



Centraal Planbureau  
Planbureau voor de Leefomgeving

# Effecten op economie en milieu

## *VVD, PvdA, PVV, CDA, SP, D66, GL, ChrU, SGP, DPK*



**Keuzes in Kaart  
2013-2017**

**Charted Choices  
2013-2017**

*English translation of  
chapter 2, the headlines*





## 2 The outlines of the election manifestos

*Please note: this is a translation of Chapter 2 of the book Charted Choices 2013–2017, which contains the main findings, compared to the baseline, as described in CPB’s forecast of the Dutch economy up to 2017 that was published in June 2012.*

What is the outline of the plans of the political parties, and what are the implications of these plans? Table 2.1 provides a general overview, which is further elaborated in this chapter.

**Table 2.1 Summary table**

|                                                                                                        | VVD                          | PvdA   | PVV       | CDA     | SP      | D66      | GL       | ChrU   | SGP     | DPK       |
|--------------------------------------------------------------------------------------------------------|------------------------------|--------|-----------|---------|---------|----------|----------|--------|---------|-----------|
|                                                                                                        | changes compared to baseline |        |           |         |         |          |          |        |         |           |
| EMU balance (2017, ex ante, billion euros)                                                             | 16                           | 15     | 7¼        | 13¾     | 10      | 14       | 15       | 14     | 14¼     | 10½       |
| EMU balance (2017, ex ante, % GDP)                                                                     | 2.5                          | 2.4    | 1.1       | 2.1     | 1.6     | 2.2      | 2.4      | 2.2    | 2.2     | 1.6       |
| EMU balance (2017, ex post, % GDP)                                                                     | 1.4                          | 1.1    | 1.3       | 1.1     | 0.8     | 1.0      | 1.0      | 1.1    | 0.7     | 0.9       |
| Sustainability (% GDP)                                                                                 | 3.2                          | 2.4    | 0.4       | 3.4     | 1.6     | 3.3      | 3.2      | 3.3    | 2.5     | 1.9       |
| General government debt (2017, % GDP)                                                                  | 0.4                          | 0.5    | 0.6       | 0.5     | -1.4    | -0.5     | -4.8     | -1.6   | 0.0     | 0.6       |
| GDP volume (2017, %)                                                                                   | -0.2                         | -2.3   | 0.7       | -0.6    | -1.8    | -1.1     | -2.0     | -1.4   | -1.4    | -0.4      |
| Unemployment (2017, pp*)                                                                               | 0.8                          | 1.3    | -0.5      | 1.2     | 0.4     | 1.3      | 1.1      | 1.0    | 1.5     | 0.6       |
| Balance of general government debt (2017, % GDP)                                                       | 1.1                          | 1.3    | 1.2       | 1.0     | 0.5     | 1.0      | 0.2      | 1.0    | 0.9     | 1.6       |
| Structural employment (2040, pp)                                                                       | 3¾                           | -1     | -¼        | 2¼      | -3¾     | 1½       | 2¼       | 1      | 1       | 0         |
| Structural unemployment (2040, pp)                                                                     | -2                           | -½     | -½        | -1      | ¼       | -¾       | -1¾      | -¾     | -½      | -¼        |
| Purchasing power median (2017, a)                                                                      | -1¼                          | -¼     | 2         | -3¼     | 3       | -2½      | 2½       | 1      | -1      | -1¼       |
| Buying power differences (2017, a):                                                                    |                              |        |           |         |         |          |          |        |         |           |
| Lowest and highest income ratio (b)                                                                    | -2                           | 3¾     | ¼         | -½      | 6¼      | -¾       | 1        | -½     | ¼       | ¾         |
| Social benefit–employee ratio                                                                          | -6¼                          | 1½     | -2¾       | -¾      | ½       | -2       | -½       | -2     | 2       | -1½       |
| Pensioner–employee ratio                                                                               | -2¾                          | ¾      | -¾        | 1       | -2½     | 0        | -3½      | -2     | -1      | ¾         |
| Greenhouse gases (2020, Mt CO <sub>2</sub> eq)                                                         | -14                          | -34    | 5         | -7      | -23     | -31      | -63      | -28    | -16     | 4         |
| Renewable energy (2020, pp)                                                                            | 5                            | 9      | -1.5      | 2       | 5       | 7        | 9        | 8      | 5       | -1.5      |
| Employment in health care (2017, x 1,000)                                                              | -75                          | -55    | -5        | -50     | -25     | -45      | -15      | -60    | -55     | -20       |
| Private contributions Zvw (2013, euros)                                                                | 70                           | -30    | -60       | 40      | -110    | 50       | 20       | 50     | -30     | -60       |
| More (+) or less (-) market mechanism cure                                                             | +/-                          | --     | -         | +/-     | --      | +/-      | +/-      | +/-    | +/-     | 0         |
| GDP effect education (structural, %)                                                                   | 2.9                          | 2.7    | -0.2      | 0.7     | 0.5     | 3.5      | 1        | 1.8    | 0.7     | 0.8       |
| Innovation (score between + and - )                                                                    | ?                            | ?      | -         | 0       | +       | +        | ?        | ?      | ?       | ?         |
| Housing market (welfare gains, % GDP)                                                                  | -0.2                         | 0.4    | -0.9      | -0.1    | -0.4    | 0.1      | 0.7      | 0.3    | 0.4     | 0         |
| Price of owner-occupied housing (2017, %)                                                              | 2                            | -5     | 2         | -2      | -4      | -3       | -7       | -5     | -5      | 0         |
| Net rent (2017, %)                                                                                     | 1                            | 3      | -5        | 2       | -5      | 1        | 6        | 3      | 2       | 0         |
| Transport and mobility (welfare gains, % GDP)                                                          | -0.01                        | 0.02   | -0.02     | -0.02   | 0.01    | 0.04     | -0.04    | 0.02   | 0       | -0.02     |
| Car use (2020, %)                                                                                      | 2                            | -10    | 2         | 2       | -15     | -15      | -22      | -15    | 0       | 2         |
| Public transport use (2020, %)                                                                         | -2                           | 5      | 0         | -2      | 12      | 5        | 20       | 7      | 0       | 2         |
| Traffic jams on motorways (2020, %)                                                                    | 10                           | -37    | 12        | 7       | -20     | -47      | -67      | -32    | -25     | 15        |
| Biodiversity (Birds and Habitats Directives; pp)                                                       | -10 to -5                    | 0 to 5 | -10 to -5 | -5 to 0 | 5 to 10 | 10 to 15 | 20 to 25 | 0 to 5 | -5 to 0 | -10 to -5 |
| * Percentage points                                                                                    |                              |        |           |         |         |          |          |        |         |           |
| (a) %, cumulative 2013–2017.                                                                           |                              |        |           |         |         |          |          |        |         |           |
| (b) Lowest incomes: under 175% gross minimum wage; highest incomes: more than 500% gross minimum wage. |                              |        |           |         |         |          |          |        |         |           |

All political parties aim to decrease the **budget deficit by 2017** compared with the baseline. The budget deficit reduction ranges from 7¼ billion euros for PVV to 16 billion euros for the VVD. Expressed as a percentage of GDP, this is equivalent to a 1.1% to 2.5% reduction, respectively. These are the **ex ante** effects, not taking into account the macroeconomic impact of the package of measures.

Deficit-reducing measures are a dampener on short-term and medium term economic growth, reducing tax income and increasing the number of social benefits to be paid out. The **ex post** effects do take these impacts into account. In that case, the deficit reduction ranges from 0.7% GDP for the SGP to 1.4% GDP for the VVD, compared with the deficit of 2.6% GDP by 2017 in the baseline. The effect on **general government debt**, expressed as a percentage of GDP, depends not only on this reduction in deficit between 2013 and 2017, but also on GDP development during this period. For most parties, the change in general government debt is negligible compared with the 74.2% GDP by 2017 in the baseline. The GroenLinks package has the highest impact, with rising inflation, causing the general government debt quote to decrease by 4.8% GDP. On the other side of the spectre, the PVV and DPK would cause an increase in general government debt by 0.6% GDP.

For some measures, the effect decreases after 2017 (e.g. the wage freeze for civil servants, because salary increases for civil servants can lag behind market rates temporarily but not structurally). Conversely, the effect of other measures increases after 2017 (e.g. raising the statutory retirement age). The **sustainability** indicator considers the impacts on the budget in as well as after 2017. For the PVV, the sustainability effect is smaller than the ex ante effect in 2017; for the SP it is stable, and for all other parties it is larger. The sustainability effect ranges from 0.4% GDP for the PVV to 3.4% GDP for the CDA. In the baseline, the sustainability gap amounts to 1.1% GDP by 2017.

In most cases, the packages dampen **GDP in 2017** compared with the baseline. The PvdA package has the largest negative impact (-2.3%), whereas the VVD package leaves GDP virtually unchanged, and the PVV package has a positive effect of 0.7%. The impact on **unemployment** in 2017 ranges from a 1.5% increase for the SGP to a 0.5% decrease for the PVV, compared with 5¼% in the baseline. The **current account balance** of payments (9¼% GDP in the baseline) increases for all parties, ranging from 0.2% GDP for GroenLinks to 1.6% GDP for the DPK.

The packages have a varying effect on **purchasing power in 2017** (the cumulative impact of changes in the years 2013 through 2017). The bandwidth is a 3% increase for the SP to a 3¼% decrease for the CDA, compared with a cumulative -½% decrease in the baseline. Moreover, the packages have a different effect on different groups. For example, with the SP package, the purchasing power of the lowest incomes increases over the entire period by 6¼% more than that of the highest incomes, compared with the baseline. On the other side of the spectre, the VVD package causes the purchasing power of the lowest incomes to lag behind that of the highest incomes by 2%. The purchasing power of social benefit recipients lags behind that of the employed by 6.25% if the VVD package were to be implemented. In contrast, under implementation of the packages of the PvdA, SP and SGP, the purchasing power of social benefit recipients would develop more positively than that of the employed. Purchasing power of pensioners would lag behind that of the employed by 3½% if the GroenLinks package were to be implemented. However, for the CDA, DPK and PvdA, the purchasing power of pensioners would develop more positively than that of the employed.

The party manifestos have varying **structural effects on employment and unemployment**, with the results for some parties deviating from the employment effects in 2017. Structural is defined as 'by 2040'. However, most of the effects are realised well before 2040. Some measures do not have a structural effect until around 2040, such as those related to the housing market and retirement. Regarding tax measures, most of the structural effects on employment are assumed to be achieved by 2025.

On one side of the spectre, in particular the tax measures of the VVD, CDA and GroenLinks would lead to higher employment and lower unemployment. This also applies to the D66 packages, although to a lesser extent. On the other side of the spectre, measures in the SP package (in particular the tax measures) would lead to a higher marginal tax rate, and therefore to lower employment and more unemployment. Employment also decreases for the PvdA and PVV, but structural unemployment simultaneously decreases.

By 2040, the statutory retirement age of is in accordance with the baseline for eight of the ten parties, namely 68 years and 6 months. The VVD increases the statutory retirement age by over 1 year to 69 years and 9 months. The PVV decreases the statutory retirement age to 65. The PvdA allows people flexibility in choosing their statutory retirement age. The SP, in particular, introduces a flanking policy that would result in decreasing employment.

Measures proposed by the VVD, PvdA, CDA, SP, D66, GroenLinks, ChristenUnie and SGP, would decrease emission levels of **greenhouse gases**. The largest decrease would be achieved with the GroenLinks package. The PVV and DPK measures, however, would cause an increase in these emissions. For parties that realise emission reductions, the main contributor is the increase in renewable energy, forcing down the use of fossil energy. The largest increase in renewable energy is achieved with the packages of the PvdA and GroenLinks, followed by the ChristenUnie and D66. The packages of measures of these parties would more than achieve the EU target of 14% by 2020. The packages of the VVD, SP and SGP would be sufficient to reach the EU target, but packages of the PVV, CDA and DPK would not.

Regarding **health care**, the analysis had to be limited to budgetary effects of the intended measures (i.e. the costs). The effects of the measures on people's health are extremely difficult or even impossible to quantify in a reliable manner and therefore were not considered. The parties' packages differ widely in how and to which degree they intend to cut back health care costs. The impact of the parties' measures on **health care employment** also varies. In the baseline, health care employment increases by 140,000 persons. All of the parties achieve a lower result, with decreases ranging from 75,000 persons for the VVD to 5,000 for the party with the least incisive interventions in health care (PVV).

Parties have different opinions on the desirability of private contributions in the Health care Insurance Act. The SP, DPK, PVV, PvdA and SGP all decrease the private contributions, compared with the baseline, whereas CDA, ChristenUnie, D66, VVD and GroenLinks increase these contributions. Adjustments range from a decrease of 110 euros (SP) to an increase of 90 euros (GroenLinks). GroenLinks, PvdA, SGP and D66 would implement an income-

dependent policy excess. The VVD, D66 and SGP would implement, on top of a policy excess, also a percentage of private payments, according to which a certain percentage of the invoice is to be paid by the insured. The effects of this non-refundable part of the medical expenses are larger because people must also contribute to any follow-up treatments.

All parties except the CDA turn the **AWBZ** (*Exceptional Medical Expenses Act*) into a social service with regional implementation. This allows for tailoring health care requirements to individual circumstances. On the downside, this means differences may arise in the amount of health care between regions and possibly between health care providers. The CDA maintains the insurance form, with the only adjustment of paying out in vouchers rather than in kind.

In **curative health care**, the VVD, PVV, CDA, D66, GroenLinks, ChristenUnie, SGP and DPK continue the regulated market mechanism. However, the VVD, PVV, CDA, D66, GroenLinks, ChristenUnie and SGP in addition insist on 'locking the door' in order to enforce a lower growth path for health care expenses. These parties aim to use the MBI (Macro Control Instrument) and the specialist budget to further decrease the volume growth in hospital care, from 2½% to 2%, up to 2017. The PvdA and SP advocate a drastic change in the health care system, with health care becoming a social service, steering health care supply according to tight budgeting. This would make health care cheaper, but may lead to the return of waiting list problems.

Six of the ten parties (GroenLinks, D66, PvdA, ChristenUnie, SGP and VVD), on balance, increase expenditure on **education**. Educational policies of the D66, VVD and PvdA would realise a large positive effect, in the long run, in terms of GDP percentage. The ChristenUnie would realise a lower effect, as it directs only limited resources towards promising institutional measures. Of the ten parties, GroenLinks increases expenditure on education the most, but its investments in promising institutional measures are relatively limited. The DPK realises a positive total effect by focusing on performance-related funding. The educational measures of the SGP, CDA and SP eventually would lead to smaller positive effects on GDP. The PVV realises a small negative total effect, in the long term. Regarding **innovation**, the SP and D66 focus on promising measures; the SP through a limited decrease in the WBSO (*Research and Development Act*) budget, and D66 by abolishing the innovation box. CDA's innovation policy was assessed to be neutral, as this party leaves the existing policy virtually unchanged. The PVV aims to realise maximum spending cuts in innovation policy, thus abolishing a number of effective policy instruments, including the WBSO. This will be detrimental to prosperity in the long term. The expected prosperity effect of the proposals by the other parties (VVD, PvdA, GroenLinks, ChristenUnie, SGP and DPK), on balance, is unknown.

In respect of the **housing market**, the PvdA, GroenLinks, ChristenUnie, SGP and, to a lesser extent, D66 will improve the effectiveness of the housing market for both buyers and tenants, thus increasing prosperity. These parties all limit tax deductibility of mortgage interest to some extent. They simultaneously reduce rationing in the rental market. The PvdA, CDA, GroenLinks, ChristenUnie and SGP replace the current home valuation system

with a system that determines the maximum reasonable rent at 4.5% of the home's WOZ value (*Property Valuation Tax*). The parties that would decrease the effectiveness of the housing market all decrease the appeal of rental property exploitation, causing a decrease in the supply of rental homes and an increase in rationing in the rental market.

The **transport and mobility gains** that the parties realise by 2020 are within a very close range. Travel time gains are compensated by a prosperity loss due to less car use. The PvdA, SP, D66, GroenLinks and ChristenUnie, compared to the other parties, would realise large travel time gains, as well as a relatively large loss due to a decrease in the use of cars and public transportation. This is due to the proposed introduction of road pricing, which would dramatically decrease motorway traffic jams, but also would cause people more often to decide against travelling. The changes in transport and mobility gains are smaller for the VVD, PVV, CDA, SGP and DPK.

