

SCIENCE

POLICY

Noblesse Oblige



Findings CPB Audit Committee 2016

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## Preface

CPB strives to act as a bridge between economic science and government policy. This is no easy feat in these turbulent times. The debate is fierce and economic scientific authority is under pressure. For this audit, we assessed whether CPB was sufficiently equipped to deal with these challenges.

We spoke to many different people; politicians, journalists, government officials, representatives from other policy institutions, scientists and, last but not least, many of CPB's own staff members. The discussions showed that CPB continues to be a well-respected authority. The Audit Committee also found CPB's economic projections and analyses to be useful and necessary, and that CPB is fulfilling its role in policy debates, in an excellent way. This implies that expectations are high and calls for a clear justification of choices. The recommendations in this report are intended to ensure that CPB can continue to meet those expectations.

In the past, once every three to five years, the Central Plan Committee (CPC), CPB's independent advisory committee, would appoint an external audit committee to perform an appraisal of either the scientific quality or the societal relevance of CPB. This year, for the first time, an audit committee was asked to conduct an integral assessment of both these aspects. In our experience, this is also most in line with CPB's overall task, which is to conduct research 'with a solid scientific foundation' that can be used by politicians and policymakers in decision-making processes on policy issues.

We gratefully acknowledge the willingness and contributions of our discussion partners, and particularly thank our secretary, Bart van Riel, for his professional, enthusiastic and concise formulation of our discussions. We wish CPB a fruitful continuation of its work in the future.

Aart de Geus  
Chair CPB Audit Committee 2016

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# 1 Assignment and procedure

## Audit background

The Central Plan Committee (CPC) supervises the scientific quality and societal relevance of CPB work. In this light, CPC is also responsible for organising periodic audits<sup>1</sup>. It appoints the members of such audit committees and formulates questions and assignments. The 2012 guidelines for assessment agencies allow audit committees to simultaneously assess scientific quality and relevance for society in general and policymaking in particular. This has been the first year in which the CPC requested such an integral assessment.

## Audit Committee members

This audit was conducted by a committee consisting of Chair *Aart de Geus* (Chair Bertelsmann Stiftung), three scientists: *Erzo F.P. Luttmer* (Professor of Economy, Dartmouth College), *Reinhilde Veugelers* (Professor of Economy, KU Leuven), *Charles van Marrewijk* (Professor of Economy, International Business School Suzhou, Xi'an Jiatong-Liverpool University) and three members from the realm of governance and policy: *Hugo Keuzenkamp* (Executive Board Westfriesgasthuis), *Jolande Sap* (independent adviser and supervisor) and *Hans van der Vlist* (former Director General and Secretary General at the former Dutch Ministry of VROM)<sup>2</sup>. Secretariat: *Bart van Riel* (SER).

## Assignment / Central Plan Committee questions

The Central Plan Committee (CPC) requested the Audit Committee to carry out an appraisal of the following matters:

- 1 The impact and quality of CPB's work with regard to policy as well as its scientific quality (relevance, choice of subjects, content-related quality, timing and independence);
- 2 CPB performance in comparison with other, relevant organisations in CPB's various fields of work;
- 3 The manner in which CPB stays connected to the continually changing needs of policymakers, with respect to the choice of subjects as well as output quality;
- 4 The way in which CPB collaborates with scientists and other organisations also active on the interface between science and policy, and the relationship between policy analyses and scientific research;

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1 See: [http://wetten.overheid.nl/BWBR0031972/geldigheidsdatum\\_18-12-2015](http://wetten.overheid.nl/BWBR0031972/geldigheidsdatum_18-12-2015)

2 Only main appointments are stated here. See Appendix 1 for more elaborate CVs of the Audit Committee members.

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- 5 The attitudes of CPB staff members towards policymakers and other external parties. The committee is to determine whether there is an 'open' culture in which staff members feel they can criticise and speak freely ('speak up' culture);
  - 6 CPB's behaviour towards external parties; how it presents itself, the effectiveness of its communication strategy and its communication tools.

### Using a Standard Evaluation Protocol to assess scientific research

The Audit Committee was asked to use the Standard Evaluation Protocol (SEP) for scientific research. This protocol was developed jointly by KNAW, VSNU and NWO<sup>3</sup>. This appraisal on the basis of the SEP had certain implications for:

- The self-assessment of CPB as input for the audit (the fact that CPB does not coach any PhD students was also taken into account);
- The working method of the Audit Committee;
- The organisation of the on-site visit by the Audit Committee;
- The organisation of this report.

