Visit Oman delegation

George Gelauff
Deputy director
History

• Founded in September 1945 by Jan Tinbergen
  › First Nobel Laureate in economics (1969)

• Legally established on 21 April 1947
  ‘Publish regularly a Central Economic Plan (CEP)’
  relevant for economic, social and financial
  policymaking’

• Confusing: CPB has never been engaged in central planning!

• Independent analyses for economic policy

=> CPB Netherlands Bureau for Economic Policy Analysis
Position

• CPB is unique in the world
  - CBO in US
    › CPB is more grounded in economic theory
  - IFS in UK
    › CPB is less scientific and better embedded in policy making
  - German institutes
    › CPB has monopoly in forecasting
    › CPB has more advanced scientific methods and output

• Recent initiatives in the aftermath of the economic crisis
  - UK Office for Budgetary Responsibility (OBR)
  - EU president van Rompuy: ‘all EU countries should have a CPB’
Organisation (1)

- Agency of Ministry of Economic Affairs, Agriculture and Innovation
  - Budget and personnel policy
  - Outside requests need Minister’s fiat
  - Yet: independent research, in the interest of government & parliament

- Access to confidential information
  - Budgets
  - Policy initiatives

- Funding
  - Bulk is funded by Ministry of Economic Affairs
  - 10-20 percent project finance by ministries, EU and others
  - No paid assignments from third or commercial parties
Organisation (2)
Organisation (3)

- People
  - 120 full-time positions (135 persons)
  - 70 percent academic economists, large share with PhDs
  - budget approximately 11 million Euro per year
  - Director appointed by council of ministers for 7 years

- Central Planning Committee (CPC)
  - Installed by law as an advisory body
  - Independent members: scientists, business men, trade unionists

- Evaluation every five years
  - Scientific: international (led by Hellwig [2010], Zimmermann [2005])
  - Policy relevance: national (led by Borstlap [2007], Bakker [2002])
Stakeholders (1)

- **Government and ministries**
  - Tradition of coalition governments: multi-party system
  - Policy analysis for almost all ministries
    - Member of councils of advice on e.g. social-economic issues, environment, infrastructure, innovation, education and health
    - CPB Director is member of the Social Economic Council

- **Parliament and political parties**
  - Both parties in government and opposition
  - Answering economic policy questions
  - Economic analysis of election platforms
Stakeholders (2)

• Scientific community
  - Scientific tools and models are used for policy analysis
  - Reputation depends partly on academic quality of output
  - Recruitment

• General public
  - Media
  - Tax payers

• Independence also means ...
  - Responsive to needs
  - Pro-active in formulating future needs
Forecasts and scenarios

• Short term forecasting
  - Quarterly publication of short-term macroeconomic forecast
    › Macroeconomic Outlook (‘budget day’), two-way:
      ◦ CPB’s economic forecast includes budget,
      ◦ budget includes CPB’s economic forecast
  - World Trade Monitor

• Medium term election forecast (MLT)

• Long-run scenario studies
  ◦ *Four Futures of Europe*
  ◦ *The Netherlands of 2040*
Research areas

• Institutional analysis of specific sectors
  - Intergenerational risk sharing in pension funds
  - Tax subsidies for formal and informal childcare

• Ex ante cost-benefit analysis
  - Improvement of major dikes, Afsluitdijk; 32 km
  - Large housing project including infrastructure in Almere

• Ex post evaluations
  - A new organisation of social assistance
  - Effectiveness of education policies

• Background studies
  - Meta-analysis of the labour-supply elasticity
CPB analysis of election platforms

- Consultation on concrete policy proposals
  - Consistency and plausibility check

- Analysis of impact on
  - Public finances, medium and long term
  - Macro economy, purchasing power
  - Topics: education and innovation, environment

- Published before elections
  - Informs public debate
  - Base for coalition negotiations after election

- Voluntary, no legal obligation!
Reputation

- Generally accepted as an independent authority
  - Policy analysis not only for government but also for opposition parties
  - Broad portfolio of activities in many branches

- Policy analyses free of charge
  - Confidential: report directly to customer (e.g., political party)
  - Publication after reference in public by customer

- Focus on quality
  - Scientific methods and tools
  - Recruitment of the best graduates (also internationally)
  - Academic and policy evaluation every five years