack. They were willing to participate only on condition that the effects of the election programs on the environment be included. This led to the involvement of the National Institute of Public Health and the Environment (RIVM) in addition to CPB.¹⁶

When the elections of 2001 were announced, all of the eight parties with seats in Parliament seized the opportunity to have CPB assess their programs. They now included the conservative-Protestant *CU* and *SGP* and the socialist *SP* as well.

What had started as a trend had now consolidated itself into a tradition. Henceforth, all serious political parties (i.e., excluding the often short-lived breakaway “splinter parties”) with at least one seat in Parliament submitted their programs to an official check in the run-up to all subsequent elections (2002, 2003, 2006, 2010, 2012, and 2017). In 2012 they numbered 10 out of 21 parties that participated in the elections and 11 out of 28 in 2017.

The Greens were not the only party wanting to broaden the horizon beyond the strictly quantitative economic and financial scrutiny of CPB. This led to the involvement of the Netherlands Institute for Social Research (SCP). Together, CPB, RIVM/PBL and SCP covered both the quantitative and qualitative effects of the election programs on the main economic and financial variables and on the natural and social environment. Table 1 gives an impression of the way the original initiative of three parties evolved.

¹⁶ Bolhuis 2017, 58.

Table 1 • Number of parties submitting their programs to scrutiny, length of report and government agencies involved. The snap elections after the fall of the cabinet in 2003 left too little time for CPB to prepare an audit

<i>Election year</i>	<i>Number of parties</i>	<i>Length of report in pages</i>	<i>Agencies involved</i>
1986	3	16	CPB
1989	4	55	CPB
1994	5	220	CPB
1998	5	155	CPB
2002	8	228	CPB
2003	-	-	CPB
2006	8	220	CPB, PBL
2010	9	218	CPB, PBL
2012	10	454	CPB, PBL
2017	11	374	CPB, PBL, SCP

2.2 Consolidation

The process that had started with two rounds of interviews by a few journalists received a boost when three political parties decided to ask the official CPB for an economic and financial assessment of their election programs. CPB with its considerable resources had the potential to produce much more detailed and reliable results than the calculations that one of the journalists, De Kam, had made practically on the back of an envelope.¹⁷ The involvement of CPB constituted a considerable improvement on the journalists' efforts.

In all subsequent national elections a continuously increasing number of parties followed suit, voluntarily and of their own accord. Over time, the procedure has gradually become more streamlined, standardized, and institutionalized. In addition to this, the topics have been extended beyond the strictly economic and financial sphere. From 2006 onwards, other Planbureaus became involved, too.

The first three audits were published under various names. From 1988 the title has become standardized, too: *Keuzes in Kaart (Charted Choices)*, or *KiK* for short. The acronym has become a standard part of the public-debate jargon in The Netherlands.

¹⁷ Personal communication.

2.3 *A standard procedure*

The procedure that has established itself over the decades is now as follows.¹⁸ One year before the elections the Ministry of Finance asks the National Budget Study Group (*Studiegroep Begrotingsruimte – SBR*) for an “advice.” This is a report with recommendations on the national budget for the term of office of the next government (that still has to be elected).¹⁹ The timing has been chosen so as to give political parties the opportunity to take these recommendations into account when drawing up their election programs. The minister of finance forwards the report as it is to the two chambers of the States General, the historical name of Dutch Parliament. This is the moment its contents enter the public domain.

When *SBR* receives the request from the Ministry of Finance, it asks CPB to draw up a new medium-term forecast (*Middellangetermijnverkenning – MLT*) for the next government’s term of office (in principle four years) so that it can base its recommendations on the latest statistics. MLT contains the financial and economic scenario for the next four or five years based on the assumption that existing policies remain unchanged. It is published as soon as it is available. MLT plays a central role both before and after the elections. Before, in the preparation of the election programs; and after, in the negotiations for forming a new government. Usually, the forecasts it contains are considered to be unproblematic and are generally accepted.²⁰ The envisaged effects of most of the policies that parties propose in their election programs, and, later, of the policies of the government program, are expressed in terms of deviations from these “central forecasts.”

2.4 *The quiet revolution*

Within three decades, an ordinary (yet ambitious) journalistic initiative has succeeded in obtaining the extraordinary effect of revolutionizing

¹⁸ What follows is a summary of the detailed description in Bolhuis 2017, 21 ff.