Parties clearly make different choices regarding **nature policy**. The package of measures by GroenLinks would benefit biodiversity the most. This is achieved by spending most money on purchasing and preparing new nature areas as well as on managing them. Here, ambitions of D66 and SP are more modest, with lower improvements to biodiversity as a consequence. Where the SP prioritises the National Ecological Network (EHS), both GroenLinks and D66 also pay additional attention to those species included in the Birds and Habitats Directives that have their habitats outside the EHS. Biodiversity increases by a few percentage points for PvdA and ChristenUnie. This is mainly due to additional focus on nature outside the EHS. The SGP and CDA introduce spending cuts related to the expansion and development of nature areas, but do direct resources towards temporary recovery management and the problem of desiccation. For these parties, on balance, biodiversity will decrease by a few percentage points. The VVD, PVV and DPK introduce the largest spending cuts on nature, and as a result biodiversity would decline the most.

## 2.1 General government budget

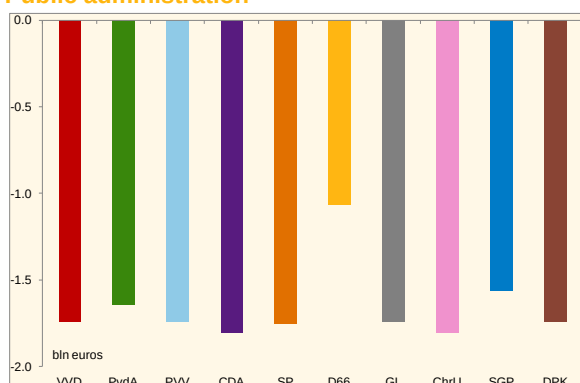
All parties aim to decrease the general government deficit by 2017. This is apparent from the improvement of the ex ante EMU balance compared with the baseline. Ex ante refers to the fact that the impacts of the measures on the economy – and the ensuing effect on the EMU balance – have not been factored in (see Section 2.3). Net spending cuts in general government expenditure, for all parties, contribute to the desired deficit reduction, although the cost side shows a mixed result.

For five parties (DPK, PvdA, PVV, SP and GroenLinks), the general government deficit will increase further in 2013, compared with the baseline, and for the PVV this continues in to 2014. For two parties (D66 and SGP), the general government deficit remains unchanged, compared to the baseline. The other three parties (VVD, CDA and ChristenUnie) start reducing the deficit as early as in 2013.

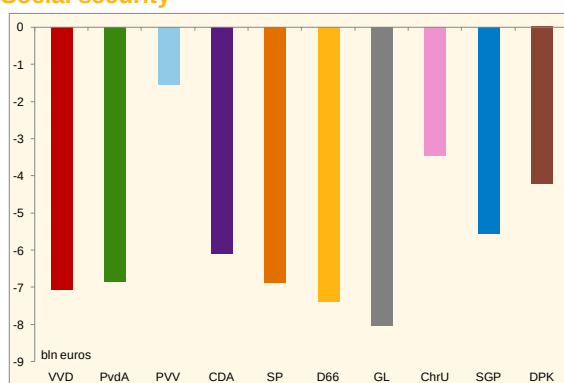


**Figure 2.1** Budgetary choices: net expenditures and cost changes (2017, billion euros in 2012 prices, compared to the baseline)

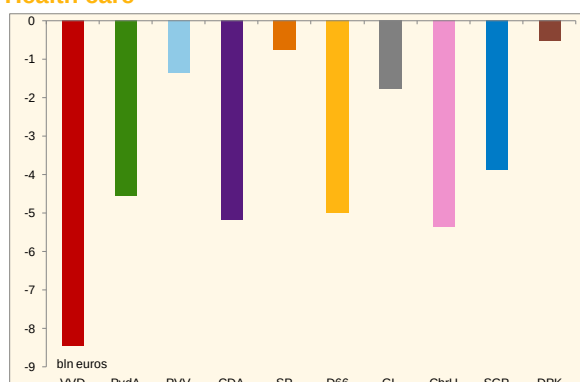
#### Public administration



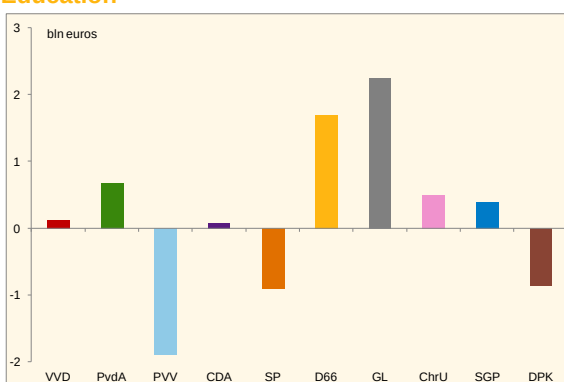
#### Social security



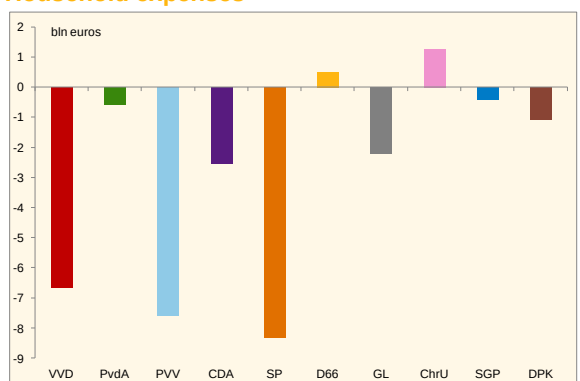
#### Health care



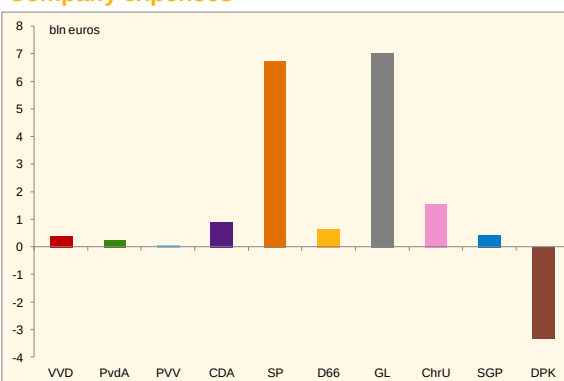
#### Education



#### Household expenses



#### Company expenses



The VVD achieves the highest improvement to the ex ante EMU balance by 2017, namely by 16 billion euros. The improvement is the lowest for the PVV, with 7¼ billion euros. Many of the parties also intend to implement measures that will not fully show their budgetary effect until after 2017; for example, because of a lengthy implementation process. In addition, the savings related to certain measures sometimes increase as the population ages. Whenever measures cost or yield more or less after 2017, this was factored into the calculation of the sustainability of public finances in the long term (see Section 2.6).

How do parties intend to achieve their improvement of the EMU balance by 2017? Figure 2.1 provides an overview of the key items. This concerns the net expense categories of public administration, social security, health care and education, and changes to household and company expenses. Regarding expenses, a negative result indicates a net spending cut; for changes to these expenses, it indicates a cost reduction.

All parties, on balance, implement spending cuts. Spending cuts by the VVD are greatest with 22¼ billion euros, and by GroenLinks they are the smallest with 9¾ billion euros. Four parties (in descending order: GroenLinks, ChristenUnie, D66, SGP) choose to increase EMU-relevant expenses compared with the baseline. The six other parties (in descending order: PVV, VVD, DPK, CDA, SP and PvdA) aim to decrease these expenses.

Four parties achieve a spending cut via further diminution in **conditions of employment in the public sector** (ChristenUnie, DPK, VVD and SGP). Two parties choose to increase expenditure in this field, compared with the baseline (PvdA and SP).

All parties implement spending cuts on **public administration**. Eight of the ten parties choose the largest economisation deemed possible by CPB for the next cabinet term (for an explanation of the feasibility of spending cuts in public administration, see Section 14.1 of the Dutch report). Only SGP and D66 remain below this ceiling.

All parties except the VVD and SGP also want to spend less on **security**; generally by cutting administrative costs. For five parties (VVD, CDA, ChristenUnie, SGP and DPK), on balance, expenditures on **defence** remain unchanged. The SP implements the largest spending cuts, namely 1½ billion euros.

The VVD is the only party to increase the spending on **transport and mobility**. The ChristenUnie keeps expenses at the existing level, while all other parties choose to implement spending cuts in this respect. The PvdA implements the largest spending cuts on transport and mobility (1¾ billion euros).

Of the parties, the ChristenUnie spends the most on the **environment** compared to the baseline, namely 1½ billion euros. D66, GroenLinks and the SP also increase spending on the environment. The PVV and DPK intend to implement the largest spending cuts on the environment (¾ billion euros). Apart from this, most parties implement their environmental policy through cost measures. The difference in expenses, therefore, is not conclusive regarding the full focus of a party's environmental policy.

Seven parties intend to spend more on **education**. GroenLinks increases spending the most (2¼ billion euros). Of the three parties that intend to reduce spending, compared to the baseline, the PVV cuts the most on education costs (2 billion euros).

All parties intend to spend less on **health care** by 2017 than indicated in the baseline. Spending cuts by the VVD are the largest with 8½ billion euros, and by DPK the lowest with ½ billion euros. Here, there is a real choice to be made between parties, as the differences are not limited to the size of the spending cuts. Parties also have widely differing opinions on the optimal structure of the health care system. Some parties intend to realise cost savings by reducing the insured health care package and creating consumer incentives. Others opt for budgeting. Section 2.8 further specifies these differences.

All parties save billions on **social security**. GroenLinks spends 8 billion euros less compared with the baseline. However, this is mainly achieved by abolishing the health care allowance and using the money thus saved for decreasing health insurance premiums. In terms of the EMU balance, this measure has a neutral result. The PvdA and SP also take this measure. The PVV makes the least changes in spending on social security (1½ billion euros). The PVV intends to lower the national retirement age compared to the baseline, by sticking to the current eligibility age of 65. The SP chooses a slower rate of raising the retirement age than in the baseline, and spares people on a low income. Most other parties intend to increase the national retirement age at a faster pace than in the baseline.

The PVV and DPK intend to implement the largest spending cuts on **development aid**, followed closely by the VVD. In contrast, the SP, GroenLinks and the ChristenUnie all raise expenditures on development aid. Not a single party, on balance, spends more on **transfer payments to companies** compared with the baseline (e.g. including subsidies paid to NGOs).

**Table 2.2 Public spending**

|                                                        | VVD  | PvdA | PVV  | CDA  | SP   | D66  | GL  | ChrU | SGP  | DPK  |
|--------------------------------------------------------|------|------|------|------|------|------|-----|------|------|------|
| effect by 2017 compared with baseline in billion euros |      |      |      |      |      |      |     |      |      |      |
| Employment conditions                                  | -1   | 1    | 0    | 0    | 1    | 0    | 0   | -1   | -1   | -1   |
| Public administration                                  | -1¾  | -1¾  | -1¾  | -1¾  | -1¾  | -1   | -1¾ | -1¾  | -1½  | -1¾  |
| Security                                               | ¼    | -½   | -½   | -½   | -¼   | -½   | -¼  | -¼   | ¼    | -½   |
| Defence                                                | 0    | -1   | -½   | 0    | -1½  | -½   | -1  | 0    | 0    | 0    |
| Transport and mobility                                 | ¼    | -1¾  | -¾   | -¾   | -1   | -½   | -¼  | 0    | -1¼  | -¼   |
| Environment                                            | -½   | -¼   | -¾   | 0    | ½    | 1¼   | ¾   | 1½   | -½   | -¾   |
| Education                                              | ¼    | ¾    | -2   | 0    | -1   | 1¾   | 2¼  | ½    | ½    | -¾   |
| Health care                                            | -8½  | -4½  | -1¼  | -5¼  | -¾   | -5   | -1¾ | -5¼  | -3¾  | -½   |
| Social security                                        | -7   | -6¾  | -1½  | -6   | -6¾  | -7½  | -8  | -3½  | -5½  | -4¼  |
| Transfer payments to companies                         | -½   | -½   | -1¼  | -¼   | -¼   | 0    | -½  | -½   | 0    | -1¼  |
| Development aid                                        | -2¾  | 0    | -3½  | -½   | ¾    | 0    | ¾   | ¼    | 0    | -3¼  |
| Other                                                  | -¾   | 0    | -1¼  | -¼   | -¼   | -½   | 0   | -½   | -1   | -¾   |
| Total EMU-relevant expenses                            | -22¼ | -15¼ | -14¾ | -15¼ | -11¼ | -12¾ | -9¾ | -11  | -13¾ | -14¾ |

The baseline indicates a decrease in public sector employment. The parties add to this decrease to varying degrees; from 5,000 civil servants under GroenLinks to 65,000 under the PVV. The number of health care employees also decreases compared to baseline, ranging from 5,000 under the PVV to 75,000 under the VVD. The baseline indicates an increase in health care employment of a total of 140,000 jobs between 2012 and 2017. The manifestos of the political parties partly dampen this increase.

**Table 2.3 Employment in the public sector and health care**

|               | Level | Baseline      | VVD                                                       | PvdA | PVV | CDA | SP  | D66 | GL  | ChrU | SGP | DPK |
|---------------|-------|---------------|-----------------------------------------------------------|------|-----|-----|-----|-----|-----|------|-----|-----|
|               | 2012  | 2013–<br>2017 | effect by 2017 in work years x 1,000 compared to baseline |      |     |     |     |     |     |      |     |     |
| Public sector | 1048  | -40           | -35                                                       | -30  | -65 | -30 | -40 | -15 | -5  | -15  | -15 | -45 |
| Health care   | 967   | 140           | -75                                                       | -55  | -5  | -50 | -25 | -45 | -15 | -60  | -55 | -20 |
| Total         | 2015  | 100           | -110                                                      | -85  | -70 | -80 | -65 | -60 | -20 | -75  | -70 | -65 |

Table 2.4 includes the development in fiscal burden. Six parties reduce the EMU-relevant fiscal burden, with the PVV and VVD in the lead. The largest increase in fiscal burden is planned by GroenLinks. Both the ChristenUnie and D66 increase the fiscal burden for households, whereas this decreases in the manifestos of the other parties. GroenLinks and the SP intend to implement the largest increase in the fiscal burden for companies.

The **fiscal burden related to the environment** decrease under the DPK, and remains virtually unchanged under the VVD and PVV. All other parties show an increase in this area. The highest increase is that by GroenLinks, namely 11½ billion euros, but this party also proposes the largest decrease in the fiscal burden on **employment and income**. Apart from the DPK, the other parties also implement decreases in this category.

**Table 2.4 Development in fiscal burden**

|                                                            | VVD | PvdA | PVV | CDA | SP   | D66 | GL   | ChrU | SGP | DPK |
|------------------------------------------------------------|-----|------|-----|-----|------|-----|------|------|-----|-----|
| effect by 2017 compared with the baseline in billion euros |     |      |     |     |      |     |      |      |     |     |
| Environment                                                | -¼  | 2½   | 0   | ¾   | 6¾   | 3   | 11½  | 5    | 1½  | -¾  |
| Employment and income                                      | -5½ | -1¾  | -3¾ | -3¾ | -10½ | -2¾ | -13½ | -4   | -5½ | 1   |
| Capital and profit                                         | 0   | 1½   | 2   | ¼   | 6    | -¾  | 6    | ¾    | ½   | -¾  |
| Other                                                      | -½  | -2½  | -6½ | 1¼  | -3¾  | 1¾  | 1¼   | 1½   | 4   | -3¾ |
| Total EMU-relevant fiscal burden                           | -6¾ | -¼   | -7½ | -1¾ | -1¼  | 1¼  | 5¼   | 3    | ½   | -4¼ |
| For: households                                            | -6¾ | -½   | -7½ | -2½ | -8¼  | ½   | -2¼  | 1¼   | -½  | -1  |
| companies                                                  | ½   | ¼    | 0   | 1   | 6¾   | ¾   | 7    | 1½   | ½   | -3¾ |
| foreign                                                    | 0   | 0    | 0   | 0   | ¼    | 0   | ¼    | ¼    | ½   | 0   |
| Non-EMU-relevant fiscal burden                             | 2¼  | 1½   | -¾  | 2   | -1¼  | 1   | ½    | ¾    | ½   | -1  |

The fiscal burden on **capital and profit** remains virtually unchanged in the VVD proposal. Under D66 and DPK, it decreases, while in the other parties' manifestos it increases. In the category **other** (VAT, excise duties), the ratio between increase and decrease is fifty-fifty. The largest decrease in this category is achieved in PVV's manifesto. This party opts for a decrease in VAT compared to the baseline, as do the DPK, SP and PvdA.