Following the SEP, the Audit Committee conducted its appraisal on the basis of the following criteria: scientific quality, societal relevance and long-term viability. The committee is expected to give recommendations in order to increase CPB's long-term viability.

### Working method of the Audit Committee

The appraisal and recommendations by the Audit Committee were based on CPB's self-assessment and on discussions with CPB staff members and external contacts, during the on-site visit (10–13 January 2016).

This report, CPB's self-assessment report and related research were all published at the same time. CPB's self-assessment documents constituted important building blocks for the work of the Audit Committee. The committee greatly appreciated the open and realistic character of the self-assessment, the findings of which, incidentally, are largely in agreement with the committee's own observations.

During the on-site visit, the Audit Committee spoke with CPB staff members, policymakers, stakeholders, journalists, politicians and scientists<sup>4</sup>.

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3 See: <https://www.know.nl/nl/actueel/publicaties/standard-evaluation-protocol-2015-2021>. This also calls for the use of the KNAW guidance 'Evaluating Research in Context (ERIC)'. Eric has not been addressed separately, as it is our impression that most of its elements are incorporated in the new SEP 2015–2021.

4 See Appendix 2 for a list of participants in the discussions during the on-site visit.

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The committee greatly appreciated the open attitude of CPB staff members during these discussions, as well as the willingness of external parties to participate in the audit.

#### Reader

The report, first, presents an appraisal of CPB with respect to the criteria of quality, societal relevance and long-term viability ([Chapter 2](#)). [Chapter 3](#) addresses the other CPC questions. [Chapter 4](#) presents the Audit Committee's observations, which form the basis for the recommendations for increasing CPB's long-term viability.

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## 2 Appraisal of quality, relevance and long-term viability

The Standard Evaluation Protocol (SEP) requires the assessment of quality, relevance and long-term viability

The SEP requires the Audit Committee to use the following three criteria: scientific quality, societal relevance and long-term viability. These criteria are briefly described on page 7 of the SEP<sup>1</sup>. There are four possible scores: excellent, very good, good and unsatisfactory.

### CPB Appraisal

The Audit Committee's appraisal of CPB resulted in the following scores:

- Quality of applied scientific research: *very good*
- Societal relevance: *excellent*
- Long-term viability: *good*

### Quality of applied scientific research: very good

CPB is not an academic institution that conducts fundamental research. Therefore, in order to assess the scientific quality of CPB's work, the committee appraised the implementation of the most recent scientific insights in policy-oriented economic analyses. On this point, a score of 'very good' according to SEP criteria means that CPB is conducting very good quality research that is internationally acknowledged. This was shown, among other things, in the bibliometric analysis of CPB research over the 2007–2014 period<sup>2</sup>. Although the CPB score on this point in that study was somewhat below world average, seeing the fact that CPB is not an economic faculty or basic research institution, a 'very good' score here was deemed appropriate. The appraisal, furthermore, revealed that CPB work is not only cited by Dutch scientists, but also internationally.

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1 *Quality*: The committee assesses the quality of CPB's research and the contribution that research makes to the body of scientific knowledge. The committee also assesses the scale of CPB's research results (scientific publications, instruments and infrastructure developed by CPB, and other contributions to science). *Societal relevance*: The committee assesses the quality, scale and relevance of contributions targeting specific economic, social or cultural target groups, of advisory reports for policy, of contributions to public debates, and so on. The point is to assess contributions in areas that the organisation itself designated as target areas; *Long-term viability*: The committee assesses the strategy that CPB intends to pursue in the years ahead and the extent to which it is capable of meeting its targets in research and society during this period. It also considers the governance and leadership skills of the organisation's management.

2 CWTS, Bibliometric report CPB Netherlands Bureau for Economic Policy Analysis research performance analysis (2007-2014), Leiden University, October 2015.

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The scientists who were interviewed by the Audit Committee were also very positive about the quality of CPB's work. CPB's MICSIM model on the long-term labour market, for example, is considered state of the art. The Audit Committee, however, did not award a score of 'very good' to the overall quality of CPB's applied scientific research. This particularly concerned the macroeconomic model used by CPB, which is considered to be outdated – also by CPB itself. CPB's search for a connection to new models has become stuck, however. Experience has shown that economic science mostly produces types of models that are less suitable for application in CPB research. Nevertheless, macroeconomic science does provide key starting points for further development of a 'traditional' macroeconomic model such as that currently used by CPB. Interaction with science on this subject is key for CPB, in the interest of both the quality and legitimacy of the model selected.

[Chapter 4](#) provides a number of the Audit Committee's recommendations for the further improvement of CPB's scientific research, in order to achieve an 'excellent' score<sup>3</sup>.