¹⁹ This has been the task of SBR ever since 1972. The group is composed of high public officials of the Ministries of Finance, Economics, Labour and Welfare, Public Health and Sports, the Interior, the prime minister’s Cabinet Office, and the directors of CPB and the Dutch National Bank. As of 2012 it is chaired by the Secretary General of the Ministry of Finance (formerly the Treasurer General).

²⁰ For a few exceptions, cp. Bolhuis 2017, 22.

the way in which Dutch political parties construct and present their election programs. From an occasional collaboration between politicians on one hand and economists and econometricians on the other, the econometric check of the election programs has turned into a standard procedure. What was an exception has become a norm no serious political party dares to ignore.

The gradual and steady evolution of this process has revolutionized Dutch politics and greatly improved the quality of democracy in The Netherlands. What do I mean by that?

Modern parliamentary democracy may be characterized as a rational and egalitarian political system in which political parties compete for votes.²¹ Rational, because the critical discussion of factual and normative claims is decisive in public decision making; and egalitarian, because all decision makers – voters, political parties, trade unions and employers' organizations – have equal right of access to information and participation in the public decision processes.²² For both features to be able to function, the existence of an independent press is of fundamental importance. An independent judiciary is necessary for guaranteeing that the rules of the political game are observed and for conflict resolution.

Bos and Teulings 2011 contain a number of elements that can be used to characterize the quality of democracy in general and that of the Dutch system in particular. In the article,

the idea of an independent evaluation of election platforms is related to the credibility and commitment of politics. Since voters have a hard time to evaluate the costs of policy proposals, politicians are tempted to make more promises than is financially viable. Furthermore, politicians are tempted to spend money on specific interest groups today, [so] as to achieve their electoral support, leaving the distribution of the tax burden to finance this spending open for future decision making. (Bos and Teulings 2011, 419)²³

²¹ The classical reference for the rational aspect is Popper 1945. The competitive element is emphasized in Schumpeter 1962 [1942], chapter 22.

²² For a brief description of the institutionalized interaction between the latter three agents, see below, the section on The Dutch economy.

²³ The authors consider the auditing of electoral programs to be an additional task for

Anything within the bounds of the democratic rules that enhances politicians' credibility and commitment may be considered to be an improvement of the quality of democracy. The auditing procedures that have become standardized in The Netherlands are a positive contribution to both.

The authors observe that despite the progressive fragmentation of the Dutch political landscape, "new parties find it indispensable to participate [in the audit of their programs], since non-participation would inevitably send the signal that the party's election platform is economically unsound" (420). They call this the revelation principle. They add: "Though the great majority of the voters will not spend a minute in reading the evaluation, many journalists do, and they report extensively on the evaluation [...]" (*ibidem*). That the Dutch press considers *KiK* to be an important source of information is confirmed by the fact that in 2016 two of the main newspapers, *Volkskrant* and *NRC*, made an explicit plea to continue to publish this document.²⁴

As we have seen above, the audits have become more detailed and standardized. This has made the election programs more comparable. So, the electorate is better equipped to decide which party to vote for.²⁵ This constitutes another improvement of the quality of Dutch democracy.

In addition to these pre-election features, "the evaluation plays a major role in the negotiations on a new government that start immediately after the election. Not all parties participate in these negotiations, but a party of which the platform has not been evaluated would become less attractive as a coalition partner (...)." ²⁶ To this should be added that the parties' acceptance of the middle-term forecast by CPB diminishes the transaction costs of forming a new coalition government,²⁷ another improvement of the quality of the democratic process.

So, both before and after each every parliamentary election the audits and the central forecasts by CPB on which they are based play a fundamental role. The fact that all parties make use of the instruments for an independent

fiscal councils. That link will not be pursued here. For some references to the relevant literature, see Bos and Teulings 2011, 419, n. 5 and 6.

²⁴ Cp. Bolhuis 2017, 10.

²⁵ Bos and Teulings 2011, 421-2.

²⁶ *Ibidem*. Cp. also Bolhuis 2017, 9-11.

²⁷ Cp. also Bolhuis 2017, 176.

evaluation of their election programs has led to a levelling of the playing field on which they compete with each other – at a qualitatively higher level than would have been possible without them. That does not mean *KiK* is without its critics, as we will see below. But first I will address the question why this revolution could take place in The Netherlands after the Second World War.