## 2.2 Macroeconomic impacts

The various parties' packages have different impacts on the economy. All measures were analysed using the SAFFIER macro-econometric model that was also used to analyse the 2013 Budget Agreement.<sup>1</sup> Table 2.5 shows the macroeconomic impacts for the 2013–2017 period. The first column describes the June 2012 baseline. The other columns show the outcome per party package. The top rows indicate the effects on the average annual growth rate of the relevant variable during the 2013–2017 period. If a variable's annual growth rate is 0.5 percentage point lower, then by 2017 the result will be approximately 2.5% lower than in the baseline. The bottom rows show the difference in levels by 2017.

**Table 2.5 Macroeconomic effects 2013–2017, compared to the baseline**

|                                               | Baseline | VVD  | PvdA | PVV  | CDA  | SP   | D66  | GL   | ChrU | SGP  | DPK  |
|-----------------------------------------------|----------|------|------|------|------|------|------|------|------|------|------|
| effect on annual growth, in percentage points |          |      |      |      |      |      |      |      |      |      |      |
| <b>Volume spending and production</b>         |          |      |      |      |      |      |      |      |      |      |      |
| Gross Domestic Product (GDP)                  | 1½       | 0.0  | -0.5 | 0.1  | -0.1 | -0.4 | -0.2 | -0.4 | -0.3 | -0.3 | -0.1 |
| Household consumption                         | ¼        | -0.1 | -0.7 | 0.1  | -0.3 | -0.4 | -0.5 | -0.2 | -0.4 | -0.4 | -0.5 |
| General government spending                   | ½        | -1.1 | -0.9 | -0.7 | -0.9 | -0.5 | -0.7 | -0.1 | -0.7 | -0.7 | -0.5 |
| <b>Wages and prices</b>                       |          |      |      |      |      |      |      |      |      |      |      |
| Contract wages market sector                  | 2¼       | -1.6 | -0.2 | -0.6 | -1.1 | 0.4  | -0.6 | 0.9  | -0.2 | -0.5 | -0.7 |
| Consumption price                             | 2        | -0.5 | 0.0  | -0.6 | -0.2 | 0.2  | 0.0  | 1.0  | 0.2  | 0.2  | -0.4 |
| <b>Labour market</b>                          |          |      |      |      |      |      |      |      |      |      |      |
| Employment (working years)                    | ¼        | -0.1 | -0.4 | 0.1  | -0.2 | -0.3 | -0.2 | -0.2 | -0.3 | -0.3 | -0.1 |
| of which in the market sector                 | -¼       | 0.2  | -0.2 | 0.4  | 0.1  | -0.1 | -0.1 | -0.2 | -0.1 | -0.1 | 0.1  |
| effect at 2017 level, in percentage points    |          |      |      |      |      |      |      |      |      |      |      |
| Unemployed labour force                       | 5¼       | 0.8  | 1.3  | -0.5 | 1.2  | 0.4  | 1.3  | 1.1  | 1.0  | 1.5  | 0.6  |
| Labour share in income                        | 80¼      | -2.5 | -0.7 | -0.1 | -1.7 | 0.7  | -1.1 | 0.8  | -0.2 | -0.9 | -0.9 |
| Balance of payments (% GDP)                   | 9¼       | 1.1  | 1.3  | 1.2  | 1.0  | 0.5  | 1.0  | 0.2  | 1.0  | 0.9  | 1.6  |

All parties intend to lower the EMU-relevant expenses compared to the baseline. The extent to which general government spending, such as on health care, education and public administration, is reduced varies between parties. GroenLinks proposes the lowest spending cuts in this respect and the VVD the highest. In all other respects, the parties reduce transfer payments, such as the number of social benefits or the amount paid per social benefit, allowances and development aid. There are also shifts on the income side. Some parties

<sup>1</sup>Please refer to CPB, 2010, SAFFIER II, 1 model for the Dutch economy in 2 versions for 3 applications, CPB Document 217 (all available only in Dutch)

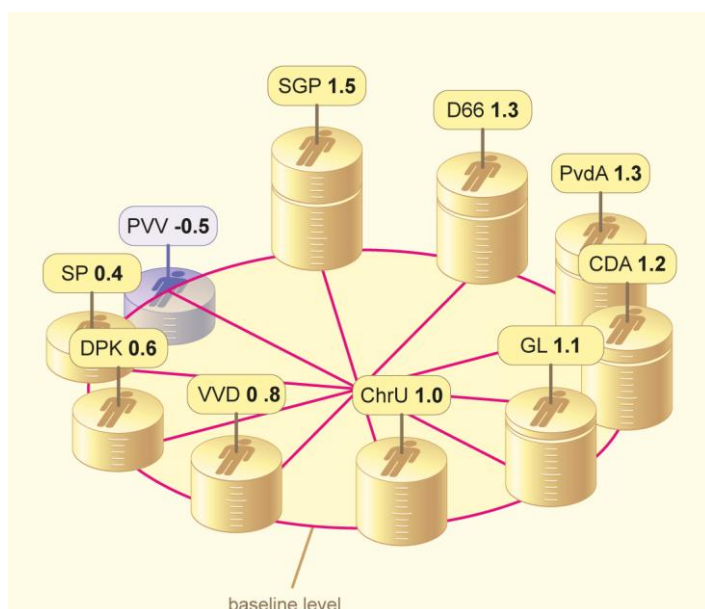
reduce the EMU-relevant fiscal burden, with the PVV reducing the most, whereas other parties opt to increase the financial burden with GroenLinks in the lead.

Apart from in the PVV proposal, all party manifestos present lower **household consumption** than in the baseline. The measures regarding transfer payments and fiscal burdens play a role in this respect, as well as employment development. There may also be an impact from the development of actual wages, but these are sometimes also compensated by the fiscal burden development. In the PvdA proposal, consumption decreases the most due to a combination of less employment and lower actual wages. In the PVV proposal, consumption in fact rises due to higher employment growth and a reduced fiscal burden. In most party manifestos, the **Gross Domestic Product (GDP)** increases less than in the baseline. The impact on GDP is largest in the PvdA proposal. The VVD proposal would achieve a GDP virtually equal to that in the baseline, whereas the PVV would realise growth in GDP compared to the baseline.

The **labour supply** also changes in the various packages of measures; both with respect to the numbers of people in employment or those looking for work and the average number of contractual working hours per person. The policy effects on the labour supply are described in Section 2.5 (tax measures, social security). The analysis further factors in cyclical effects of changes to unemployment and actual wages. The number of people willing to work increases the most under GroenLinks and decreases under the PVV and ChristenUnie. The part-time factor (number of persons per work year) increases in particular under the SP and GroenLinks, and to a lesser extent also under the PvdA. Employment in both health care and the public sector decreases for all parties compared to the baseline. The decrease is the smallest under GroenLinks (by 20,000 work years) and largest under the VVD (by 110,000).

## Unemployment

Changes compared to the baseline, 2017, % of labour force



In the medium term (up to 2017), the combination of more labour supply and less employment in the public sector will drive up unemployment. Adjustment processes in the labour market take time. In the long term, additional labour supply or lower employment in the public sector will not have an impact on the equilibrium unemployment.

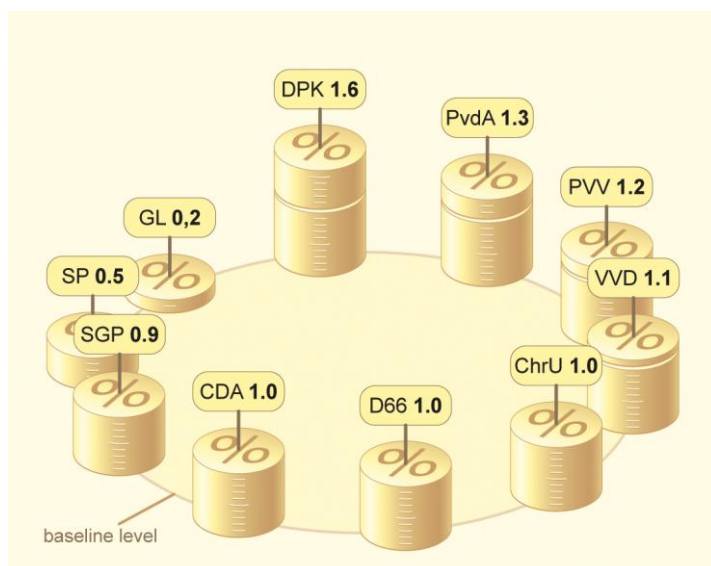
For almost all parties, **unemployment** will increase, compared to the baseline. The extent of this increase depends on labour supply and employment in the public sector and also on the impact on other economic factors. The PVV package would actually decrease unemployment. This is mainly achieved by a reduced fiscal burden, allowing for more economic growth than in the baseline.

Most packages would result in lower **contract wages**. This is due to an increase in unemployment, a slowing down of the economic growth, and, under some of the party packages, to lower prices. In the proposal by the VVD in particular, and to a lesser extent also in those by the CDA and D66, this effect is amplified by a lower replacement rate (the disposable income ratio between the working population and social benefit recipients). Increases in fiscal burden in a few party manifestos will drive up wages as well as prices. This is particularly the case for GroenLinks. The labour-income quote decreases the most under the VVD proposal, due to lower contract wages. Conversely, under the SP and GroenLinks, this quote rises due to higher wages.

The **current account balance** further increases for all parties. A key explanation for this increase is the higher export balance, sometimes due to more exports based on improving the competitive position, and sometimes due to less imports based on a lower GDP. Furthermore, in particular PVV, DPK and VVD decrease the budget spent on international development aid. This also increases the current account balance.

## Balance of Payment

Changes compared to the baseline, 2017, % of GDP



## 2.3 General government deficit and general government debt

Because of the impact of the packages on the economy, the **EMU balance** improvement in 2017 will be lower than the initial impulses (the ex ante amounts in Section 2.1). The effects of the impact on the EMU balance are the **positive compensatory effects**. Many of the measures proposed by the parties would have negative compensatory effects. Spending cuts, particularly those related to the number of civil servants and employment in health care have relatively large negative compensatory effects. In the first place, income tax would decrease, expenditure on unemployment benefits would increase and household consumption would decrease, in turn reducing VAT revenue. Reduction in international transfer payments (development aid) hardly has any positive compensatory effects. This is based on the assumption that these lower transfer payments have no impact on the domestic economy. The positive compensatory effects vary per measure and may also increase or decrease in the course of time.<sup>2</sup>

Many of the packages include major shifts between the categories related to expenditure and fiscal burden. As the positive compensatory measures vary per measure, the result of these shifts would not necessarily be a neutral one. For example, decreasing development aid expenditure and increasing civil servant salaries both by one billion euros would have a neutral effect on the ex ante EMU balance, but would have positive compensatory effects. A similar effect may be achieved through changes in fiscal burdens.

The positive compensatory effects of some of the measures may be expected to decrease over time. Some of the effects on unemployment are only temporary, as these result in labour market adjustments. Other measures do have permanent effects, such as a structurally higher employment and/or lower equilibrium unemployment. Naturally, these effects have been factored into the sustainability analysis.

For most parties, the compensatory effects for 2017 amount to -40% to -55% of the ex ante volume of their packages of measures. This is in keeping with the analysis of the 2013 Budget Agreement. The variation in the compensatory effects is due to, for instance, the extent to which the proposed measures influence employment in the public sector or the expenditure on development aid. The PVV proposal would achieve positive compensatory effects by 2017, as almost half of the ex ante amount consists of spending cuts on development aid. Furthermore, the PVV shifts the fiscal burden towards taxes with relatively small negative compensatory effects.

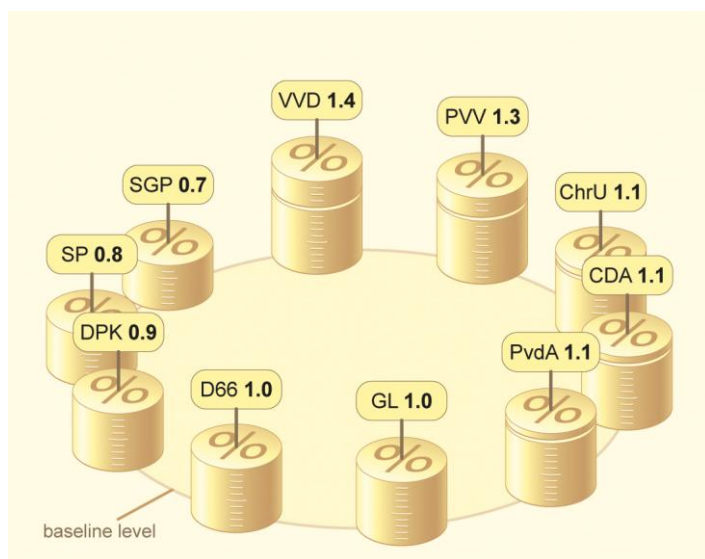
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<sup>2</sup>See CPB memorandum of 31 May 2012 'Further information election manifestos calculation review' (in Dutch) for the analysis of some policy variations with SAFFIER.



## Improvement in EMU balance

Changes compared to the baseline, 2017, % of GDP

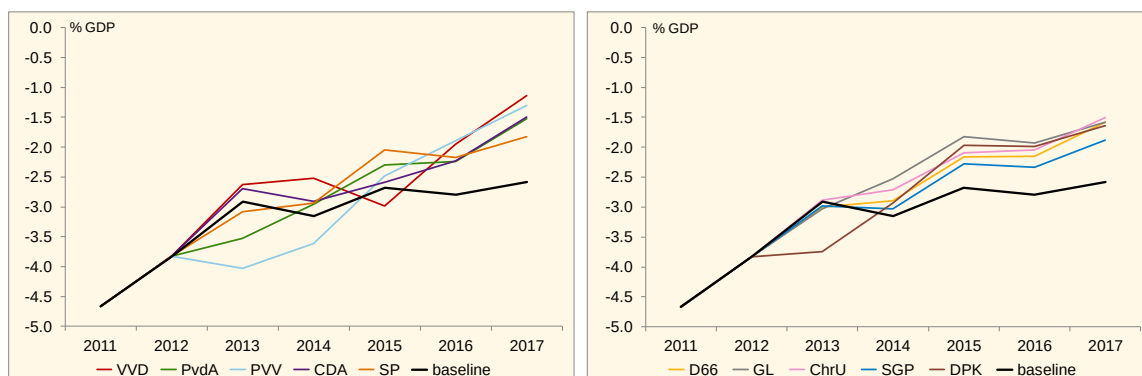


**Table 2.6** General government deficit and general government debt by 2017

|                                                 | VVD  | PvdA | PVV  | CDA  | SP   | D66  | GL   | ChrU | SGP  | DPK  |
|-------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| EMU balance (% GDP, baseline)                   | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 | -2.6 |
| Ex ante effect of package (% GDP)               | 2.5  | 2.4  | 1.1  | 2.1  | 1.6  | 2.2  | 2.4  | 2.2  | 2.2  | 1.6  |
| Positive compensatory effects (% GDP)           | -1.0 | -1.3 | 0.2  | -1.0 | -0.8 | -1.2 | -1.4 | -1.1 | -1.5 | -0.7 |
| EMU balance including effect of package (% GDP) | -1.1 | -1.5 | -1.3 | -1.5 | -1.8 | -1.6 | -1.6 | -1.5 | -1.9 | -1.6 |
| EMU debt (% GDP, baseline)                      | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 | 74.1 |
| Effect of package                               | 0.4  | 0.5  | 0.6  | 0.5  | -1.4 | -0.5 | -4.8 | -1.6 | 0.0  | 0.6  |
| EMU debt including effect of package (% GDP)    | 74.5 | 74.6 | 74.7 | 74.6 | 72.7 | 73.7 | 69.4 | 72.5 | 74.2 | 74.7 |

All parties improve the EMU balance by 2017 compared with that in the baseline, but all of them also have a remaining deficit by 2017. The EMU balance ranges from -1.1% GDP for the VVD to -1.9% for the SGP. The EMU balance graphic and figure 2.2 show the development of the EMU balance for the 2013–2017 period. In spite of improving the EMU balance, for a number of party proposals, the **debt quota** (as a % GDP) is higher than in the baseline. This is due to the denominator effect; for many parties, the nominal GDP turns out lower than in the baseline.