#### Societal relevance: excellent

An 'excellent' score on societal relevance, according to the SEP, means that CPB is making an outstanding contribution to society. The Audit Committee believes this high score is justified, for a number of reasons. Investigation of the social impact of CPB publications has shown that these play an important role in policy debates in the Dutch House of Representatives and beyond<sup>4</sup>. It was investigated how often individual publications were referred to and by whom. According to IPSOS, CPB is well known by the public at large and is regarded as trustworthy<sup>5</sup>. The interviewed policymakers, journalists and politicians were unanimous in their appreciation of CPB's work. Repeatedly, they indicated that if there was no CPB 'it should be invented'. The analyses of election manifestos are considered a welcome disciplinary contribution to political debate, even when individual parties are not always happy about the results and sometimes question the methods used – but that is 'all in the game'. It is the joint responsibility of both CPB and politics to regard these analyses within the right context and to value them accordingly. The challenge lies in securing CPB's authority and sound reputation also for the future.

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3 An excellent score on the scientific element, according to the SEP, means that CPB is among the highest ranking in the world, in its field.

4 A. A. M. Prins, Contextual Response Analysis of publications of the CPB Netherlands Bureau for Economic Policy Analysis, Groningen 2015.

5 IPSOS, Opinion poll and reputation survey CPB (Bekendheid- en reputatieonderzoek Centraal Planbureau (CPB)), 17 June 2015.



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### Long-term viability: good

A 'good' score on long-term viability, according to the SEP, means that CPB is making justifiable strategic decisions and is, therefore, well prepared for the future. This score also implies that there is some room for improvement. On the basis of its on-site observations, the Audit Committee concludes that:

- strategic decisions and choices should be communicated in a better way and be justified towards the stakeholders;
- CPB needs to make its positioning more explicit;
- recommendations by previous audit committees in reference to macroeconomic model development should be addressed with greater urgency;
- strategic human-resource policy should be implemented;
- improvements could be made to CPB's communication policy.

The Audit Committee makes a number of recommendations in relation to these issues (see [Section 4.2](#)).

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## 3 Response to other CPC questions

In addition to appraisal of the quality and relevance of CPB's work, the CPC also presented the Audit Committee with a number of other questions (see [Chapter 1](#)). These questions are addressed below.

### Performance in comparison with other organisations

The CPC requested that CPB's performance be compared against that of other, relevant organisations in CPB's various fields of work. This led to the question of which organisations would be comparable to CPB. As also indicated in CPB's self-assessment, this proved to be a difficult question to answer. The Audit Committee, itself, did not investigate this issue but saw no reason to doubt CPB's performance in comparison with that of other institutes. Investigation into the societal impact of CPB publications showed that CPB scores well in this respect, when compared to PBL and SCP, the other two Dutch government agencies for policy analysis. CPB's self-assessment showed its economic projections not to be significantly better or worse than those by the DNB, the IMF, the European Commission, or the OECD. CPB's specific projections of the growth in world trade are internationally considered to have authoritative value. CPB is often referred to as an example, in OECD, EC and IMF circles.

### Connecting to the continually changing needs of policymakers

As stated in [Chapter 2](#), CPB scored 'excellent' on societal relevance. The Audit Committee's discussions with policymakers at various ministries and with other organisations showed that CPB succeeds in catering to the varying needs of policymakers. This is also related to the open attitude of CPB staff members (see below).

### Collaboration with other scientists and organisations

The interviews furthermore yielded a mixed impression of the way in which CPB is collaborating with scientists and other organisations that are also active on the interface between science and policy. The Audit Committee does see the need and possibilities for enhancing the collaborations with leading scientists (see [Chapter 4](#)).

### Attitudes / open organisational culture

The committee concluded that CPB has an open ('speak-up') culture within which staff members feel free to express criticism. Maintaining this atmosphere is very important. The committee was in no doubt about the positive attitude of CPB staff members towards third parties. For example, both journalists and politicians were very positive about the accessibility and expertise of CPB staff members.

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### External presentation

The CPC inquired about CPB's presentation to the outside world: how effective are the communication strategy and communication tools? The Audit Committee is of the opinion that some improvements could be made in this area. There are possibilities for further professionalisation aimed at a more active communication policy and better use of social media (see also [Chapter 4](#)).

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## 4 Observations and recommendations

This section contains the Audit Committee's recommendations for increasing CPB's long-term viability. These recommendations have been based on a number of observations.