3. BACKGROUND OF THE QUIET REVOLUTION

For 34 years the Dutch experiment has remained unique. The Netherlands was the only country in the world where political parties voluntarily accepted the scrutiny by independent national agencies for policy analysis and forecasting. It was not until 2010 that the United Kingdom followed suit, but in a different manner. The British private Institute of Fiscal Studies took the initiative to calculate the effects of the programs of the *Labour Party*, the *Conservative Party* and the *Liberal Democrats*. In 2012, Australia established the Parliamentary Budget Office, which is charged with the calculation and publication of the financial and economic consequences of the programs of all parties whose representatives have been elected MP's. In 2014, Belgium adopted a law that makes it compulsory for parties to submit their election programs to the scrutiny of the Federaal Planbureau.²⁸ Other countries may be about to follow these examples.²⁹

The fact that it took other countries so long to adopt a similar procedure raises the question how it could arise, evolve and become institutionalized in The Netherlands. This will be addressed in the following sections.

3.1 *The Dutch economy*

After the Second World War the existing Dutch political system with its corporatist features evolved into a system in which the government, the trade unions and the employers' organizations periodically meet with the aim

²⁸ Bolhuis 2017, 11.

²⁹ The American Congressional Budget Office has a different task. Like CPB it produces long-term economic projections based on the status quo but it only calculates the economic impact of specific bills and not the economic and financial coherence and consequences of election programs.

of reaching a consensus on the way the national economy is managed. The official platform where they frequently meet is the Social-Economic Council or SER. It was founded in 1950 and is the central institutional pillar of the Dutch concertation (or *polder*) model.³⁰

Right after the war, the three “social partners” in this concertation process agreed to give precedence to profits over wages so as to stimulate investments and accelerate the reconstruction of the production structure, which had suffered heavily from the war. This policy was so successful that it created near-full employment. In their competition for an increasingly scarce labour force enterprises saw themselves compelled to offer more than the officially agreed and rather modest annual wage increases, thus violating the collective labour agreements. In 1964 the rising tension on the labour market led to what has become known as the wage explosion: wages increased on average by more than 15% *per annum*.³¹

Another relevant factor for understanding the situation in The Netherlands is the discovery, in 1959, of seemingly inexhaustible deposits of natural gas in the north of the country. Starting under the predominantly social-democratic coalitions of the 1960s and '70s a quarter of the 211 bn. euros' proceeds (in today's currency) were used to construct and maintain a lavish social welfare system.³² Most of the rest was destined to financing interest on public debt, health care, education and the public administration. A mere 7% – 15 bn. euros – was invested in infrastructure.

Then came the first oil crisis of 1973. It hit the Dutch economy particularly hard and in a drastic reversal of the previous trend unemployment surged. The rapidly worsening economic prospects and rising numbers of people without a job gave rise to an extended period of social unrest. In the attempt to soften the impact of unemployment the welfare system started to be put to an improper use. The provision that was abused most was WAO, officially destined to workers who had become totally or partially unfit to work. The differential between a full WAO disability allowance and the minimum wage was so small as to act as a disincentive for the partially handicapped to seek or accept alternative and more suitable employment, as they were required to do by law.

³⁰ For a detailed description, see Hemerijck and Visser 2001. On the role of CPB in this procedure, cp. also Donders and Graafland 2000, 11. On the SER, see Klamer 1990.

³¹ Cp. Windmuller, de Galan and van Zweeden 1987.

³² Vermeend 2010, Box 102.

In the meantime, the deceleration of global economic growth that was caused by the oil crisis had drastically reduced demand for final products. Many enterprises were forced to cut output and further reduce their workforce. Employers started using WAO even more assiduously for circumventing the bureaucratic complications and reducing the costs of laying off employees. This rapidly inflated the number of WAO beneficiaries. Its costs risked spinning out of control, a danger that politicians were only slow and reluctant to acknowledge.³³

Even though the slowing down of world economic growth had a very negative impact on the export-dependent Dutch economy, workers had become so accustomed to annual real wage increases and a generous welfare system that they were extremely reluctant to abandon them. Three weeks before the elections of 1977 strikes broke out in protest against the partial or full abolition of the mechanism for safeguarding real wages, the “automatic price compensation.” With rising rates of inflation this mechanism was creating a wage-price spiral that posed a major challenge to national economic policy – and political parties. Stagflation was lurking around the corner and the general economic outlook during the second half of the 1970s was bleak. The three “social partners” reluctantly started to accept that the policy of allowing employees’ purchasing power to continue to grow had become a menace to employment and would have to be abandoned.³⁴

3.2 The Tinbergen tradition

The Netherlands was one of the first countries – if not the first – where economic models started to play a role in politics. The central figure in this development was Jan Tinbergen. During the 1930s, Tinbergen had been one of the

³³ The improper use of WAO went on and on. In the end politicians could no longer ignore it. This is shown by the promise Prime Minister Ruud Lubbers made in the Fall of 1990 that he would resign if the number of WAO-beneficiaries would reach one million (on a total labour force of 6 mln!).