**Figure 2.2 EMU balance 2011–2017 (in % GDP)**



## 2.4 Purchasing power effects

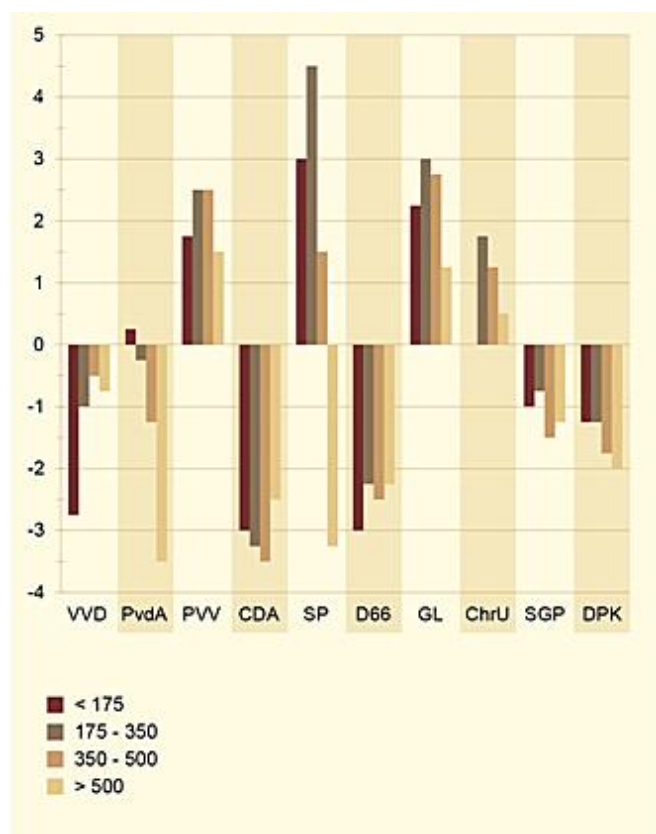
The purchasing power figures relate to the income of employees, civil servants, social benefit recipients and pensioners, but not to that of the self-employed or students.

The increase in rents has been factored in as a generic pricing measure. This means that the effects of this measure have not been specified according to income category. Environmental taxes, VAT increases and road pricing affect purchasing power via inflation. The **purchasing power development** as a whole is the most favourable for the plans by GroenLinks, the PVV and SP, and the least favourable for the CDA manifesto (Table 2.7). Purchasing power development for all households is strongly influenced by the development of actual wages. The actual wage development is the most favourable for the SP manifesto with an additional 0.2% per year extra compared with the baseline, followed by the PVV and GroenLinks. The VVD, with -1.1% per year, achieves the largest actual wage deterioration, preceded by the CDA with -1% and D66 with -0.6%. Ultimately, the VVD does achieve a stronger purchasing power than the CDA and D66, because the VVD returns more money to households, in particular through an increase in working tax credit.

Implementation of the VVD proposal would create the largest **gap between employees and social benefit recipients**: the latter group would gain 1½% less, per year, in particular due to the lowering of disability benefits and the linking of income support benefits to inflation rather than to wage development for a number of years. The proposals by three parties would improve purchasing power development for social benefit recipients more than for the working population, namely those by the PvdA, SP and SGP. For the PvdA and SP, this is mainly caused by introducing an income-dependent health care premium. For the SGP, this is due to the capacity tax credit, causing minimum social benefits to rise compared with the situation in the baseline.

## Purchasing power households

Per income group, cumulative changes compared to the baseline, 2017, in %  
Income categories (% of statutory minimum wage)



The **gap between the lowest and highest incomes**, taken over all income categories, is the largest for the SP, under which proposal the lowest incomes receive an annual increase that is 1¼% higher than that of the highest incomes. This is mainly due to the strong redistributing effects of introducing the income-dependent health care premium. Also in the manifestos of the PvdA, GroenLinks and DPK do the lowest incomes increase by more than the highest incomes. The PvdA and GroenLinks also introduce an income-dependent health care premium, but here the redistributing effect is less strong than under the SP proposal. The manifestos of the VVD and CDA present smaller increases for the lowest incomes than for the highest incomes. In the case of the VVD, this is mainly due to the increase in the working tax credit, which benefits only employees, combined with spending cuts that affect social benefit recipients. In the CDA manifesto, the introduction of a flat rate tax with a top rate has a favourable effect on the highest incomes.

In most party proposals, the **development of the purchasing power of pensioners** lags behind that of employees. For GroenLinks, with ¾%, this gap is the largest, due to the introduction of maximum income limits on the purchasing power supplement for state pensions (MKOB) and for state pension partner allowance. In the D66 and DPK manifestos, the purchasing power of pensioners is on a par with that of employees, while in the PvdA and CDA manifestos, their purchasing power develops more favourably than that of employees. In the case of the PvdA, this is due to an increase in tax credits for senior citizens. In the

CDA's case, the introduction of the flat tax rate with a top rate is more favourable for pensioners, as the MKOB is gradually decreased in the context of flat rate taxation, whereas for employees it is the working tax credit – which is significantly higher – that is gradually decreased.

**Table 2.7 Ex-post purchasing power, average over the 2013–2017 period**

|                                    | Scope   | Baseline   | VVD                                                      | PvdA | PVV | CDA  | SP   | D66  | GL  | ChrU | SGP  | DPK  |
|------------------------------------|---------|------------|----------------------------------------------------------|------|-----|------|------|------|-----|------|------|------|
|                                    | % total | % per year | effect on annual mutation, in percentage points per year |      |     |      |      |      |     |      |      |      |
| <175% WML                          | 39      | -1/4       | -1/2                                                     | 0    | 1/4 | -3/4 | 1/2  | -1/2 | 1/2 | 0    | -1/4 | -1/4 |
| 175–350% WML                       | 38      | -1/4       | -1/4                                                     | 0    | 1/2 | -3/4 | 1    | -1/2 | 1/2 | 1/4  | -1/4 | -1/4 |
| 350–500% WML                       | 16      | 0          | 0                                                        | -1/4 | 1/2 | -3/4 | 1/4  | -1/2 | 1/2 | 1/4  | -1/4 | -1/4 |
| >500% WML                          | 8       | 0          | -1/4                                                     | -3/4 | 1/4 | -1/2 | -3/4 | -1/2 | 1/4 | 0    | -1/4 | -1/2 |
| Employees                          | 61      | 0          | 0                                                        | -1/4 | 1/2 | -3/4 | 3/4  | -1/2 | 3/4 | 1/4  | 0    | -1/4 |
| Social benefit recipients          | 8       | -1/4       | -1 1/2                                                   | 1/4  | 0   | -1   | 1    | -1   | 1/2 | 0    | 1/4  | -1/2 |
| Pensioners                         | 32      | -1/4       | -1/2                                                     | 0    | 1/4 | -1/2 | 1/4  | -1/2 | 0   | 0    | -1/4 | -1/4 |
| Double-income households           | 43      | 0          | -1/4                                                     | 0    | 1/2 | -3/4 | 3/4  | -1/2 | 1/2 | 1/4  | -1/4 | -1/4 |
| Single persons                     | 46      | 0          | -1/4                                                     | -1/4 | 1/2 | -1/2 | 1/2  | -1/2 | 1/2 | 0    | 0    | -1/4 |
| Single earners                     | 11      | -1/2       | -1/2                                                     | -1/4 | 1/4 | -3/4 | 3/4  | -1/2 | 1/2 | 1/4  | 0    | -1/4 |
| All households, all income sources | 100     | 0          | -1/4                                                     | 0    | 1/2 | -3/4 | 1/2  | -1/2 | 1/2 | 1/4  | -1/4 | -1/4 |

The differences between types of households (double income, single persons and single earners) are limited between the party proposals, with a maximum difference of 1/4 % per year. All parties take measures that are relevant to purchasing power, but are not factored into the static purchasing power. For example, some measures do not fit the term static purchasing power, such as increasing the statutory retirement age or limiting the Witteveen framework<sup>3</sup>. Limiting the Witteveen framework would result in lower pension premiums (conducive to more purchasing power), but also would mean less pension accrual (ultimately unfavourable to purchasing power). Some measures have not been factored in, because it is not possible to determine which households would benefit and to what extent, or because the relevant group is not included in the purchasing power table, such as the self-employed and the students. Examples include increasing the administrative fees of the Courts and limiting the self-employed tax credit. Limiting the Witteveen framework is generally the largest measure that has not been factored into the static purchasing power figures. For all party proposals, the effect of these missing measures on purchasing power, on balance, will be negative. GroenLinks has the most negative results, followed by the SP and ChristenUnie. The DPK and SGP have the least number of measures that have not been factored into the static purchasing power.

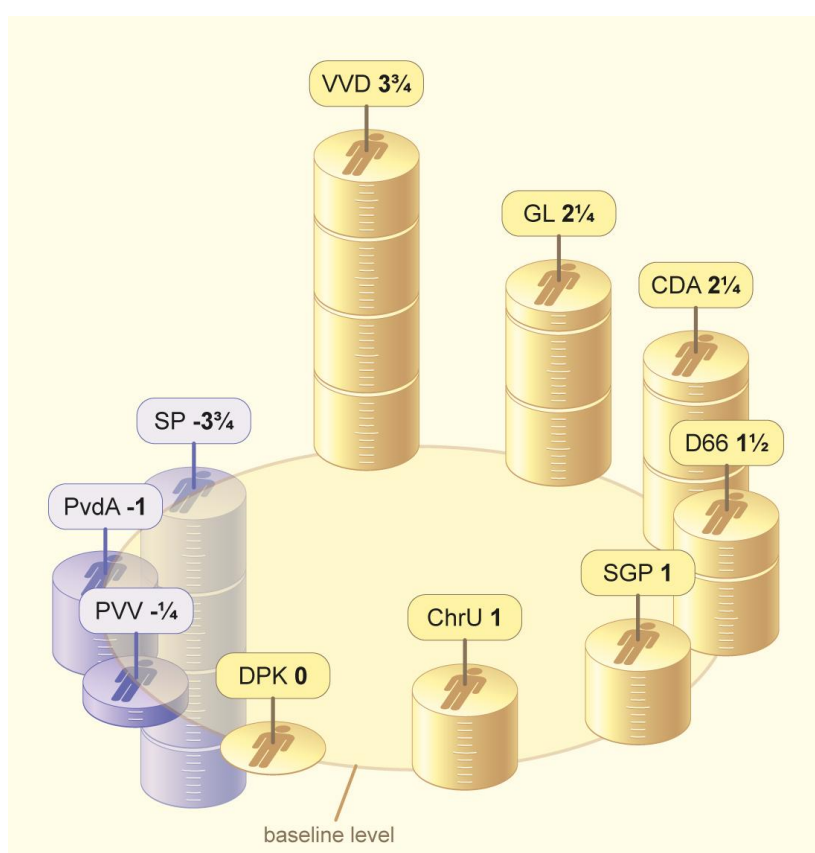
<sup>3</sup> The favorable tax treatment of the Dutch second-pillar pensions is organized in the so-called Witteveenkader.

## 2.5 Structural employment effects

The party manifestos have varying impacts on **structural employment and unemployment**. Here, 'structural' is defined as 'by 2040'. Most parties would reach equilibrium unemployment by 2025 (CDA, ChristenUnie, D66, DPK, SP, VVD, SGP and PVV). GroenLinks and the PvdA reach this equilibrium at a slightly later point, because the negative effects of their housing market measures take longer to manifest themselves. The structural employment effects are also achieved by 2025 by the parties that do not plan to adjust the tax deductibility of mortgage rates and the statutory retirement age (CDA, D66 and DPK). Most parties achieve the structural employment effects later due to the time line of the above-mentioned measures.

### Structural employment

Changes compared with the baseline, 2040, in percentage points



The party proposals regarding **employment protection** vary, and therefore, so do the effects of their plans on **labour productivity**. The CDA, D66, SGP and GroenLinks do not intend to take any measures that would lead to changes in employment protection, compared to the baseline. The PVV, SP and DPK raise the level of employment protection for employees under permanent contract.

**Table 2.8 Overview of the labour market**

|                      | VVD | PvdA | PVV  | CDA | SP   | D66 | GL   | ChrU | SGP | DPK  |
|----------------------|-----|------|------|-----|------|-----|------|------|-----|------|
| Employment (a)       | 3 ¾ | -1   | -¼   | 2 ¼ | -3 ¾ | 1 ½ | 2 ¼  | 1    | 1   | 0    |
| of which tax-related | 2 ¼ | - ¼  | 1 ½  | 1 ¾ | -3 ½ | ¼   | ¾    | ¼    | - ¼ | ½    |
| social security      | ½   | 0    | 0    | ½   | ¼    | 1 ¼ | 1 ½  | 1    | 1   | - ½  |
| statutory            |     |      |      |     |      |     |      |      |     |      |
| retirement age       | 1   | -¾   | -1 ¾ | 0   | - ½  | 0   | 0    | 0    | 0   | 0    |
| Participation (b)    | ¾   | ½    | -1   | - ¼ | ¾    | ½   | 1 ¾  | - ¼  | ¼   | 0    |
| Unemployment         | -2  | - ½  | - ½  | -1  | ¼    | -¾  | -1 ¾ | -¾   | - ½ | - ¼  |
| Productivity (c)     | 0.1 | -0.5 | -0.5 | 0.0 | -0.5 | 0.0 | 0.0  | -0.5 | 0.0 | -0.5 |

(a) Percentage increase in employment in working years  
(b) As a percentage of the potential labour force  
(c) Percentage increase in productivity.

This is achieved by fully reversing the adjustments to the redundancy system in the baseline. It will be more difficult for employers to dismiss employees who have been with the company for a long time, and companies therefore are expected to be reluctant to hire staff. This reduces mobility and labour market flow, and hinders the optimum match between people and jobs. Ultimately, this would have a negative effect on productivity (see the 'productivity' row in Table 2.8). The measures proposed by the VVD are focused on further relaxing of the redundancy system, which would lead to slightly higher productivity. The ChristenUnie introduces a longer notice period. During this notice period, both employer and employee must make an effort to find alternative employment for the employee. This proposal increases the employment protection level for permanent contracts compared with the baseline. The PvdA opts for a single redundancy route with a preventative audit by a committee of employees and employers. Each employee would be entitled to severance pay upon redundancy. This severance pay is maximised. This proposal also increases the employment protection level for permanent contracts compared with the baseline.

The measures that parties propose regarding **social security** affect **employment** and **unemployment** (see the 'social security' and 'unemployment' rows in Table 2.8). The VVD, CDA, D66, GroenLinks and SGP limit the maximum duration of the **unemployment benefit**. This limitation would be an incentive for the unemployed to find a job quicker, and to more often accept a less attractive job. Furthermore, the limitation has a depressing effect on wages, as it deteriorates the position of employees in negotiations. This measure will decrease unemployment and increase employment. In the PvdA proposal, employers are financially responsible for the first six months of the unemployment benefit. This is a form of partial premium differentiation. In this way, employers would be more aware of the social costs they cause when staff is made redundant, which in turn would lead to lower unemployment. The VVD and ChristenUnie lower accrual of the unemployment benefit to 0.5 and 0.75 months, respectively, per year of employment, decreasing the unemployment benefit volume.

All parties, except for the SP, limit inflow into **Wajong** (young disabled persons regulation) to fully and permanently disabled young people. This means more people will stay in the labour process, leading to more employment. Many parties, with the exception of the PVV, SP

and GroenLinks, limit the inflow into the **WSW** (the Dutch sheltered employment act). Limitation of the WSW would cause a certain share of persons involved to withdraw from the labour market, thus decreasing employment. The extent to which this happens, varies between party manifestos. In proposals by the PvdA, D66 and SGP, social work places and protected employment will be continued. The PvdA, SP, D66 and GroenLinks introduce quota for companies for the number of persons with an occupational handicap that they must employ. This measure would stimulate employment for the occupationally handicapped. However, it would also create higher costs for companies, which means fewer jobs would be created. This in turn would in fact decrease employment among the non-occupationally handicapped labour force. The CDA would introduce such a quota only for the public sector. Policies regarding the Wajong, WSW and quota for the occupationally handicapped leads to either the creation or removal of jobs with a lower productivity than that of the average employee. In part, this is due to the fact that the employees involved are less productive, but also because the construction of protected employment compromises effectiveness. Changes to employment that involve such measures, therefore, are a very minor factor in the long-term sustainability of public finance.