### 4.1 Observations

The Audit Committee's observations can be categorised according to five themes:

- Follow-up of recommendations by previous audit committees
- Justification for strategic choices made
- Expansion of scientific methods and insights
- Human-resource policy
- Communication policy

#### 4.1.1 Follow up of recommendations by previous audit committees

CPB's objective to remain a leading institute is apparent from its willingness to be subjected to regular assessments. It has taken the recommendations by previous audit committees very seriously, which among other things has led to the following<sup>1</sup>:

- Increased attention and support for publishing in relevant scientific journals
- Fewer programmes (from 20 down to 15)
- A thorough re-examination of the macroeconomic models used<sup>2</sup>.
- A less elaborate analysis of election manifestos in *Charted Choices*<sup>3</sup>.

These measures, as indicated by CPB in its self-assessment, are aimed to strengthen its long-term viability. Although the Audit Committee agrees with the need for and direction of these measures, it concluded that certain matters not yet have been worked out, sufficiently.

#### Greater urgency needed in the development of a new macroeconomic model

Macroeconomic analysis is one of CPB's core tasks. Its quality is an important factor for the relevance of CPB and this task is vital to its image. CPB's reputation is the most vulnerable in this area.

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1 Self-assessment CPB Netherlands Bureau for Economic Policy Analysis, The Hague, 15 December 2015, pp. 8–11.

2 Macroeconomic analysis at CPB, clarification and elaboration [Verdiepen en verhelderen: Macroeconomische analyse bij het CPB (in Dutch)], CPB Communication, 13 December 2013. <http://www.cpb.nl/publicatie/verdiepen-en-verhelderen-macro-economische-analyse-bij-het-cpb>

3 Renewing the analysis of election manifestos: 'Charted Choices 2013–2017', CPB Book, 26 November 2013. See: <http://www.cpb.nl/en/publication/charted-choices-2013-2017> for a summary in English.

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The previous audit committee also mentioned this, and the current Audit Committee noted that a new model is still being worked on. The Committee, therefore, has concluded that the new macroeconomic model should be developed with greater urgency, also involving an active dialogue with the outside world.

The 2016 Audit Committee understands that CPB is searching for a model that is at the frontier of science while also being sufficiently flexible and robust to use in the analysis of policy options. From the interviews with staff members and scientists, the Audit Committee has learned that an earlier attempt to develop a state-of-the-art macroeconomic general equilibrium model failed due to a lack of applicability. Since then, the search has been conducted mostly internally. The Committee, however, is of the opinion that, on this subject, continual interaction with international and national scientists must be strived for. It is also important that the model will be available online, from the CPB website, so that others may also use it, thus creating a scientific dialogue.

#### [Analysis of election manifestos](#)

The analysis of election manifestos, published in 'Chartered Choices', is one of CPB's most prominent activities. In their discussions with politicians, the Audit Committee learned that there is great appreciation for the publication, as it enables a comparison between party proposals and contributes to the quality of the debate. These analyses do require a large amount of staff time and effort. In cases of early elections, the timing is often unpredictable. In this light, it is understandable that CPB has decided these analyses will be less-elaborate in the future, which will involve:

- cancelling an analysis of the impact of measures in the fields of education, innovation, housing, accessibility, nature, energy and climate;
- in certain cases, limiting the analysis to the first-order effects on budgetary policy (which, therefore, no longer includes the economic feedback effects through economic growth and the labour market).

The discussions indicated that representatives from political parties also understand the need for this less-elaborate set up.

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## The ‘Promising Policy’ series

In the follow-up of the previous Audit Committee’s recommendation for conducting less-elaborate analyses of election manifestos, a new publication series was started, called ‘Promising Policy’. This series is produced jointly with PBL and SCP, the two other government agencies for policy analysis<sup>4</sup>.

The Audit Committee is of the opinion that this series is a potentially valuable contribution to public debate. In order for it to fulfil this potential, the selection of subjects that are (or are not) considered ‘promising policy’ must be justified more clearly. This is necessary for the sake of CPB’s independence as well as to avoid any semblance of policy steering. Justification of the options addressed in Chartered Choices is not an issue; these options, after all, are presented by the political parties. This, however, is not the case for the Promising Policy series; the choice of themes currently is not explained in a transparent way. The name of the series suggests that CPB, PBL and SCP determine which policy they consider to be promising. This cannot and should not be the intention. All the more, because multiple dimensions of what is broadly termed as ‘welfare’ should play a role in the analysis of policy effects<sup>5</sup>. These dimensions may sometimes counterbalance each other; for example, when a promising policy with respect to economic growth achieves this at the expense of equality or environmental quality. Can such a policy, then, be deemed promising? And who decides this?