³⁴ As might be expected, the employers’ organizations were the first to accept this, followed by political parties. The trade unions followed grudgingly and at a greater distance in time. What is more surprising is the surprise – if not shock – with which economists reacted to the vintage model of Hans den Hartog and Hok-Soei Tjan. One of the conclusions of their article was that higher wages would lead to the adoption of more capital-intensive production methods and hence a loss of jobs (den Hartog and Tjan 1976). Apparently they were not aware of, or had forgotten, the work of economists such as David Ricardo and Friedrich von Hayek.

main contributors to the development of the new discipline of econometrics. Tinbergen started building an econometric model of the Dutch economy that was designed to serve as an instrument for economic policy. This was part of his broader research agenda. It encompassed the construction of a type of socialism that was to be scientific in a radically different sense from Marx's. He abandoned the idea of centralized socialist planning, replacing it by a scientific approach in the form of the novelty of econometric modelling as an important instrument of socialist economic policy. But he did not stop there.

The other novel element, the point that really reversed the idea of scientific socialism, concerned the establishment of goals by scientific methods. Tinbergen took up the very term "scientific socialism," the original tenor of which his generation of Social Democrats had so derisively dismissed, and gradually loaded it with a diametrically opposite meaning. The original idea held that the theory of socialism, and in particular the progression of social relations towards a socialized mode of production, was scientific, and hence had to be valid by necessity. Tinbergen, for his part, proposed instead a "mature socialism," that was scientific in a totally different sense.

The science of welfare economics, he explained, provides us with the conditions that must be fulfilled in order to maximize social welfare, but the real problem is to "interpret these conditions in terms of the institutions which together will enable these conditions to be materialized. This group of institutions may also be called the optimum social order or regime and this I take to be identical with the mature socialist order". (Alberts 1994, 300-1, notes deleted)

In 1929 Tinbergen started working for the National Statistical Office CBS, where, among other things, he did research on the business cycle. In 1945 he was appointed first director of the newly created Centraal Plan Bureau (CPB), a position he would hold until 1955.³⁵ The name reflects the socialist convictions of Tinbergen and Hein Vos, who in 1935, working for the social-democratic party *SDAP*, wrote the Plan van de Arbeid (Labour Plan), which proposed an alternative to the policies of the conservative Dutch government to combat the consequences of the crisis of 1929.³⁶

³⁵ On how CPB evolved from one of the three departments of CBS into an independent institution see Van den Bogaard 1999.

³⁶ Cf. Van der Steen 2010, 35. The plan was inspired by Keynesian-type ideas even before the publication of *The General Theory*. See also Abma 1977.

Under Tinbergen CPB became a permanent feature of the political landscape of The Netherlands. Its econometric models provided the government with the forecasts on which to base their economic policies and it calculated the likely effects of each government's economic and financial program.

There was another way in which Tinbergen had a profound influence on Dutch economics. In 1931 he was appointed professor of statistics at the University of Amsterdam. From 1933 he held the part-time chair of statistical analysis and mathematics at the Rotterdam School of Economics.³⁷ In 1956 this was transformed into a full-time professorship of development programming. In the same year he founded, together with Henri Theil, The Econometric Institute. In 1973 the School of Economics merged into the newly-founded Erasmus University, where Tinbergen continued to teach and conduct research until his retirement in 1970. In his various academic and non-academic positions Tinbergen educated entire generations of Dutch (and foreign) economists. The last cohorts of these "descendants of Tinbergen"³⁸ have retired only recently.³⁹

Whereas the name Planbureau has its historical roots in the concept of a socialist centrally planned economy, it is a misnomer; CPB was explicitly founded as an independent institute for economic forecasting and policy analysis.⁴⁰ Yet the name caught on. When the Netherlands Institute for Social Research was founded in 1973, it was called Sociaal en Cultureel Planbureau. In 2008, when two existing government organizations dealing with the physical and the social environment, the Ruimtelijk Planbureau and the Milieu- en Natuurplanbureau merged into one, the new organization, the Planbureau voor de Leefomgeving, inherited the name. Despite the fact that none of them produce any policy plans, no one in The Netherlands has ever objected to calling them Planbureaus. That is probably due to Tinbergen's role and the general respect he continues to command in the country.