Various parties propose measures that affect the **amount paid in social benefits**. The VVD, CDA, SGP and DPK link benefits temporarily to the wages in the public sector. This means lowering the benefits, which is a financial incentive for social benefit recipients to accept a job. This measure will decrease unemployment and increase employment (in Table 2.8 this is listed in the 'tax-related' and 'unemployment' rows). The baseline implies a decrease in the social minimum due to gradual decrease in double tax credits. GroenLinks postpones a short-term decrease, but aligns with the baseline in the long term. The SP does not fully decrease the double tax credit, thus causing an increase in the social minimum. This measure will increase unemployment and decrease employment.

With the exception of the ChristenUnie, all parties take measures to adjust the **statutory retirement age**. The manifestos differ in the moment at which the adjusted statutory retirement age would become effective, but for the structural effect on employment, only the long-term effect is relevant (see the 'Statutory retirement age' row in Table 2.8). By 2040, the statutory retirement age will be in accordance with the 2013 Budget Agreement for eight of the ten parties, which means it will be set at the age of 68 years and 6 months. The VVD, however, raises the statutory retirement age to 69 years and 9 months, by 2040. The PVV lowers the statutory retirement age to 65. The PvdA allows people flexibility in choosing the age at which they retire. On average, this would cause employees to make use of their state pension at an younger age, thus decreasing employment. Furthermore, the SP in particular introduces a flanking policy which results in a decrease in employment. The CDA, D66 and GroenLinks also introduce flanking policies; however, this would have only a minor effect on employment and unemployment.

All parties propose **measures relating to taxes and income-dependent regulations**. Through changes to the average and marginal burden on labour, these affect employment (see the 'tax-related' row in Table 2.8). The PvdA, SP and GroenLinks decrease the nominal health care premium. This is financed by abolishing the health care allowance and the



introduction of an income-dependent health care premium for incomes from the statutory minimum wage level (WML) onwards. On balance, this increases the marginal burden, resulting in lower employment. The VVD, PvdA, GroenLinks, D66, ChristenUnie and SGP all lower the income tax rates, whereas the CDA proposes a flat rate tax. Many parties (VVD, PvdA, PVV, SP, D66, GroenLinks and ChristenUnie) increase the working tax credit. GroenLinks increases the income-dependency for the working tax credit. This would stimulate the labour supply in number of persons, while decreasing unemployment. By reversing the freeze on income levels in the tax brackets, this also applies to the PVV proposal. Moreover, the PvdA, D66, GroenLinks, ChristenUnie and SGP propose changes to the tax rates and the working tax credit to compensate the limitation of the tax deductibility of mortgage interest. Although the SP also limits the mortgage interest deductibility and increases the working tax credit, it also raises tax rates. Furthermore, the ChristenUnie and SGP base the tax system more on households, increasing child allowance and the child-related budget. The latter of the two measures increases the tax burden on the second earner in a household. This causes labour supply and employment to decrease.

Various parties propose measures relating to **VAT** and **environmental tax**, resulting in a higher or lower fiscal burden on companies or families (see 'tax-related' row in Table 2.8). The PvdA, PVV, SP and DPK intend to lower VAT rates. The resulting decrease in fiscal burden leads to more employment. D66, GroenLinks and the ChristenUnie make an upward adjustment to tax rates and environmental tax, with higher fiscal burden and less employment as a result. The PvdA, D66, GroenLinks and ChristenUnie decrease the fiscal burden on employers by lowering the unemployment premiums. Finally, the SP, PVV, PvdA and GroenLinks raise taxation on banks. The SP, PVV and GroenLinks also limit deductibility of participation interest in the company tax, with the SP also raising the company tax rate to 30%. The increase in company tax and bank tax lead to a higher fiscal burden on companies with a resulting downward effect on employment.

## 2.6 Sustainability of public finance

With the aging of the population, the tax and premium revenues decrease, while expenditure on health care and social security increases. The difference between government revenue and general government spending over a long time horizon is known as the sustainability of public finance. If current policies remain unchanged, the sustainability gap will amount to 7 billion euros. All parties propose measures for both short- and long-term improvement in the government budget. The CDA, D66, ChristenUnie, VVD and GroenLinks focus on improving sustainability by more than 20 billion euros, while the PVV would achieve less than 7 billion euros.

With the exception of the PVV, all parties achieve a positive the sustainability balance by 2017. This means that they intend to earmark funds to finance future decreases in fiscal burden or for increases in expenditure, for example on health care. The CDA proposal is the most extensive in this respect. As indicated in Chapter 1, the sustainability calculation assumes the increase in health care expenses to remain limited to the growth of the economy

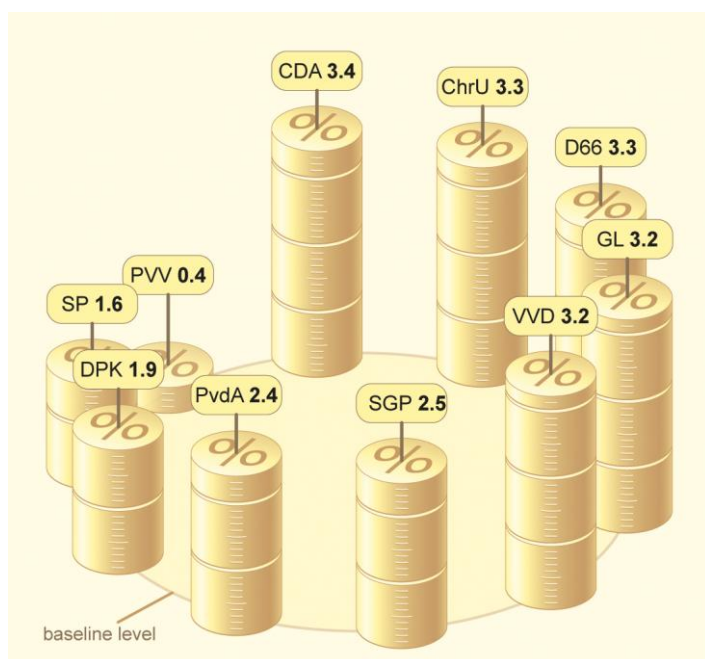


plus the increase in costs due to the aging of the population. During the past few years, the actual increase in health care was well above that figure, and when leaving the policy unchanged, health care costs will continue to grow significantly in the future.

The improvement in sustainability is achieved in widely varying ways by the parties. The primary factor in sustainability is improving the EMU balance by 2017. Most spending cuts that will be implemented by 2017 will also in the long term lead to lower general government costs. The same applies to measures related to expenditure and taxation as well as to revenue from premiums. All parties focus on improving the EMU balance by 2017.

## Improvement in sustainability

Changes compared to the baseline, 2017, % of GDP



The change in structural employment would result in either a large positive or negative compensatory effect on sustainability. An increase in employment, such as achieved by the VVD, CDA, D66, ChristenUnie, GroenLinks, SGP and DPK, would generate additional tax revenue and achieve lower expenditure on social security, thus resulting in improved sustainability. The reverse, of course, is also true. For the packages of measures proposed by the SP, PvdA and PVV, the decrease in employment would result in a larger sustainability deficit.

A number of measures improve sustainability by means of spending cuts on the future increase in expenses that is related to the aging population. In particular, this concerns pensions (including state pensions) and health care. The VVD and D66 focus on further reduction in the **AOW state pension**. This is achieved by the VVD by a further increase in the statutory retirement age to 69¾ years old by 2040, and for D66 by a decrease in the AOW state pension itself. In contrast, other parties soften the intended raise of the statutory retirement age. The PvdA wants flexibility in retirement age. The SP proposes more extensive cushioning, with leniency for low income groups regarding the intended increase

in the statutory retirement age. The PVV is the only party aiming to return to the statutory retirement age of 65.

Some parties limit **the tax benefits for supplementary pensions**. GroenLinks and the SP aim to limit deductibility to an income of approximately 50,000 euros (one and half times the average income). D66, the PVV and ChristenUnie also limit deductibility, but set a higher income limit. Another way to limit deductibility would be via the rate at which pension premiums can be deducted. The SP and PvdA aim to maximise this rate at 42%.

The elderly make more use of **health care** than younger generations; thus, the aging of the population will lead to an increase in health care expenses. Conversely, spending cuts in health care not only would lead to an improvement in the EMU balance by 2017, but long-term cost saving would also be about one and a half times greater. All parties cut back on health care, but to widely varying extents and in different manners (see Section 2.8 for an extensive explanation). Spending cut proposed by the VVD amount to 8 billion euros, with a focus on long-term health care. Health care is spared from spending cuts as much as possible by the SP, DPK and PVV.

Also regarding other measures, the effects on public finance are particularly noticeable in the long term. This applies, for example, to measures regarding the housing market. GroenLinks, the PvdA, SP, SGP, ChristenUnie and D66 propose supplementary limitation on the tax deductibility of mortgage interest. In contrast, the PVV plans to reverse the intended limitation on mortgage interest deduction. For a number of measures in the field of social security (e.g. *Work and Income Based on Capacity to Work Act (WIA)*), the environment (MAUT road tax and the sustainable energy incentive, SDE+), and education (social lending system), the structural yield also would exceed the 2017 yield. In contrast, reducing the salaries of civil servants only would have a short-term rather than long-term impact. This applies to the additional reduction planned for 2014 (by the VVD, ChristenUnie, SGP and DPK) as well as to a reversal of the 2013 reduction (by the PvdA and SP).

**Table 2.9 Sustainability**

|                                                                                     | VVD | PvdA | PVV | CDA | SP | D66 | GL | ChrU | SGP | DPK |
|-------------------------------------------------------------------------------------|-----|------|-----|-----|----|-----|----|------|-----|-----|
| billion euros, 2017                                                                 |     |      |     |     |    |     |    |      |     |     |
| Sustainability baseline                                                             | -7  | -7   | -7  | -7  | -7 | -7  | -7 | -7   | -7  | -7  |
| Improvement                                                                         | 21  | 16   | 2   | 22  | 10 | 21  | 21 | 21   | 16  | 12  |
| Status incl. improvement                                                            | 14  | 8    | -5  | 15  | 3  | 14  | 13 | 14   | 9   | 5   |
| <b>Improvement in sustainability within the cabinet term and structural effects</b> |     |      |     |     |    |     |    |      |     |     |
| 2017 ex ante EMU balance                                                            | 16  | 15   | 7   | 14  | 10 | 14  | 15 | 14   | 14  | 11  |
| Effects after 2017                                                                  | 5   | 1    | -5  | 8   | 0  | 7   | 6  | 8    | 2   | 2   |
| <b>Improvement in sustainability, selection of policy dossiers</b>                  |     |      |     |     |    |     |    |      |     |     |
| AOW (state pensions) and other pensions                                             | 3   | -2   | -7  | 0   | 0  | 2   | 2  | 1    | 1   | 0   |
| Housing market                                                                      | 0   | 4    | -3  | 1   | 4  | 1   | 8  | 2    | 2   | 0   |
| Health care                                                                         | 13  | 7    | 2   | 8   | 1  | 7   | 3  | 9    | 6   | 1   |

Sustainability would improve the most following the proposals by the CDA, ChristenUnie, D66, VVD and GroenLinks. The CDA and VVD significantly improve the 2017 EMU balance, with severe spending cuts in health care, and by achieving an increase in employment. The ChristenUnie and D66 both achieve most of their sustainability gains through measures in social security and health care. GroenLinks focuses strongly on measures regarding the housing market, the environment and social security, but uses a large part of the resulting revenue for lowering income tax. The PvdA and SGP achieve their sustainability gains as early as in 2017, cut back on health care but spare AOW state pensions (PvdA) or increase the working tax discount (SGP). The DPK achieves structural gains via the above-mentioned WIA Act. In the SP package of measures, the sustainability gain equals the improvement in the EMU balance by 2017. The PVV achieves the lowest sustainability gain, in particular by reversing both the statutory retirement age and housing market measures in the baseline.

## 2.7 Energy and climate

### Renewable energy

All parties – with the exception of the PVV and DPK – choose to increase spending in the policy focused on increasing the share of renewable energy (Table 2.10). The largest increase in renewable energy would be achieved with the packages of the PvdA and GroenLinks, followed by the ChristenUnie and D66.

**Table 2.10 Renewable energy and greenhouse gas reduction**

|                                                                                                                                                                                                                                                                                                                                                                                                           | Baseline | VVD | PvdA | PVV  | CDA | SP | D66 | GL | ChrU | SGP | DPK  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----|------|------|-----|----|-----|----|------|-----|------|
| effect compared with the baseline, in percentage points                                                                                                                                                                                                                                                                                                                                                   |          |     |      |      |     |    |     |    |      |     |      |
| Share of renewable energy by 2020 (%)                                                                                                                                                                                                                                                                                                                                                                     | 9        | 5   | 9    | -1.5 | 2   | 5  | 7   | 9  | 8    | 5   | -1.5 |
| effect compared with the baseline in Mt CO <sub>2</sub> equivalent                                                                                                                                                                                                                                                                                                                                        |          |     |      |      |     |    |     |    |      |     |      |
| Reduction in greenhouse gases by 2020                                                                                                                                                                                                                                                                                                                                                                     |          |     |      |      |     |    |     |    |      |     |      |
| Total                                                                                                                                                                                                                                                                                                                                                                                                     | 14       | 34  | -5   | 7    | 23  | 31 | 63  | 28 | 16   | -4  |      |
| of which non-ETS                                                                                                                                                                                                                                                                                                                                                                                          | 1        | 9   | -1   | 0    | 5   | 6  | 13  | 8  | 2    | -1  |      |
| ETS                                                                                                                                                                                                                                                                                                                                                                                                       | 13       | 25  | -4   | 7    | 18  | 25 | 50  | 20 | 14   | -3  |      |
| of which renewable energy                                                                                                                                                                                                                                                                                                                                                                                 | 14       | 25  | -2   | 7    | 16  | 23 | 25  | 20 | 14   | -2  |      |
| energy sector                                                                                                                                                                                                                                                                                                                                                                                             | 0        | 0   | -2   | 0    | 0   | 0  | 20  | 0  | 0    | -2  |      |
| built-up area                                                                                                                                                                                                                                                                                                                                                                                             | 0        | 4   | -1   | 0    | 1   | 4  | 8   | 4  | 2    | 0   |      |
| traffic                                                                                                                                                                                                                                                                                                                                                                                                   | -1       | 2   | -1   | 0    | 2   | 2  | 3   | 3  | 0    | 0   |      |
| industry                                                                                                                                                                                                                                                                                                                                                                                                  | 0        | 3   | 0    | 0    | 3   | 2  | 6   | 1  | 0    | 0   |      |
| agriculture                                                                                                                                                                                                                                                                                                                                                                                               | 0        | 0   | 0    | 0    | 0   | 0  | 0   | 0  | 0    | 0   |      |
| other                                                                                                                                                                                                                                                                                                                                                                                                     | 0        | 0   | 0    | 0    | 0   | 0  | 1   | 0  | 0    | 0   |      |
| The sums of subtotals may deviate from the total by 1 Mt due to rounding off differences.                                                                                                                                                                                                                                                                                                                 |          |     |      |      |     |    |     |    |      |     |      |
| Emissions from the non-ETS sector are beyond the scope of the European Emissions Trading System: in particular those related to the built-up area, agriculture and traffic. In the baseline, greenhouse gas emissions from the non-ETS sector will amount to 99 (92–108) Mt CO <sub>2</sub> eq by 2020. The indicative European target for the Dutch non-ETS sector amounts to 105 Mt CO <sub>2</sub> eq. |          |     |      |      |     |    |     |    |      |     |      |
| Emissions from the ETS sector are within the scope of the European Emissions Trading System. This mainly concerns industry and the energy sector.                                                                                                                                                                                                                                                         |          |     |      |      |     |    |     |    |      |     |      |

The packages of measures proposed by these parties would more than achieve the EU target of 14% by 2020. The packages of the VVD, SP and SGP would be sufficient to achieve the EU target, but those of the PVV, CDA and DPK would not. For the PVV and DPK, the share of renewable would decrease because these parties do not leave the subsidy scheme SDE+ (Sustainable Energy Incentive) open to new projects.

