Seminar on National Productivity Boards

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CPB Netherlands Bureau for Economic Policy Analysis

- About CPB
- Economic forecasting and fiscal watchdog
- Productivity growth
- Policy analyses
A 70 year long tradition

• Founded in 1945 by Jan Tinbergen, first Nobel Laureate in economics (1969)

• Legally established as ‘Central Planning Bureau’

• However, from the start engaged in policy analysis, not planning.
Minister of Economic Affairs is responsible for the budget

Academia
Is the output academically sound?

CPB
CPC is advisory body
Audits
Every five years

Ministries, media, political parties
What topics are relevant?
The government appoints the director

The director decides on the annual work programme, after extensive consultations

Laura van Geest
The four core values of CPB

CPB's goal for the medium term is to be a widely trusted source of policy relevant economic analysis, despite a polarizing society where authority of any institute is no longer a given.

Still, CPB is — and strives to remain — the leading institute for economic policy analysis in the Netherlands, and a source of inspiration abroad.

The goal is to be an effective provider of input for evidence-based policy making in this changing society, while being impartial, independent, policy relevant and academically sound.
It’s all about reputation and credibility……..

OECD (2010): “The CPB stands out as an institution that has over the decades become fully integrated into the policy-making process while retaining a solid reputation for professionalism.

IMF: “The CPB occupies a unique position in fiscal policy making in the Netherlands. (...) In such a situation, its independence and credibility are essential, and the IMF-mission fully supports the continuation of the current institutional set up.”

……. which takes time
The Audit Committee’s appraisal of CPB:

- Applied scientific research: very good
- Societal relevance: excellent
- Long-term viability: good
Each sector consists of approximately 20 economists, many PhD’s. Quite large for an institute, creating room for substantial own research
CPB makes macroeconomic forecasts...

...and is fiscal watchdog
...providing inputs for the annual budget cycle ...

March
- CPB March Economic Outlook
- Input for Cabinet decisions on spending t+1

June
- CPB June Economic Outlook
- Input for Cabinet decisions on taxes t+1

September
- CPB September Economic Outlook
- Consistent with the Draft Budget presented to parliament

...publishing its own estimates for the budget...
... and for the medium-term fiscal policy framework

- March 2016: CPB Economic Outlook 2018-2021
- February 2017: CPB Analysis of Election Manifestos for most political parties
- March 15 2017: Election day
- April 2017: CPB Update of Economic Outlook 2018-2021
- Summer 2017: CPB analysis of fiscal framework of Incoming Government Agreement

However: making analyses only, not giving advice.
Productivity growth is a core economic variable ... 

... and has been sluggish almost everywhere
Is this is a permanent slowing down or not?
 shouldn’t productivity growth be a core issue for any economic research institute? But how?
Recommendation by the European Council

• The (national productivity) boards will **analyse developments and policies** that can affect productivity and competitiveness. They will provide independent analyses and reinforce policy dialogue at the national level.

• This will **help reforms** aimed at achieving sustainable economic growth and convergence.

• Looking forward, economic growth will depend on increasing productivity. This requires well-balanced policies aimed at supporting **innovation, increasing skills, reducing rigidities in labour and product markets** and allowing a **better allocation of resources**.
Analyses of specific policies
CPB’s ‘promising’ series in 2016:

- Promising innovation policies
- Promising labour market policies
- Promising education policies
- Promising science policies
- Promising housing policies
- Promising transport policies

Preparing for the elections in March 2017
E.g. Promising innovation policies

Team of 4 staff members, spending altogether 2 fte
Consulting almost 200 (inter)national publications
Feedback by 20 academicians and civil servants
Fiscal policies: taxes, subsidies, grants

1) Tax break for R&D expenditure
   • Fiscal impact: –
   • R&D impact: +
   • Productivity: +

2) SME innovation credit
   • Fiscal impact: +
   • R&D impact: +
   • Productivity: +

3) .............
   • Fiscal impact:
   • R&D impact:
   • Productivity:
Other policies: sectoral, procurement, awards

1) Smart specialisation
- R&D impact: ?
- Productivity: –

2) Grace period of 1 year for patenting after scientific publication
- R&D impact: +
- Productivity: +

3) .............
- R&D impact:
- Productivity:
Wrapping up

CPB is candidate to serve as the Dutch Productivity Board

Our four core values

Independent  also from the Ministry of Economic Affairs
Impartial   serving the government and the opposition
Policy relevant through extensive consultations
Academic standard by publishing in scientific journals

Experience shows

Building up reputation takes time
Own academic research adds to reputation
Restraint by providing analyses, not advice
Thanks for your kind attention