³⁷ Alberts 1994, 300.

³⁸ This is the title of Klamer and van Dalen 1996, which tells the story of Tinbergen's influence on Dutch economists.

³⁹ For a biography of Tinbergen and his influence on Dutch economic policy, see Don 2019.

⁴⁰ For more information on CPB and its institutional setting, cp. Den Butter and Morgan 2000b, 284-285. From its very beginning the data CPB used have been provided by the national statistical office, Centraal Bureau voor de Statistiek (CBS), which was founded in 1899. The independence of this data source has contributed to the trust in CPB. Cp. also Van den Bogaard 1999.

3.3 “Scientific bureaus,” the political parties’ think tanks

In 1934, in addition to his membership of the board of trustees, Tinbergen had also assumed the first directorship of the Wetenschappelijk Bureau (scientific bureau) of the social-democratic party *SDAP*. After the War, other political parties followed the example of *SDAP* and founded their own think tanks. The Netherlands is one of the few countries in the world where most political parties have a research department. The origin and evolution of these “scientific bureaus” merits a separate study. Table 2 gives an impression of the situation of political parties, their research departments, and the approximate number⁴¹ of individuals employed in 2019.

Table 2 • Political parties, their research departments and approximate number of collaborators

<i>Political party</i>	<i>Name of research institute</i>	<i>Collaborators</i>
PvdA	Wiardi-Beckmanstichting	4
VVD	Teldersstichting	6
CDA	Wetenschappelijk Instituut voor het CDA	7
D66	Mr. Hans Van Mierlo Stichting	7
ChristenUnie	Wetenschappelijk Instituut van de ChristenUnie	8
DENK	Wetenschappelijk Instituut Statera	1
Forum voor Democratie	Renaissance instituut	2
GroenLinks	Bureau De Helling	5
PvdD	Nicolaas G. Pierson Foundation	3
SGP	Guido de Brès Stichting ⁴²	2
SP	Wetenschappelijk Bureau van de SP	5

The existence of these “scientific bureaus” helps politicians to be better prepared discussion partners of both the government and agencies such as CPB.

⁴¹ From their web sites it is not always clear whether or not the director is also actively involved in research and publication activities.

⁴² For an impression of the SGP’s orthodox protestant principles (“politics with the Bible”) – and to illustrate the variety of the Dutch political spectrum, – let me add that when I consulted their web site on a Sunday, it was not active “so as to respect the Day of the Lord.”

3.4 High-quality journalism

Apart from *Haagse Post*, the press landscape of the 1970s Netherlands was populated by good-quality and independent magazines such as *Vrij Nederland*, *De Groene Amsterdammer* and *Elzeviërs Weekblad* (to limit myself to the non-daily press). Yet, *Haagse Post* distinguished itself both by the number and the quality of critical articles about contemporary national social-economic developments. These include critical interviews with politicians.

Nypels, Tamboer and De Kam had done their homework. They knew the election programs in all their details and, most important of all, they had calculated the effects of the main proposals.⁴³ As I indicated above, their efforts and those of other *Haagse Post* journalists boosted sales. Other weeklies tried to compete by adopting the critical approach to journalism, too. This resulted in a general improvement of the quality of the Dutch press, including television.

It is not too far-fetched to observe that when the economic conditions made governing the country more difficult than it had been for many decades, more of the necessary conditions for meeting this challenge with the instruments of a parliamentary democracy were in place than they had ever been.

3.5 A unique environment

Together, the factors discussed above created the environment in which the Dutch experiment could take off and become institutionalized. Let me just add as an afterthought that its coming to fruition was also due to the egalitarian culture of the country, which has deep roots in history.⁴⁴ Even during the times that politicians were treated with reverence, “ordinariness” was – and still is today – generally considered to be a positive characteristic of a politician.⁴⁵ The fact that the social distance between Dutch politicians and

⁴³ Or rather, De Kam had. See above, the penultimate paragraph of *The parties take over*.

⁴⁴ Cp. Schama 1987. The book shows, for instance, that even the very rich in The Netherlands were not in the habit of being ostentatious about their wealth. Most still are not and the few who do show off their riches are considered to be vulgar.