The CDA, SP, D66 and ChristenUnie aim to increase renewable energy by extending the current SDE+. The VVD, PvdA, GroenLinks and SGP choose to impose smart obligations to energy suppliers or providers to prevent windfall profits.

All parties, except the PVV and DPK, allocate more space to land-based wind-farms – one of the cheaper options – thus increasing capacity to 6,000 MW by 2020. The biomass share in coal-fired power plants increases for all parties, except the PVV and DPK. By 2020, for the SGP, this percentage will increase to 10%; for the VVD, CDA, SP and ChristenUnie to 20%; and for the PvdA, D66 and GroenLinks to 30%. In addition, the PvdA, CDA, SP, D66, GroenLinks and SGP intend to introduce more extensive options for exemption on energy tax on solar energy generated by private citizens. Furthermore, for the PvdA, GroenLinks and ChristenUnie, the share of bio fuel in both petrol and diesel will increase from 10% to 14% by 2020. The greenhouse gas reductions resulting from this measure would lead to a larger reduction in the Netherlands than would be the case at a global level. This is due to the fact that greenhouse gas emissions from bio fuel production are released elsewhere in the world.

### Greenhouse gases

The measures proposed by the VVD, PvdA, CDA, SP, D66, GroenLinks, ChristenUnie and SGP would reduce greenhouse gas emission levels. The largest reduction would be achieved with the GroenLinks package. The PVV and DPK packages of measures, on the other hand, would lead to increased greenhouse gas emission levels.

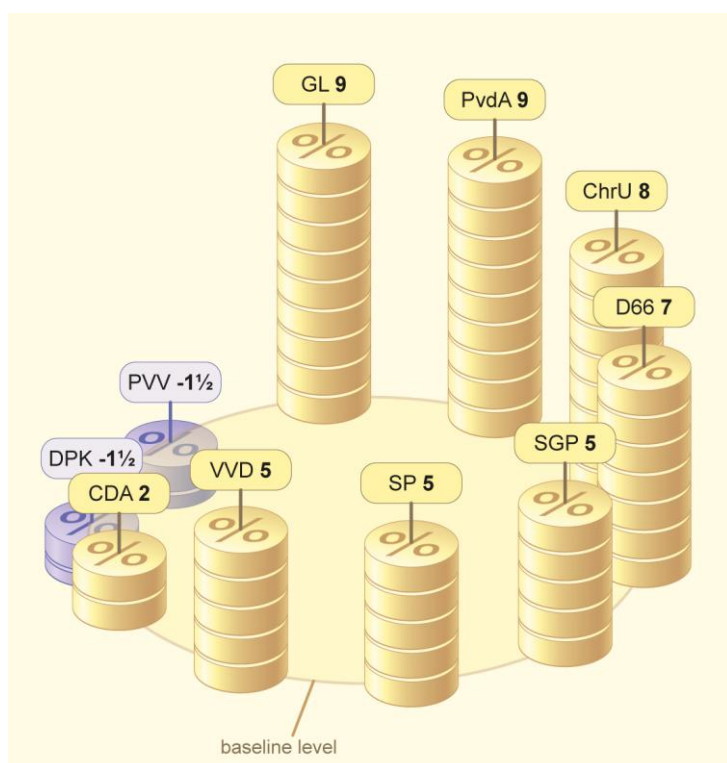
For the parties that would realising emission reductions, this is mainly achieved by the increase in renewable energy, which forces down the use of fossil energy. In addition, GroenLinks plans to introduce a tax on the use of coal that is so high that power production in coal-fired power plants is ceased. This would lead to a 20 Mt reduction in greenhouse gas emissions from the energy sector.

For all parties, the largest emission effects would occur in the ETS sectors (the sectors within the scope of the European trading system for greenhouse gas emission rights: power plants, refineries and most of the industrial sector). This would mainly be due to the increase in renewable energy, and would not alter the total EU emissions from ETS companies.

GroenLinks, the ChristenUnie, PvdA, SP and D66 also achieve significant emission reductions in the non-ETS sectors (more than 5 Mt). These reductions mainly result from energy saving measures in the built-up area and traffic-related measures, including road pricing. Also in the non-ETS sector, the largest reductions would be achieved by GroenLinks.

## Renewable energy

Changes compared to the baseline, 2020, in percentage points



The extent to which the packages of measures lead to changes in expenditure ranges from - 2.3 billion euros (PVV) to 5.4 billion euros (ChristenUnie) (see Table 2.11). For the ChristenUnie, GroenLinks, SP and D66, the number of tax increases are the main cause of the increase in fiscal burden. In addition, the PvdA, SP, D66, GroenLinks and ChristenUnie link taxes on traffic and transport to the number of kilometres driven.

**Table 2.11** Extent of the package of measures related to energy and climate (2020)

|                                                   | VVD  | PvdA | PVV  | CDA | SP  | D66 | GL  | ChrU | SGP | DPK  |
|---------------------------------------------------|------|------|------|-----|-----|-----|-----|------|-----|------|
| effect compared to the baseline, in billion euros |      |      |      |     |     |     |     |      |     |      |
| Total                                             | 0.3  | 2.4  | -2.3 | 0.5 | 3.6 | 3.6 | 5.2 | 5.4  | 1.2 | -1.7 |
| of which taxes                                    | -0.5 | -0.1 | -0.8 | 0.0 | 2.6 | 2.1 | 2.4 | 3.4  | 0.3 | -1.0 |
| Amounts exclude traffic and transport taxes       |      |      |      |     |     |     |     |      |     |      |

## 2.8 Health care

With health care, the analysis had to be limited to the budgetary effects of the proposed measures, namely the costs. The benefits of health care – the effects of the measures on people's health – remain completely out of the picture. The reason for this is that it is very difficult, if not impossible, to quantify the effects on health in a responsible manner.

All parties take leave of the **AWBZ** in its current form. The current AWBZ is a social insurance, as is the AOW, giving an entitlement to benefits in kind based on nationally uniform criteria. All parties, except the CDA, choose to make the AWBZ a social service, such as the Work and Social Assistance Act (WwB) (see Table 2.12). In this way, the need for care can be fitted in more detail to suit individual circumstances. This creates more scope for customisation. The downside is that certain disparities may arise between levels of health care. Depending on the exact form, differences may arise between regions and possibly also between health care providers. The CDA maintains the insurance character of the AWBZ, changing only the form of benefit: from a benefit in kind to one in vouchers. According to this system, patients receive a voucher based on their established level of care for an amount that they themselves may spend at certified health care providers. The CDA turns extramural support into a social service and transfers this to the municipalities.

The VVD places the implementation of the AWBZ as a social service in the hands of an independent administrative body, while the PvdA, D66, GroenLinks and ChristenUnie allocate this to the municipalities. The PVV, SP, SGP and DPK opt for community care or 'less regulatory care'. The latter requires further elaboration. Here, the idea is that health care for a particular group of people is placed into the hands of a health care provider with a fixed budget. This health care provider determines the nature and amount of care that people receive, within the predetermined budget for the group as a whole, with only a limited number of nationally formulated criteria. Incidentally, most of these parties apply nuances to this reorganisation. The ChristenUnie, for example, retains the body of the AWBZ for intramural care for the disabled. D66 transfers the GGZ<sup>4</sup> to the Zvw<sup>5</sup> instead of to the municipalities. The SGP transfers both extramural personal care and support to the municipalities, while the VVD only does so for the extramural support.

Some parties intend to further restrict intramural care. The baseline already assumes that the lighter care levels only will give entitlement to extramural care. The VVD, ChristenUnie, D66 and PvdA extend the care level boundaries for intramural health care further. The CDA removes the distinction between intramural and extramural health care by having people in institutions pay housing costs themselves. As a reimbursement, they receive a voucher for 80% of the cost. The DPK, PVV and SP reverse the proposed shift to extramural care in the baseline. Thus, people who need a lighter level of care retain the option of receiving intramural health care.

Many parties propose to cut costs related to health care needs that are more difficult to determine, such as support, personal care and domestic help from the WMO. The VVD and ChristenUnie abolish the domestic help function and only provide compensation for the most severe cases. This represents a reduction of 80% of the budget. D66 also abolishes the domestic help function, but reserves 50% of the budget for compensation for severe cases. The CDA and SGP have the first three hours of domestic help paid for by the users. This means a reduction of 17.5% of the budget for domestic help.

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<sup>4</sup> Dutch Association of Mental Health and Addiction Care

<sup>5</sup> Dutch Health Insurance Act

The VVD and PvdA remove the entitlement to support. The VVD provides a 55% compensation through the municipalities, and for the PvdA this is 80%. The PVV transfers the support to the municipalities, with a 5% reduction on the budget. The CDA, ChristenUnie and D66 increase the norm for family care (the health care that the family caregivers are deemed to provide) from 60 minutes per week to 90 minutes per week. This represents a 6% reduction in the budget for support. The SGP increases the limit to 150 minutes per week, a reduction of 17.5%. For personal care the norm increases to 90 minutes per week for the CDA, ChristenUnie, D66, PvdA, GroenLinks and DPK. This represents a reduction of 7% of the health care budget for personal care. The VVD and SGP increase the norm to 150 minutes per week, equalling a reduction in budget of 20%.

Regarding the **system for curative health care**, eight parties intend to cut spending and two parties plan to increase expenditure on publicly financed health care (see Table 2.12). The VVD intends to effect the largest spending cuts, with 2.6 billion euros, while the DPK wants to increase spending on curative health care the most, with 1.0 billion euros. There are large differences between the parties on how they intend to shape funding, the standard insurance package and personal contributions to the costs in the health care system.

**Table 2.12 Main health care indicators**

|                                                               | Base-line | VVD    | PvdA   | PVV    | CDA     | SP     | D66    | GL     | ChrU   | SGP    | DPK    |
|---------------------------------------------------------------|-----------|--------|--------|--------|---------|--------|--------|--------|--------|--------|--------|
| effect in 2017 relative to the baseline                       |           |        |        |        |         |        |        |        |        |        |        |
| <b>Curative health care (Zvw)</b>                             |           |        |        |        |         |        |        |        |        |        |        |
| Increase in market forces (+) or in government regulation (–) | 0         | +/-    | --     | –      | +/-     | --     | +/-    | +/-    | +/-    | +/-    | 0      |
| Personal contributions (euros p.p.) <sup>a)</sup>             | 220       | 70     | -30    | -60    | 40      | -110   | 50     | 20     | 50     | -30    | -60    |
| Expenditure (net, billion euros)                              |           | -2.6   | -1.5   | -0.4   | -2.2    | 0.1    | -2.2   | -1.1   | -2.0   | -0.5   | 1.0    |
| re. system and funding                                        |           | -0.8   | -2.3   | -1.0   | -0.9    | -2.4   | -0.8   | -0.7   | -1.1   | -1.0   | 0.1    |
| re. adjustment standard package                               |           | -0.3   | 0.4    | -0.3   | -0.2    | 0.9    | -0.6   | -0.3   | 0.0    | 0.2    | -0.1   |
| re. fewer personal contributions                              |           | -1.5   | 0.4    | 0.9    | -1.1    | 1.6    | -0.8   | -0.2   | -0.9   | 0.3    | 0.9    |
| <b>Long-term health care (AWBZ and WMO)</b>                   |           |        |        |        |         |        |        |        |        |        |        |
| Insurance (insure) or social service (s.serv)                 | insure    | s.serv | s.serv | s.serv | insure  | s.serv | s.serv | s.serv | s.serv | s.serv | s.serv |
| Implementing body <sup>b)</sup>                               | UAZ       | KV     | WMO    | BZ     | Voucher | BZ     | WMO    | WMO    | WMO    | BZ     | BZ     |
| Extramural care                                               |           | +      | +      | –      | ++      | –      | +      | +/-    | +      | +/-    | –      |
| Expenditure (net, billion euros)                              |           | -5.9   | -3.0   | -0.9   | -3.0    | -0.8   | -2.8   | -0.7   | -3.3   | -3.4   | -1.5   |
| re. efficiency                                                |           | -1.5   | -1.5   | -1.3   | -1.2    | -1.3   | -1.6   | -1.5   | -1.3   | -1.3   | -1.3   |
| re. more or less health care                                  |           | -4.3   | -1.5   | 0.4    | -1.8    | 0.4    | -1.2   | 0.8    | -2.0   | -2.1   | -0.3   |
| <b>Total health care</b>                                      |           |        |        |        |         |        |        |        |        |        |        |
| Change in employment 2013–2017 (in thousand employment years) | 140       | -55    | -70    | -5     | -50     | -25    | -45    | -15    | -60    | -55    | -20    |

a) Levels in 2013; in the baseline the policy excess is 340 euros, but most people's claims do not use up the entire policy excess amount.  
b) UAZ = health care insurers, KV = national core service, WMO = by municipalities, BZ = community care concept.

Eight parties, the VVD, PVV, CDA, D66, GroenLinks, ChristenUnie, SGP and DPK, choose to continue the system of regulated market forces. Two parties, the PvdA and SP, intend to drastically change the health care system, making it into a service and with the provision of health care being governed by stringent budgeting.

Of the eight parties that choose to continue the regulated market forces in health care, six of them (VVD, CDA, D66, GroenLinks, ChristenUnie and SGP) also want more government regulation. The parties broadly follow the report by the TaskForce Zorg (health care task force) where the information on the quality of the provided health care as well as the risk to health care insurers is increased. This increases the incentive for insurers to purchase health care effectively. In addition to these incentives, the parties also want an additional 'lock on the door' to hospital care in order to enforce a lower growth track of health care.

Six parties, the VVD, PVV, CDA, D66, ChristenUnie and SGP, want to use the macro management instrument (MBI) and specialists budget in use by the current government to further reduce the growth in volume of hospital care from 2½% to 2% per year, up to 2017. GroenLinks intends to achieve the same by using a different instrument, namely that of yardstick competition between hospitals. It is difficult to estimate the extent to which the current health care system would be resistant to increased market forces on the one hand and increased government regulation on the other. This deserves further analysis. CPB is therefore reluctant to implement large-scale cost savings in relation to the present health care system.

The structural cost savings with respect to the system and funding measures for eight of the parties are between –0.1 and 1.1 billion euros compared to the baseline (see Table 2.12, 'system and funding' row). Six parties, however, are striving for the same health care system and the differences in cost savings between the parties are found mainly in the additional savings they would implement. Several frequently indicated cost savings consist of reductions in specialist fees and salaries of senior health care managers, cost savings in specialised hospital care, and relate to creating better conditions to make technology and new medicine cheaper to buy, and to increased student contributions to the cost of their medical schooling and training. The PVV and DPK deviate from this. The DPK intends to leave the current system unchanged, while the PVV does not want to alter the system of market forces, but does intend, through more regulation, to decrease the growth in volume of hospital care from 2½% to 2% per year.

The PvdA and SP intend to abolish the current system of regulated market forces and opt for a system where private insurers are replaced by regional procurement offices. The insured entitlement to health care is scrapped and the Zvw becomes a social service. The exact form of these system changes is still unknown, but a central element is that health care will be curtailed by budgeting, which may reintroduce the concept of waiting lists in health care. Both the PvdA and SP want to use budgeting instruments to increase cost savings on curative health care by over 1 billion euros more than the other eight parties. The CPB assumes that the quantity of health care provided under the new health care system of the PvdA and SP would decline by the same amount, and that both waiting lists and waiting times for



treatment would increase. In that situation, more people are expected to look for health care outside the public health care package, either in the Netherlands or abroad, if they can afford to do so. There is considerable uncertainty regarding whether such a radical change in the health care system is feasible in the short term and what costs are associated with this. For example, there will certainly be transition costs. Given the large uncertainties, it is not possible to make an estimate and, therefore, this was not included in the current calculations.

All parties leave the **standard package for insured health care** more or less intact. In the baseline, the public insurance package has been reduced by 1.3 billion euros based on the criterion of low burden of disease. Many parties partially reverse this measure. Almost all parties are in favour of a stricter policy regarding the admission of new medical technology ('stringent package management'). According to them, whether a treatment is medically necessary should be examined more closely in the future. New and existing treatments should be monitored for evidence of effectiveness and cost effectiveness, and the conditional admission of new treatments to the standard package should be more selective (see also the report of the health care task force (in Dutch)). The PvdA, SP and SGP opt for fewer cost savings related to the size of the standard health care package. The SP would reverse a large part of the curtailment of the standard package and broaden the standard package in comparison to the plans by other parties.