The Audit Committee would like CPB to consider involving more external parties, such as representatives from political parties and social organisations, in the selection and assessment of policy measures. In addition, it is important that the character of the series, the interdisciplinary impact analyses of policy options, be included in the presentation (which could, for example, be expressed in the choice of subtitle).

### 4.1.2 Justification for the strategic choices made

#### Justification for the strategic choices in the work programme and trends

The Audit Committee understands that CPB cannot address all issues. Its organisation is ‘lean’; therefore, sometimes, stark choices must be made. However, the Committee believes that, in policy discussions about large societal trends (e.g. climate change, globalisation, population ageing, migration and digitalisation), CPB needs to keep a finger on the pulse.

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<sup>4</sup> To date, this series has yielded: Kansrijk arbeidsmarktbeleid [Promising labour-market policy (April 2015)], Kansrijk innovatiebeleid [Promising innovation policy (February 2016)], Kansrijk arbeidsmarktbeleid, deel 2 [Promising labour-market policy, part 2 (April 2016)], Kansrijk mobiliteitsbeleid [Promising mobility policy (May 2016)], Kansrijk woonbeleid [Promising housing policy (May 2016)] and Kansrijk Onderwijsbeleid [Promising educational policy (June 2016)].

<sup>5</sup> Also see: Rutger Claassen and Ingrid Robeyns, 2015, Economische Beleidsanalyses – een filosofische blik [economic policy analyses – a philosophical view]: Advies in opdracht van het Centraal Plan Bureau, Ethiek Instituut Universiteit Utrecht.

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This, incidentally, does not mean that the Committee feels that each large societal trend automatically warrants the set-up of a separate programme. Nor would this be necessary, as there are many trends that are already included in the work programmes of the other government agencies for policy analysis. The Audit Committee does advise CPB and the other agencies to jointly draft an overview of all of these trends, and to consider their meaning for both the economy and society. This could take the form of joint studies, programmes, conferences or seminars – the fact that the three institutes will be sharing the same building, in the near future, offers possibilities in this respect. However, the Committee also deems it important for CPB to retain its independent stance.

### CPB Positioning

From the discussions and documents it received, the Audit Committee found deliberate positioning to be lacking. The interviews with government officials showed that the various government departments do not share a vision about which policy themes should be included in the core tasks of CPB that are funded from the structural CPB budget provided by the Ministry of Economic Affairs.

Therefore, the Audit Committee considered the explication of CPB's positioning to be important. Positioning may be helpful towards funding, as well as in making strategic choices and their justification, and in the collaboration with the other government agencies for policy analysis. The positioning could include the following elements:

- that CPB acts as a bridge between science and policy;
- that CPB is clear about its core tasks;
- that CPB works from an economic perspective, which involves a number of possibilities but also limitations;
- that CPB is independent.

#### 4.13 Expansion of scientific methods and insights

Connection to new methods and insights is vital for CPB, in order to guarantee its scientific quality. Over the years, CPB has expanded its toolbox of analytical instruments. In addition to the macroeconomic models, more attention has developed for cost-benefit analyses, micro-economic methods and working with big data. The Audit Committee welcomes these developments and considers utilisation of these possibilities in economic analyses a challenge for CPB.

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### Greater possibilities for working with big data

CPB's scientific quality may be increased further by better access to big data. For administrative reasons, large amounts of data are being collected in the Netherlands. These data are subsequently processed and managed by Statistics Netherlands (CBS). It offers numerous possibilities for CPB to conduct micro-econometric research into, for example, behavioural effects and the impact of policy measures. Thus, CPB can increase the quality of its policy analyses. In addition, this would also make CPB a more attractive partner in collaborations with leading scientists and offer possibilities for leading publications. Currently, however, there are a number of barriers to achieving access to big data, such as the costs involved, access to the rough data, the pace of data delivery, and the possibilities of combining databases. It would be desirable for the Ministry of Economic Affairs to help remove these barriers, and to involve itself in deliberations with both CPB and CBS on this issue.

### Policy experiments

Recent decentralisations in the fields of social security and education offer possibilities for pioneering research based on policy experiments. This is already looked at by CPB, particularly in the field of education, but this could be further and more systematically expanded. Rigorous evaluations may contribute to policy learning and provide insight into which policy would be the most promising. This could also increase CPB's attractiveness for collaboration with leading scientists. The Audit Committee considers it desirable that policymakers are prepared to help set up and evaluate policy experiments in their particular fields.