⁴⁵ To give an example, apart from introducing the first general retirement pension in 1947, social-democratic Prime Minister Willem Drees is still fondly remembered by some for taking the tram to go to the office and returning home for lunch by the same means. Nowadays, it is perfectly normal to cross a (prime) minister in the street on his or her bike to work –

the general public is perceived as small has no doubt contributed to creating a favorable environment for holding them accountable for their promises. It is no accident that the political concertation model plays a central role in Dutch consensus-orientated society.⁴⁶

4. ADVANTAGES AND DISADVANTAGES OF INSTITUTIONALIZED AUDITS OF ELECTION PROGRAMS

Let us now look in some more detail at the procedures and discuss some of the pros and cons of this rational and quantitative approach to election programs.⁴⁷

The official forecasts by CPB serve as points of departure and reference for the calculation of the effects of the policies that parties propose. They are expressed in terms of the deviations in percentage points from the official forecasts in MLT. These procedures and their outcomes provide a common platform of comparison. Uniformity is boosted further by the standard list of effects of election programs that has been established by CPB over the years. Accepting the whole set is a necessary condition for a party to make use of its services.

In the course of the various election years the following list has been established:⁴⁸

- Net government surplus or deficit (“EMU balance”), ex ante, i.e., excluding macroeconomic effects of policy proposals, and ex post, i.e., including them, in billions of euro’s.
- Public debt, average % per year 2018-2021.
- GDP volume, average % per year 2018-2021.
- Employment, % points.
- Consumer Price Index, average % per year 2018-2021.
- Employment, % points, in the market sector, the public sector and the health care sector.

unescorted. The sober and egalitarian attitudes of the Dutch are summarized in the popular saying “doe maar gewoon, dan doe je al gek genoeg” or “just act normal, that’s crazy enough.”

⁴⁶ Cp. also Lijphart 1968.

⁴⁷ Cp. also Bos and Teulings 2011, Table 3.

⁴⁸ From *Kijk* 2017.

- Purchasing power, average % per year 2018-2021 of the employed, recipients of social benefits, pensioners, and all households. In addition, the differences in purchasing power between the lowest and highest incomes.
- Sustainability (% GDP), i.e., the possibility to increase or decrease public expenditure without risking that public debt becomes uncontrollable in the long run.
- Structural employment (% points).
- Effects on the distribution of income after 4 years, on the basis of mutations in the Gini coefficient.

As indicated above, these effects are expressed in terms of the deviation from the standard prognosis produced by CPB of the variables for the next term of office of the government assuming that the proposed policy measures will be fully implemented.⁴⁹

So, the audit of the parties' election programs is uniform and highly standardized.⁵⁰ That has several advantages. One is that it is easy to compare their effects. In principle, this enables voters to decide which program is most compatible with their personal preferences.⁵¹

Another positive feature on which all nearly all commentators agree is that it imposes discipline on the political parties. This includes the fact that they are forced to take into account whether or not their proposals are affordable and compatible with others within the same budget restriction.

Yet another advantage that is mentioned is that the party programs are judged by "state-of-the-art" criteria as the CPB's policy analysis is based on the latest economic theories and on the best available knowledge of how the Dutch economy and institutions work.

Finally, the uniform evaluation framework constitutes - or imposes - a common language. This may be expected to lower political transaction costs, including the costs of negotiation in the formation of a coalition government.

⁴⁹ A detailed description of the procedure followed for the latest elections in 2017 can be found in the first two chapters of the English version of *KiK 2017*. The last paragraph is reproduced in the Appendix.

⁵⁰ That does not exclude further adaptations, as can be gathered from *KiK 2017*.

⁵¹ The rational voter votes for the party whose program coincides most with his or her welfare function. The necessity of forming a coalition government in most democracies and of seeking the approval of Parliament further increases the distance between the voter's welfare function and the results of a particular government's policies.

All of these advantages derive from the practical monopoly of CPB, which is mainly based on the very high costs involved in the construction, maintenance, updating, and operating of very big models.⁵²

Among the possible drawbacks mentioned by critics of the audit⁵³ are the following. Policies that propose radically changes cannot be included in the standard models, that are based on the assumption that the structure of the economy is stable.

Another criticism is that political parties are incentivized to propose policies that are expected to score well within the framework of the CPB models and the list of variables that are taken into account. In other words, they are stimulated to behave strategically.⁵⁴ The preliminary investigation in Bolhuis (2017) fails to confirm this, however.