The political parties have different views on the desirability of **personal contributions in the Health Insurance Act**. The SP, DPK, PVV, PvdA and SGP reduce the personal contribution relative to the baseline, while the CDA, ChristenUnie, D66, VVD and GroenLinks increase it. The adjustments range from a reduction of 110 euros to an increase of 70 euros per adult per year (see Table 2.12). In comparison, in the baseline, personal contributions average 220 euros per adult per year. This covers 7% of Zvw expenditure.

GroenLinks, the PvdA, SGP and D66 choose an income-based personal contribution. This protects lower incomes. For example, in the GroenLinks proposal, the personal contribution for lower incomes decreases by 150 euros compared to the baseline, while for higher incomes it is increased by 150 euros. The downside is the cost of implementing this complex regulation, such as those related to preventing insurers, who currently administer the personal contribution system, from receiving information on the incomes of their policyholders.

A policy excess amount or personal contribution not only leads to increased payments by care recipients, but will also curb health care expenditure itself: the patient contribution effect. This effect depends on the price sensitivity of policyholders and on the type of health care. People on low incomes respond more strongly to personal contributions than those on high incomes. And a policy excess on psychiatric health care has a greater effect on the use of such care than one on hospital care. The design of the system of policy excess or personal contribution also plays a role. Some parties, for instance, opt for a personal contribution percentage where, for example, 25% of the invoice is to be paid by the policyholder. The patient contribution effects appear to be larger, because patients also have to pay for

subsequent treatments. The estimation of the size of the patient contribution effect is based on insights from literature, calculated with an average of 20%.

The SGP converts the policy excess with a maximum of 350 euros into a policy excess based on percentage, where the policyholder pays 25% of the health care costs up to a maximum of 500 euros. This causes a considerable increase in the patient contribution effect, because even policyholders with high health care expenses now have an incentive to save. D66 and the VVD also opt for a policy excess based on percentage, in addition to a fixed policy excess of 350 euros (Switzerland uses the same system). D66 has policyholders paying 10% of health care costs over 350 euros up to a maximum of 150 euros; the VVD has policyholders paying 50% of costs over 350 euros and also up to a maximum of 150 euros. The VVD also includes the general practitioner care in the policy excess.

In addition to adjustments to the policy excess, parties want to introduce personal contributions for specific medical services to curb unnecessary use of health care, often without a limit. Four parties want to introduce a personal contribution for general practitioner visits or for the use of the emergency department of a hospital. On the positive side, seven parties intend to abolish the policy excess on days spent in a general hospital, and five parties intend to do so for days spent in GGZ facilities (mental health and addiction care). Two parties increase the policy excess on hospital care. The CDA and ChristenUnie introduce a policy excess on the first visit to an outpatient clinic, and the CDA also introduces a policy excess on each hospital treatment.

**Employment** in the health care sector increases in the baseline in the 2013–2017 period by 140,000 employment years (all part-time jobs converted into fulltime jobs). This concerns all jobs in health care, both the publicly and privately financed part. All parties curb this growth. The extent to which growth is slowed differs between party manifestos, because one party cuts more spending than the other, and because one type of cost saving has a greater effect than the other. A package limitation has less effect on employment in curative health care than in long-term health care. People will probably pay for a larger part of curative health care themselves. Furthermore, measures to suppress the price of medicines have almost no effect on employment in the care sector. Despite all the differences, employment in health care will grow under all party proposals.

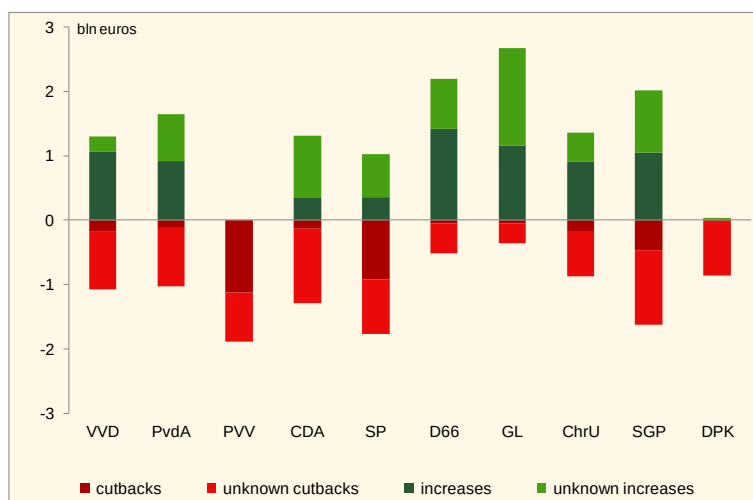
## 2.9 Education

On balance, six of the ten parties (GroenLinks, D66, PvdA, ChristenUnie, SGP and VVD) intend to increase spending on education, while three parties (PVV, DPK and SP) reduce spending. The CDA neither cuts nor increases spending on education. GroenLinks and D66 increase spending the most, with 2.4 and 1.7 billion euros, respectively, while the PVV reduces spending the most, with 1.9 billion euros. The proposals are weighed according to their effect on educational outcome and on their contribution to material prosperity. A proposal is

deemed ‘promising’ if the societal gains are anticipated to be greater than the costs.<sup>6</sup>

In the analysis, for a number of measures, the effect is ‘unknown’. This means that there is insufficient scientific evidence to indicate the effect of the policy. Figure 2.3 shows the total cuts and increases in spending per party, as well as the parts that have been qualified as ‘unknown’.

**Figure 2.3** Increases and cutbacks in educational policy, 2017 (in billion euros)



Many parties direct resources towards promising measures, such as trainings for teachers, including support for newly qualified teachers, preschool and kindergarten education, additional classroom time and tackling early school leavers. D66 increases spending on those promising measures the most, followed by the VVD, ChristenUnie, PvdA and GroenLinks. Of these parties, D66, the VVD and PvdA also focus on promising institutional measures, such as performance funding of schools, whereby a part of the basic funding of school is linked to the educational performance of students. In this way, schools are stimulated in a budget neutral way to improve learning achievements. The DPK is also committed to these measures. The proposals by the PVV and SP are characterised by a relatively large reduction in the lump sum funding of education. Because this is very likely to result in an increase in class sizes, the analysis has allocated the full amount of the reduction to these measures. Measures that increase class sizes are regarded as promising, because a reduction in expenditure is accompanied by a relatively small decline in educational performance. The VVD, PvdA, D66, GroenLinks and DPK intend to introduce a social lending system for higher education. This measure increases private contributions and only causes a limited decrease in participation in higher education.

<sup>6</sup> An overview of the promising measures can be found in Van Elk *et al.* (2011), Educational Policy in the Netherlands, CPB Background Document (in Dutch). The effects of measures are based on what is known from empirical studies.

**Table 2.13 Overview of main measures (budgeted amounts in billion euros)**

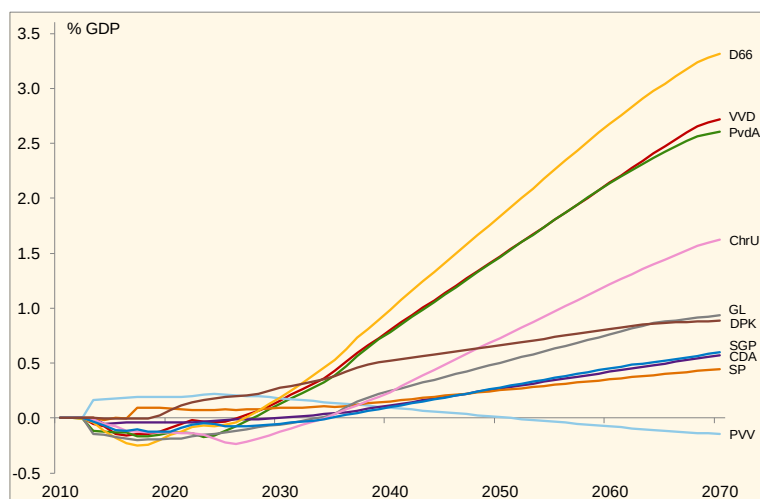
|                                              | VVD | PvdA | PVV  | CDA | SP   | D66 | GL        | ChrU | SGP      | DPK |
|----------------------------------------------|-----|------|------|-----|------|-----|-----------|------|----------|-----|
| <b>Budget</b>                                |     |      |      |     |      |     |           |      |          |     |
| Tackling early school leavers                | 0.1 |      |      |     | 0.1  | 0.1 | 0.1       | 0.1  | 0.3      |     |
| Inspection supervision                       |     | 0.1  |      |     |      | 0.1 |           |      |          |     |
| Increase in class sizes                      |     |      | -1.0 |     | -0.9 |     |           | -0.2 |          |     |
| Education hours                              | 0.1 | 0.4  |      |     | 0.1  | 0.4 |           | 0.2  | 0.4      |     |
| Merit pay                                    | 0.2 | 0.1  |      |     |      | 0.2 |           |      |          |     |
| Teacher training                             | 0.5 | 0.2  |      | 0.3 | 0.2  | 0.5 | 0.4       | 0.4  | 0.4      |     |
| Preschool and kindergarten education         | 0.2 | 0.2  |      | 0.1 |      | 0.2 | 0.4       | 0.2  |          |     |
| <b>Institutional</b>                         |     |      |      |     |      |     |           |      |          |     |
| Information on school quality                | yes | yes  |      | yes |      | yes |           | yes  |          |     |
| Performance funding                          | yes | yes  |      |     |      | yes |           |      |          | yes |
| Compulsory central exams                     | yes | yes  |      |     |      | yes |           |      |          |     |
| <b>Private contribution higher education</b> |     |      |      |     |      |     |           |      |          |     |
| Social lending system                        | yes | yes  |      |     |      | yes | yes       |      |          | yes |
| Adjustment statutory tuition fees            |     |      |      |     |      |     | reduction |      | increase |     |

Table 2.13 indicates, per party, the increases and cutbacks (both budgetary and institutional) related to promising measures and to the main measures of private contribution in higher education. These last measures consist of the introduction of a social lending system and an adjustment of statutory tuition fees. Such measures provide a funding margin between public and private resources and lead to a limited change in participation in higher education.

Figure 2.4 presents the effects of the package of promising measures, per party, including the measures related to private contributions in higher education.

For all parties, with the exception of the PVV, the costs of the measures in terms of GDP are higher, in the short term, than the financial returns. These costs are partly budgetary. In addition, as a result of the measures, students would stay in school longer, causing in increase in education costs and an initial decrease in labour supply. However, after some time net returns will emerge. Because of the increase in educational level, labour productivity will increase and, over time, so will labour supply. After all, higher educated people have a higher level of participation in the employment market. The full effect will only be reached after a long period. At that time, the entire labour force will be better educated. The total effect, expressed as a percentage of GDP, is the sum of the higher labour productivity and labour supply, minus the budgetary and educational costs.

**Figure 2.4 Effects of educational policy, in % GDP**



In the long term, the educational policies as proposed by D66, the VVD and the PvdA will realise large positive effects in terms of percentage of GDP. The ChristenUnie realises a smaller effect, because it only makes limited use of promising institutional measures. GroenLinks does increase spending on education the most, but invests a relatively limited amount in these promising measures. The DPK realises a positive total effect due to the focus on performance funding. The educational measures proposed by the SGP, CDA and SP eventually also lead to positive, albeit smaller GDP effects. The PVV realises a small negative total effect, in the long term. This negative effect is largely determined by the increase in class sizes – something that contributes substantially to the budget but slightly lowers labour productivity, in the longer term.

### Science

The CDA, D66, SGP, VVD, SP, ChristenUnie and GroenLinks increase funding for science. These increases vary from 0.05 billion euros (GroenLinks) to 0.3 billion euros (CDA). The PvdA takes no measures in the field of science, and the DPK and PVV decrease funding by 0.18 billion euros.

The CDA intends to spend 0.3 billion euros on more fundamental research into innovative products and services in nine top sectors through innovation contracts. D66 proposes to make 0.25 billion euros available to the NWO<sup>7</sup>, large-scale research facilities and successful projects at universities and knowledge institutes. The SGP increases the funding provided by the Ministry of Education, Culture and Science and NWO by 0.15 billion euros. The VVD invests 0.1 billion euros in fundamental research, and the ChristenUnie invests 0.10 billion euros in research centres and laboratory research. The SP increases funding by 0.1 billion euros for scientific research by universities, and GroenLinks intends to reward researchers for applied research (0.05 billion euros).

The DPK and PVV cut funding in their top sector policy and in this way reduce expenditure on science by 0.18 billion euros.

<sup>7</sup> The Netherlands Organisation for Scientific Research

## 2.10 Innovation

The VVD, CDA, ChristenUnie and SGP, on balance, allocate additional funding to innovation, while the PVV, SP, D66, GroenLinks and DPK reduce this type of expenditure (see table). The VVD increases funding the most, while the PVV reduces expenditure the most. The PVV practically abolishes the innovation policy. D66 and the SGP are the only two parties that opt for both increases in funding and cutbacks in innovation resources. The PvdA makes no structural changes to the innovation policy budget. Both the PvdA and the SP intend to establish a national investment bank. To this end, the PvdA reserves a total amount of 0.6 billion euros over the period from 2013 to 2015. The SP will reserve an amount, only in 2013, of 0.2 billion euros for such an investment bank. Five parties make changes to the fiscal innovation policy (PVV, SP, D66, GroenLinks and SGP). They cut spending, on balance, although D66 and the SGP actually spend more on certain components of the fiscal innovation policy. All parties intend to take non-fiscal innovation measures.

**Table 2.14 Innovation budgets**

|                     | 2017                         | VVD                                                      | PvdA | PVV  | CDA | SP   | D66  | GL   | ChrU | SGP  | DPK  |
|---------------------|------------------------------|----------------------------------------------------------|------|------|-----|------|------|------|------|------|------|
|                     | baseline in<br>billion euros | effect in 2017 relative to the baseline in billion euros |      |      |     |      |      |      |      |      |      |
| Fiscal policy (a)   | 1.8                          | 0.0                                                      | 0.0  | -1.8 | 0.0 | -0.1 | -0.3 | -0.5 | 0.0  | -0.1 | 0.0  |
| Non-fiscal policy   | 0.9                          | 0.1                                                      | 0.0  | -0.5 | 0.1 | -0.2 | 0.2  | -0.5 | 0.1  | 0.1  | -0.5 |
| Total               | 2.7                          | 0.1                                                      | 0.0  | -2.3 | 0.1 | -0.3 | -0.1 | -1.0 | 0.1  | 0.0  | -0.5 |
| Expected effect (b) |                              | ?                                                        | ?    | -    | 0   | +    | +    | ?    | ?    | ?    | ?    |

(a) wbo, rda, innovation box, exemption venture capital.  
(b) + promising, 0 neutral, - not promising, ? effect unknown.

The measures have been assessed for their impact on prosperity. As with education, a measure is deemed promising if the expected societal gains outweigh the costs. Measures that according to economic theory may lead to increased prosperity but for which there is insufficient scientific evidence are assessed as 'effect unknown'.

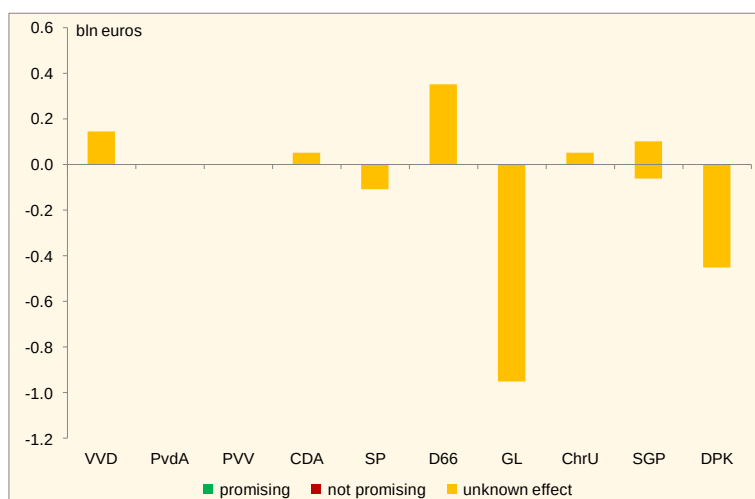
The policy changes announced by the SP and D66, as a whole, are promising for prosperity. The innovation policy of the CDA is assessed as neutral, because this party has changed little to the existing policy. The PVV cuts the maximum achievable amount in spending in innovation policy, which totals 2.3 billion euros. This reduction in expenditure, as a whole, is not a promising measure. The PVV completely abolishes a number of effective policy instruments, including WBSO. This damages prosperity, in the long term. The expected effect on prosperity resulting from the proposals by the other parties (VVD, PvdA, GroenLinks, ChristenUnie, SGP and DPK) is unknown.