### Information from everyday practice

When choosing research themes and checking research results and subsequent policy recommendations, CPB could more systematically be led by actual practice, without losing its independence. Discussions between the Audit Committee and CPB staff members revealed that this is already taking place in certain areas, such as that of reintegration on the labour market and market structure for digital services, and with positive results. However, the Committee is under the impression that, in other fields such as health care, this is not happening, or not extensive enough. In the past, CPB has indicated that policy analyses on health care could be improved by involving groups of external experts<sup>1</sup>. The Committee believes this still applies today.

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<sup>6</sup> See CPB, 2013, *Vernieuwing doorrekening verkiezingsprogramma's; Evaluatie 'Keuzes in Kaart 2013-2017*, p. 11 [Reforming the analysis of election manifestos; evaluation of 'Chartered Choices 2013-2017'].



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## Insights from other disciplines

CPB particularly employs quantitative economists. This is a strength as well as a potential weakness. It makes CPB strong, as people speak the same ‘language’ and it strengthens the exchange of experiences, new insights and methods. However, it is also a potential weakness because it may lead to under-utilisation of insights from other disciplines and methods.

The Audit Committee does not argue in favour of employing more sociologists, psychologists or historians, but does believe that actively and deliberately seeking collaboration with other disciplines could be useful and may yield a richer perspective. The future closer collaboration with the two other government agencies for policy analysis will also contribute to achieve this.

### 4.14 Human resources

CPB’s driving force are its staff members – who are expected to be passionate about both science and policy. Although this combination of passions is not an obvious one, the Committee has discovered that CPB appears to have succeeded in finding motivated and competent policy-oriented scientists and scientifically inclined policy advisers. There is also a good mix between younger and more experienced employees, throughout the organisation.

The challenge for CPB, therefore, lies in also attracting equally good staff in the future and holding on to them for a sufficient period of time. Here, it is bound by the so-called 3-5-7 model of career development and the job evaluating system of the national government<sup>7</sup>. The Committee believes that this would warrant a more strategic human-resource policy at CPB. A policy that is focused on mobility and sustainable employability calls for additional tools and strategies. It may, for example, be useful to develop more career opportunities and to offer a greater variety of career types. The 3-5-7 model could then be viewed by staff members as an opportunity for their personal careers. The Audit Committee would suggest that CPB offer career possibilities – not only for people who wish to grow into positions with greater managerial responsibilities, but also for others to become more recognised and renowned as experts in their own right, in addition to the current possibilities to become programme leader. This would suit a knowledge institute such as CPB.

<sup>7</sup> The 3-5-7 model for career development is about development within a certain employment position during the first three years, development aimed at the next career move within 5 years, and reflection on a subsequent career move and taking action within 7 years.

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## 4.15 Communication

### Managing uncertainty

CPB's projections and analyses involve a certain degree of uncertainty, as is indicated by CPB itself; the uncertainty in its projections is currently visualised in point estimates and fan charts. But the uncertainty message cannot be repeated often enough. The discussions with journalists and politicians have shown the Committee that both groups have difficulty in coping with such uncertainties in policy-making. It therefore cannot be explained often enough; the margin of uncertainty must be indicated time and again, not only for projections, but also in analyses of policy measures. This guarantees the scientific quality of the CPB input in policy discussions, as it gives the projections and analyses their authoritative character.

### Transparency about models

It would also be important for CPB to clearly and consistently indicate the assumptions and limitations of model analyses; for example, for calculations made with the new MICSIM model. This is a state-of-the-art model for the supply side of the labour market, which in the long term determines employment levels. It is unsuitable for evaluations of policy measures aimed to reduce unemployment in the short term. Although this qualification is mentioned in the publication *Kansrijk Arbeidsmarktbeleid* (Promising labour market policy), the title itself is somewhat misleading<sup>8</sup>. Also in the political debate on the effects of certain tax measures, it is vital to consistently point out that those calculations refer to the *long-term* labour supply and, therefore, have no bearing on short-term employment.

Another consideration would be to make the new macroeconomic model available, interactively, to a wider audience. This would increase the transparency about projections and calculations. For example, it would show the degree to which projections were based on model calculations, which additional information was used and why. Moreover, it may also lead to suggestions for improvements to the model.

### Broad definition of welfare

The scientific foundations of policy recommendations, and the communications about them, should take into account the limitations of using GDP as an indicator of welfare. The broad definition of welfare includes various dimensions: the economy, society and ecology. There can be a large degree of synergy between these dimensions, but there are also many trade-offs.

<sup>8</sup> A more appropriate title for the publication on Promising Labour Market Policy (*Kansrijk Arbeidsmarktbeleid*, April 2015) perhaps would have been: 'Policy options for increasing labour supply' (*Beleidsopties voor de vergroting van het arbeidsaanbod*).