Econometric checks may be useful for experts, but the electoral public at large fails to understand them.

The procedures also include the submission of the results of the econometric calculations to an assessment of how realistic they are that is based on the informed economic intuition and the common sense of those who carry them out. Some critics signal this element of discretion as a weak point.

Finally, the practical monopoly of CPB makes it difficult if not impossible to introduce an element of scientific competition.

A criticism that I have not mentioned so far is the Lucas critique: the models of CPB do not take into account the possible reactions of economic agents to the introduction of policy measures, or hardly at all.⁵⁵ The audits of election programs are based on the assumption that the proposed policies are carried out in full and that the underlying economic trends remain unchanged. According to critics this produces an unrealistic set of scenarios. Nevertheless, politicians seem to be satisfied to accept them in practice.

⁵² Both in the public and the private sector competing models for forecasting and policy analysis exist. Cp. Van Bergeijk & Van Sinderen 2000, para. 2.2. Yet those of CPB and its sister organizations retain their central role in the production of official forecasts and analyses for the government and in the assessment of election programs.

⁵³ Cp. for instance the contributions in Graafland and Ros 2003 and Den Butter and Morgan 2000a.

⁵⁴ Cp. Bos and Teulings 2011, 434.

⁵⁵ Cp. Pfann 1997.

At the theoretical level the problem does not seem to be unsolvable; the instruments of agent-based modelling offer a promising prospect.⁵⁶

5. RATIONALIZING POLITICS IN ITALY

Would it be possible to introduce the habit of submitting election programs to a systematic and independent audit in Italy? No agency of the dimensions, concentration of competences and independent legal status of CPB exists anywhere else in the world. It is unrealistic to expect that what has evolved in The Netherlands over three decades and in the specific circumstances of The Netherlands can be duplicated lock, stock and barrel elsewhere and in a brief span of time. It should be kept in mind, however, the procedures that have evolved have led to important improvements of the quality of Dutch parliamentary democracy. This makes it worthwhile to try and move in the same direction in Italy. The Dutch experience may serve both as a guide and source of inspiration for creating the instruments for evaluating the financial and economic coherency of election programs in Italy and submitting the promises they to an econometric scrutiny.⁵⁷

There is no lack of home-grown macro-econometric models of the Italian economy. The Italian Central Bank uses its big quarterly model for producing forecasts of the main macro-economic variables and for the analysis of the effects of monetary and fiscal policies.⁵⁸ The National Accounting Office (Ragioneria Generale dello Stato), a department of the Ministry of Economics and Finance, has a set of models for forecasting and analyzing the various categories of government expenditures.⁵⁹ These models are the competence of Sogei, an enterprise that provides assistance in the field of information technology that is fully-owned by the Ministry. The Tre-

⁵⁶ For agent-based simulation models, cp. Gilbert and Terna 2000. For their application to environments where individuals adapt their behavior to policy measures, cp. Mazzoli *et al.* 2019.

⁵⁷ In Bos and Teulings 2011, section 4, the Dutch experience is translated into several sets of general rules that may serve as guidelines.

⁵⁸ Bulligan *et al.* (2017).

⁵⁹ http://www.rgs.mef.gov.it/VERSIONE-I/ragioneria_generale/struttura_e_funzioni/la_tutela_dei_conti_pubblici/index.html.

surey, another department of the same ministry, uses its Treasury Dynamic Microsimulation Model (TDYMM) for labour-market and welfare policy analysis.⁶⁰

In the private sector, Prometeia, an enterprise that sells services in the area of risk and wealth management, maintains an econometric model.⁶¹ It publishes a *Quarterly Economic Outlook for the Italian economy*.

This list is not exhaustive.

In principle it should be possible to use one or more of these models for the purpose of calculating the effects of election programs. However, trying to gain access to the models and to the data of these various agencies may be expected to be costly in terms of money, time, or both. The alternative, which I will very briefly sketch below, would have the added advantages that it avoids the additional costs of adapting existing models to the purposes discussed here.

Very sketchily, in order for Italy to be able to benefit from at least some of the advantages of the Dutch experiment, it would be necessary to construct one or more small econometric models of the national economy, explicitly designed as instruments of policy analysis.⁶² They would have to be tested first of all by predicting the past (“retrodiction”). They could then be used to forecast the effects of a selected number of specific policy proposals on a limited number of central macroeconomic variables. In addition to the variables the policy proposals aim to influence, these should at least include GDP growth, net government surplus or deficit, public debt and employment. A more inclusive and ambitious approach could also include the effects these policies are expected to have on the objectives that parties particularly emphasize in their programs. This would constitute a test of their internal coherence.