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One of CPB's tasks is to point out the various trade-offs, with the weight awarded to the individual dimensions being a political matter. This should also be carefully considered in the communication about the costs and benefits to society of, for example, investments in wind energy.

### Active communication

The discussions with journalists and scientists showed that it would be appreciated if CPB would try to attract attention to its studies more actively, and respond more directly to current affairs. For example, CPB could provide more guidance with its authoritative projections of the growth in world trade. Its studies on the unemployment risks and duration for older workers were also referred to, in this respect. These publications were seen as highly informative. CPB should not hesitate to present this as factual information in public debate. Furthermore, more attention could be directed to ensuring its policy analyses are sufficiently noticed; also the timing and main message should be thoroughly considered.

### New media

A more active communication strategy also includes the effective use of social media. This is currently used mostly on an incidental basis and by individual CPB staff members. For that matter, in their discussions with the Audit Committee, the journalists indicated they greatly appreciated the CPB tweets. The Committee believes there are possibilities for CPB to make more frequent and systematic use of this media tool.

## 4.2 Recommendations

The above observations have led to the following recommendations for CPB:

- 1 The development of the new macroeconomic model should be addressed with greater urgency. The model should be extremely solid. To this end, CPB should enter into dialogue with the outside world, for example, through conferences and relevant publications. The model should be made available to others, so that they can also use it.
- 2 For the 'Promising Policy' series, ensure transparent communication about the legitimacy of the choice of themes and selection of policy options, in a joint effort with the other two agencies for policy analysis. Also involve external parties, such as representatives from political parties and societal organisations, and avoid giving the impression that CPB's publications are policy proposals.

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- 3 Broaden the discussions with stakeholders on the choices made for the multiannual work programmes. Retain the economic perspective on large social challenges and trends, such as in climate change, globalisation, population ageing, migration and digitalisation. Together with SCP and PBL, draft an overview of the current state of affairs with respect to these trends and what this means for the economy.
  - 4 CPB should improve its positioning. This may help in areas such as funding, making strategic choices, and providing justification for those choices, and in the collaboration with the other assessment agencies. The positioning could contain the following elements: the CPB role of bridging the gap between science and policy; the clarity on core tasks; using an economic perspective, including the related possibilities and limitations; and the independence of CPB.
  - 5 Utilise the possibilities available in the Netherlands for working with big data and policy experiments. This would benefit the quality of the work and would make CPB a more attractive partner in collaborations with leading scientists. CPB should allow more practical input when choosing themes and checking calculation results and recommendations. There should be greater interaction with other disciplines.
  - 6 There should be more attention for strategic human-resource policy. The policy, with its focus on staff mobility and sustainable employability, requires additional instruments and strategies. Developing more career perspectives and offering a greater variety in career paths could be useful. Consider developing career options for staff members to become more recognised and renowned as experts in their own right.
  - 7 Continue to consistently communicate about the uncertainties, limitations and assumptions of CPB models. Avoid any semblance of certainty. When communicating about GDP as an indicator of welfare, also take the limitations into account. Pursue a more pro-active communication policy and use new media more systematically.
  - 8 Furthermore, the Audit Committee also has a recommendation for the Minister of Economic Affairs: enter into discussions with CPB and CBS about removing the barriers for CPB to use big data.

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# Appendix 1

## Members of the Audit Committee

Aart de Geus (Chair and CEO Bertelsmann Stiftung, Chair Supervisory Board Triodos Bank)

Hugo Keuzenkamp (member of the Executive Board Westfriesgasthuis, member Advisory Board Zorginstituut Nederland, member Advisory Board SEO)

Erzo F.P. Luttmer (Professor of Economics, Dartmouth College, Research Associate at the National Bureau of Economic Research, Editor of the Journal of Public Economics)

Charles van Marrewijk (Professor of Economics, International Business School Suzhou, Xi'an Jiatong-Liverpool University en Utrecht University School of Economics)

Jolande Sap (independent adviser on the sustainability of the business community and society, Commissioner at KPN and KPMG)

Reinhilde Veugelers (Professor of Economics, KU Leuven, Senior Fellow Bruegel, Research Fellow CEPR, member of the Royal Flemish Academy of Belgium for Science and the Arts)

Hans van der Vlist (former Director General and Secretary General at the Ministry of VROM)

Secretariat: Bart van Riel (SER)

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## Appendix 2

List of participants in the discussions during the on-site visit (10–13 January 2016)

### **CPB Staff**

#### CPB General Management

Laura van Geest (Director)

Bas ter Weel (Deputy Director)

Clemens Kool (Deputy Director)

#### Sector 1 – Public Funding

Johannes Hers - Sector Head

Rob Euwals - Programme leader

Arjan Lejour – Programme leader

Wim Suyker - Programme leader

Wouter Vermeulen - Programme leader

Egbert Jongen – Senior researcher

Krista Hoekstra – Researcher

#### Sector 2 – Macroeconomic analysis

Albert van der Horst - Sector Head

Debby Lanser - Programme leader

Marcel Lever - Programme leader

Gerdien Meijerink - Programme leader

Leon Bettendorf – Senior researcher

Jasper Lukkezen – Researcher

#### Sector 3 - Labour and Education

Daniel van Vuuren - Sector Head

Marloes de Graaf-Zijl - Programme leader

Karen van der Wiel - Programme leader

Bert Smid - Programme leader

Roel van Elk - Programme leader

Wiljan van den Berge - Researcher

Bram Wouterse - Researcher

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#### Sector 4 - Market Structure

Michiel Bijlsma – Sector Head

Bas Straathof – Programme leader

Sander van Veldhuizen – Programme leader

Paul Besseling – Programme leader (up to 1-12-2015)

Minke Remmerswaal – Researcher

#### Sector 5 - Physical environment

Paul Besseling – Sector Head - temporary (from 1-12-2015)

Rob Aalbers – Programme leader

Gerbert Romijn – Programme leader

Peter Zwaneveld – Programme leader

Annemiek Verrips – Senior Researcher

Gerard Verweij – Research Associate

#### CPB Management

Agnes van der Aa – Head of Internal Affairs & Management

Edwin van de Haar – Head of Staff Secretariat and Communications

Claudia Presenti – Head of Department of Human Resources

Erwin Zijleman – Head of Department of Information technology and research support

#### Works Council (OR) and mediator

Esther Mot – Chair Works Council

Loulia Ossokina – Works Council member

Wim Suyker – Mediator

Karen van der Wiel – Mediator

#### External contributions

##### Journalists

André Meinema (NOS)

Martin Visser (Telegraaf)

Philip de Witt Wijnen (NRC)

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### Other external parties

Reinier van de Berg – Deputy Director of PBL Netherlands Environmental Assessment Agency

Hans de Boer – Chair Confederation of Netherlands Industry and Employers (VNO-NCW)

Jantine Kriens – Chair Association of Netherlands Municipalities (VNG)

Ruud Kuin – Vice Chairman Federation of Dutch Trade Unions (FNV)

Kim Putters – Director of the Netherlands Institute for Social Research (SCP)

Job Swank – Director of DNB (Dutch Central Bank)

Véronique Timmerhuis – Director/General Secretary of the Social and Economic Council of the Netherlands (SER)

### Government officials

Lilian van den Aarsen – Director Knowledge, Innovation and Strategy (Kennis, Innovatie en Strategie (Ministry of Infrastructure and the Environment (IenM))

Frans Suijker – Director AEP (Ministry of EZ)

Coen Hogendoorn – Director General Financial and Economic Politics (Algemene Financiële en Economische Politiek (Ministry of Finance))

Ferdi Licher – Director Knowledge and Projections (Kennis en Verkenningen), Directorate-General for Housing (DG Wonen) (Dutch Ministry of the Interior and Kingdom Relations (BZK))

Ellen van Doorne – Coordinating adviser KIEM (coördinerend raadsadviseur KIEM, Dutch Ministry of the Interior and Kingdom Relations (BZK))

Katja Mur – Director Macroeconomic-economic Issues and Labour Market (Macro-Economische Vraagstukken en Arbeidsmarkt (Ministry of Health, Welfare and Sport (VWS))

Sander van Veldhuizen – Head of Department Public Sector and Income Policy (afdelingshoofd collectieve sector en inkomensbeleid, ASEA (Ministry of Social Affairs and Employment (SZW))

### Politicians / financial spokespersons

Elbert Dijkgraaf (SGP)

Rik Grashoff (GL)

Helma Neppérus (VVD)

Wouter Koolmees (D66)

Arnold Merkies (SP)

Henk Nijboer (PvdA)

Ed Groot (PvdA)



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### Academic partners CPB and scientists

Professor Bas van der Klaauw – VU University Amsterdam, Director Tinbergen Institute

Professor Steven Brakman – University of Groningen (RUG)

Professor Koen Caminada – Leiden University

Professor Bas Jacobs – Erasmus University Rotterdam (EUR)

Professor Dinand Webbink – Erasmus University Rotterdam (EUR)

Professor Jacques Pelkmans – Centre for European Policy Studies (CEPS)



**Colophon:**

Jacket design: Bart van Riel

Layout: Riccardo van der Does

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