Small models are less onerous and costly and more transparent than big ones. Convincing economists of their usefulness for policy analysis may be

⁶⁰ http://www.dt.tesoro.it/export/sites/sitodt/modules/documenti_it/analisi_progammazione/finanziam_comunitari_ricerca/Final-Report.pdf.

⁶¹ <https://www.prometeia.it/en/research-insights?uniq=1c10b8552b0f5d939905-126008b1ed994>.

⁶² CPB uses a collection of different models, too, but they are not small.

expected to stimulate the development of alternative, competing models. From a scientific point of view this would be a gain. Practically speaking, however, it might open the door to a looser acceptance of the results produced by them on the part of political parties. This seems to be a realistic danger, particularly in Italy, with its weak tradition of an impartial press and in an era in which facts in politics seem to have been relegated to a second-order status. What is desirable from a scientific point of view may be much less so in a practical and political perspective. This is an important trade-off that ought to be taken into careful consideration.

Producing reliable forecasts would be an important contribution to restoring facts to the center of political discussions and deliberations. But instead of following the Dutch practice and closely involving Italian political parties (and by implication their scientific bureaus - as far as they exist at all), one might start by indicating the gaps in Italian election programs. A good example is the promise all parties make to reduce tax evasion. Typically, they only refer to the expected increase in public revenue. The costs of tighter surveillance and enforcement and the secondary effects on economic activity are invariably neglected. This would be a first step in the direction of a more rational approach to economic policy in Italy. It might even stimulate Italian political parties to draw up a full election program at all.

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APPENDIX

For a first-hand impression and some additional details of the procedures followed, the Appendix reproduces the last paragraph of the part in English of *KiK 2017* (the first two chapters). Notes and have been deleted and typo's corrected.

In its assessment, CPB worked on the hypothesis that the party in question would have the majority in parliament and, therefore, would be in the position to fully implement the measures. Subsequently, the delayed impact of the policy measures on the economy was analysed. In doing so, CPB used models, as do many economists, which are an important tool for CPB's work. Models are a simplification of reality that provides insight into how measures work out in the economy. The mathematics within a model, furthermore, enforce transparency about assumptions and consistency. An empirically estimated model also provides indication about the magnitude of the effects. Similar to storylines, models are a way of explaining connections, and similar to experiments, models offer a way to simulate policy (like car navigation systems (e.g. TomTom) are a simplification of the road network, yet this does not prevent a route planner to make a reasonable prediction of the expected travel time). For the degree to which the analyses provide a correct projection of reality, it is not surprising that parties adjust their proposals on the basis of the analyses. After all, models help to expose causality. Will policy be as effective as expected? Will there be side effects?

Jack Birner

The Quiet Revolution in Dutch Politics.
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the Norms for Dutch Electoral Programs

Not everything can be covered in one model. A proper indication requires focus. Therefore, in its *Charted Choices*, CPB uses a set of models instead of only one, each specified for a particular purpose. The macroeconomic model, *Saffier II*, takes central position in the assessment for the medium term, and ensures a consistent, mutually comparable analysis of the packages of measures, for variables such as economic growth, inflation, employment, unemployment and government finances. *Saffier II* is fed by input from analyses from other sources on various areas; the *MICSIM* model provides data on labour supply; empirical research is the source for estimates in the fields of labour market policy and social security. The *MIMOSI* model produces information about the wedge and replacement ratio; the housing market model provides estimations on the housing market. *MICSIM* and earlier mentioned empirical work provides information about the effects on long-term structural employment. Purchasing power and Gini calculations are performed using *MIMOSI*. The sustainability analysis is conducted using the *Gamma* model. Using models in calculations is more complicated than merely pushing a button. It requires insight into how policy measures could best be translated into model input. It also takes common sense to see whether the results are plausible. In theory, there is the risk of parties taking advantage of the weak spots in the tool set, by submitting measures for which costs will be underestimated or benefits overestimated. We are aware of this possibility. In cases of 'free' policy measures, our first question is a sceptical one: if it is free, then why has it not been implemented already?

In a limited number of cases, parties proposed very far-reaching measures. The results of these policy simulations are surrounded by a greater than usual degree of uncertainty. This is explicitly indicated, where applicable.