The measures in this respect proposed by the SP are promising, as a result of a limited reduction in WBSO budget. Moreover, this party cut spending only to a limited extent on parts of the top sector policies, such as on top consortia for knowledge and innovation (tki).

Although D66 increases funding for tki, a measure that has been deemed not promising, the policy changes, as a whole, as proposed by D66 are promising for prosperity. The party abolishes the innovation box. The way in which this fiscal facility is currently designed, does not make it likely that too little investment in innovation will be prevented.

The policy changes proposed by the VVD, PvdA, GroenLinks, ChristenUnie, SGP and DPK in the field of innovation have an unknown effect on prosperity. The most important measure with an unknown effect is for each party as follows. The VVD increases the budget to matching funding for the Eighth Framework Programme of the European Union. The PvdA establishes a national investment bank. GroenLinks abolishes tax deduction on research and development. The ChristenUnie spends structurally more on the innovation fund for Small and Medium-sized Enterprises (mkb+). The SGP proposed promising measures (cutbacks innovation box), not promising measures (increased funding for tki) and measures with unknown effect (increased funding for starting companies under the WBSO); all of these measures are of the same order of magnitude. The policy changes of the SGP as a whole, therefore, have an unknown effect on prosperity. Finally, the effects of the substantial cutbacks announced by the DPK to the top sector policy are unknown.

**Figure 2.5 Increase in funding and cutbacks to innovation policy, 2017 (in billion euros)**



## 2.11 Housing market

All parties take measures in the field of the housing market. The Dutch housing market does not function well. If parties with their housing market measures are able to improve the functioning of the housing market, this will lead to an increase in prosperity. An increase in prosperity does not necessarily mean financial gain for individual households. The profits may also end up in the hands of housing corporations, landlords or the government.

The measures proposed by the PvdA, GroenLinks, ChristenUnie, SGP and, to a lesser extent, D66 improve the functioning of the housing market. Those by the PVV, SP and, to a lesser

extent, the VVD and CDA worsen the functioning of the housing market. The housing market measures of the DPK have no effect on the housing market.

The parties that would worsen the functioning of the housing market all have in common that they reduce the attractiveness of **the rental housing business**, causing the supply of rental housing to decrease and the rationing of the rental market to increase. This leads to longer waiting lists, more people renting homes that are either too expensive or too cheap in comparison to their income level, more illegal subletting and to more people being forced onto the owner-occupied housing market. The VVD opts for a higher tax for lessors, without structurally allowing additional rent increases. Although the PVV and SP abolish the lessor tax of the Rutte Cabinet, they reduce rents to such an extent that landlords and housing corporation, on balance, generate less income. This also happens with measures proposed by the CDA, where rents are increased substantially, but in combination with lessors having to provide a discount in rent for households that are entitled to a rental subsidy. This effectively means that lessors largely pay the rental subsidies themselves, and effectively their rental income will decline. In addition, in this way, lessors also receive an incentive not to rent houses to people who are entitled to rental subsidy.

The measures proposed by the PVV and, to a lesser extent, by the VVD also reduce the functioning of the **owner-occupied housing market**. The PVV retains mortgage interest as fully tax deductible, without an annuity repayment scheme being required. The VVD applies this to households for the first five years after the purchase of their first house. These measures increase the fiscal subsidy for owner-occupied housing and the disruptive effect this has. Therefore, they lead to a less well-functioning owner-occupied housing market. The SP further restricts subsidies for owner-occupied housing, in order to improve the functioning of the owner-occupied housing market. This improvement, however, does not entirely counteract the deterioration in the functioning of the rental housing market created by the SP.

The PvdA, GroenLinks, ChristenUnie, SGP and, to a lesser extent, D66 improve the functioning of both the owner-occupied housing market and the rental market. These parties all restrict the tax deductibility of mortgage interest, to lesser or greater extent, as is shown by the reduction in the subsidy percentage for the owner-occupied sector relative to the value of approximately 17% in the baseline. At the same time, these parties propose to reduce rationing on the rental housing market. The PvdA, CDA, GroenLinks, ChristenUnie and SGP thereby replace the current property valuation system with a system in which the maximum rent is set at 4.5% of the value according to the Valuation of Immovable Property Act (*WOZ-waarde*).

Within the owner-occupied sector, a number of parties (PvdA, SP, GroenLinks and, to a lesser extent, the ChrU and SGP) increase the differences in the **expensive and inexpensive housing** regulation, where the subsidy rate for expensive housing is reduced more than on average. For GroenLinks the subsidy for expensive owner-occupied housing is even negative (taxation instead of subsidy). A substantial difference in regulation between expensive and inexpensive housing lowers prosperity, because it leads to segmented markets. A similar



effect is achieved by the measures proposed by the CDA in relation to rented housing. This effect has not fully been included in Table 2.15, because the exact effects could not be determined.

A number of parties limit the **transfer tax**, or abolish it (VVD, PvdA, GroenLinks, D66, ChristenUnie, SGP). In addition to these measures increasing the subsidy rate for the owner-occupied housing, prosperity also increases, because households would be more able to adapt to changing circumstances. This effect has not been included in the prosperity figures presented here.

The SGP and DPK want a revision of the pension system so that pension premiums can also be used as mortgage repayments. The effects of these measures on the housing market have not been calculated, because such a complex system revision could not be assessed within the short space of time available for comprising the report *Choices Outlined*.

Because the markets for owner-occupied and rented housing are strongly interconnected, the proposals by all parties have consequences for both markets. The prices of owner-occupied housing fall with respect to the baseline in all party proposals, with the exception of those by the DPK, PVV and VVD. Almost all parties also increase rents. Only the proposals by the SP and PVV introduce measures that substantially lower rents relative to the baseline.

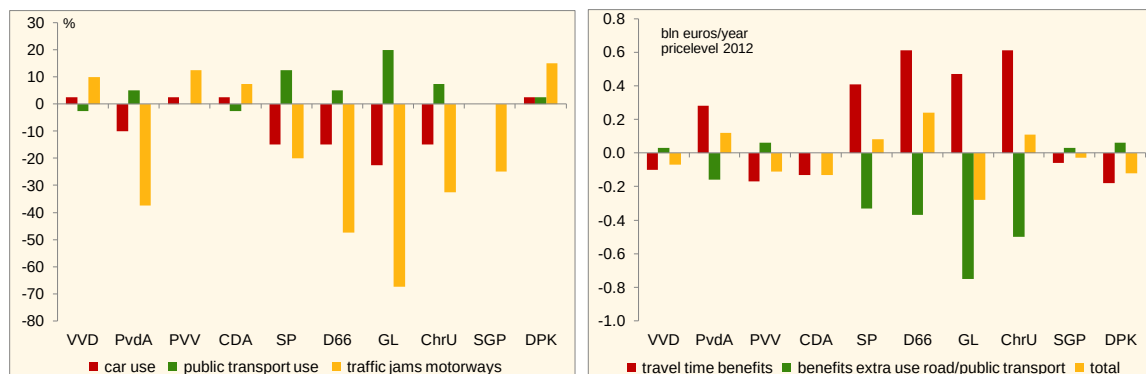
**Table 2.15 Structural housing market effects**

|                                               | VVD                                  | PvdA | PVV  | CDA  | SP   | D66 | GL  | ChrU | SGP | DPK |
|-----------------------------------------------|--------------------------------------|------|------|------|------|-----|-----|------|-----|-----|
|                                               | effect relative to the baseline in % |      |      |      |      |     |     |      |     |     |
| Prosperity increase (% GDP)                   | -0.2                                 | 0.4  | -0.9 | -0.1 | -0.4 | 0.1 | 0.7 | 0.3  | 0.4 | 0.0 |
| Price owner-occupied housing                  | 2                                    | -5   | 7    | 0    | 0    | -1  | -8  | -3   | -4  | 0   |
| ditto 2017                                    | 2                                    | -5   | 2    | -2   | -4   | -3  | -7  | -5   | -5  | 0   |
| Net rent                                      | 0                                    | 5    | -14  | 1    | -13  | 1   | 10  | 5    | 5   | 0   |
| ditto 2017                                    | 1                                    | 3    | -5   | 2    | -5   | 1   | 6   | 3    | 2   | 0   |
| Consumption owner-occupied                    | 1                                    | -3   | 5    | 0    | 0    | 0   | -5  | -2   | -3  | 0   |
| Consumption rental                            | -4                                   | 2    | -12  | -3   | -13  | 0   | 6   | 5    | 5   | 0   |
| Owner-occupied sector average<br>subsidy rate | 18                                   | 9    | 21   | 16   | 10   | 16  | 6   | 13   | 13  | 17  |

The effects presented here are macro-effects at national level. Effects on rents and housing prices may vary per region. Furthermore, the analysis of the housing market effects has been limited to measures that directly affect the housing market. Household income and unemployment also have a major impact on the housing market, and these incomes in turn strongly depend on measures proposed elsewhere. After all, higher incomes lead to more demand for housing, higher housing prices and ultimately to a higher housing supply. However, in this analysis this was not taken into account

## 2.12 Transport and Mobility

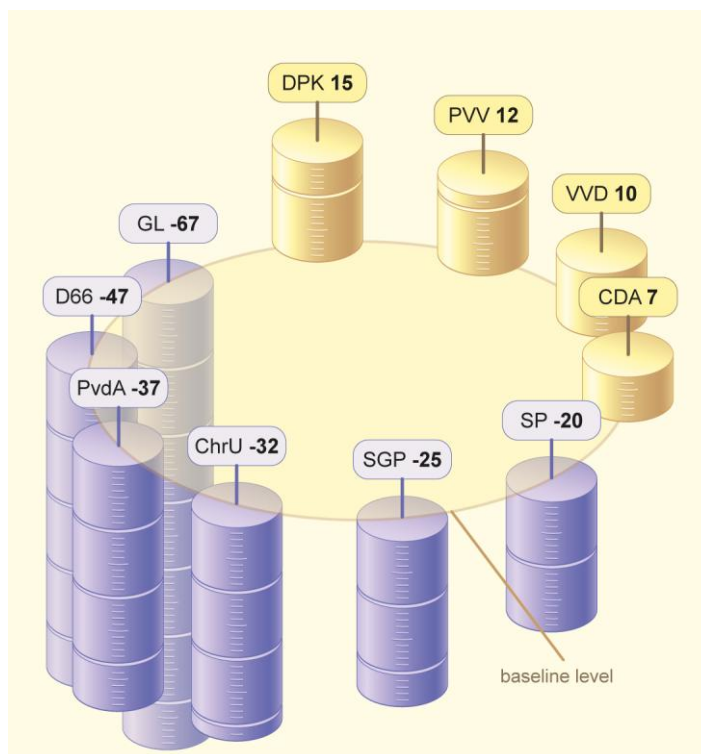
**Figure 2.6** Effects on car use, public transport use and traffic jams (left) and transport and mobility benefits (right) in 2020



All parties leave at least a portion of the travel allowances for commuters (as is currently the case) untaxed. The VVD, PvdA, PVV, SP, SGP and DPK choose for the current practice of a tax-free allowance for commuting by car of up to 19 ct/km. The CDA chooses a maximum car allowance of 13 ct/km, with a maximum of 70 kilometres. The ChristenUnie uses 10 ct/km.

### Traffic jams on motorways

Compared to the baseline, 2020, in %



The actual cost of commuting by public transport continues to be reimbursed completely tax-free by all parties, except for the CDA and ChristenUnie (D66 does this through a work-related costs scheme). The CDA reimburses the actual costs up to 13 ct/km. The ChristenUnie will reimburse the actual costs of public transport over a maximum distance of 50 kilometres. The measures in the baseline according to which commuting by lease car is considered private car use, is reversed in the proposals by the VVD and SGP.

**Table 2.16 Transport and Mobility**

| Main measures                                                                                                                                                                                                                                                                                                                        | VVD   | PvdA  | PVV   | CDA   | SP    | D66   | GL    | ChrU  | SGP   | DPK   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Tax-free commuting allowances</b>                                                                                                                                                                                                                                                                                                 |       |       |       |       |       |       |       |       |       |       |
| Car (max. cents/km)                                                                                                                                                                                                                                                                                                                  | 19    | 19    | 19    | 13    | 19    | 0     | 0     | 10    | 19    | 19    |
| Public transport (all costs)                                                                                                                                                                                                                                                                                                         | yes   | yes   | yes   | no    | yes   | yes   | yes   | no    | yes   | yes   |
| <b>Road pricing (cents/km)</b>                                                                                                                                                                                                                                                                                                       |       |       |       |       |       |       |       |       |       |       |
| Passenger cars                                                                                                                                                                                                                                                                                                                       |       | 4     |       |       | 6     | 5     | 10    | 8     |       |       |
| Trucks                                                                                                                                                                                                                                                                                                                               |       | 20    |       |       | 15    | 15    | 18    | 15    |       |       |
| Congestion charge                                                                                                                                                                                                                                                                                                                    |       | 11    |       |       |       | 11    | 18    |       | 11    |       |
| Reduction in maximum speed                                                                                                                                                                                                                                                                                                           |       | yes   |       |       | yes   | yes   | yes   |       |       |       |
| Student season tickets: restricted                                                                                                                                                                                                                                                                                                   | yes   |       |       | yes   |       | yes   |       | yes   |       |       |
| <b>Budgetary effects (billion euros)</b>                                                                                                                                                                                                                                                                                             |       |       |       |       |       |       |       |       |       |       |
| <i>Additional infrastructure (2013–2017)</i>                                                                                                                                                                                                                                                                                         |       |       |       |       |       |       |       |       |       |       |
| Roads                                                                                                                                                                                                                                                                                                                                | 1.4   | -4.6  | 0.7   | -0.5  | -4.6  | -3.5  | -4.6  | -0.8  | -2.3  | -0.4  |
| Railways and regional public transport                                                                                                                                                                                                                                                                                               | -0.1  | -1.5  | -2.0  | -0.1  | 1.1   | 0.4   | 3.0   | 0.5   | -1.1  | -0.7  |
| <i>Tax on ownership and use (2020)</i>                                                                                                                                                                                                                                                                                               |       |       |       |       |       |       |       |       |       |       |
| Cars and trucks (a)                                                                                                                                                                                                                                                                                                                  | -1.3  | 0.1   | -1.0  | 0.2   | 0.1   | 1.1   | 6.5   | 0.9   | -1.2  | -1.0  |
| Public transport (b)                                                                                                                                                                                                                                                                                                                 | -0.4  | -0.5  | -0.5  | 0.1   | -0.6  | -0.4  | -0.6  | -0.2  | -0.5  | -0.5  |
| <b>Traffic effects (2020, %)</b>                                                                                                                                                                                                                                                                                                     |       |       |       |       |       |       |       |       |       |       |
| Car use                                                                                                                                                                                                                                                                                                                              | 2     | -10   | 2     | 2     | -15   | -15   | -22   | -15   | 0     | 2     |
| Public transport use                                                                                                                                                                                                                                                                                                                 | -2    | 5     | 0     | -2    | 12    | 5     | 20    | 7     | 0     | 2     |
| Traffic jams on motorways                                                                                                                                                                                                                                                                                                            | 10    | -37   | 12    | 7     | -20   | -47   | -67   | -32   | -25   | 15    |
| <b>Transport and mobility benefits (2020, billion euros)</b>                                                                                                                                                                                                                                                                         |       |       |       |       |       |       |       |       |       |       |
| Travel time gains roads/public transport (c)                                                                                                                                                                                                                                                                                         | -0.10 | 0.28  | -0.17 | -0.13 | 0.41  | 0.61  | 0.47  | 0.61  | -0.06 | -0.18 |
| Benefits from additional use of roads/public transport (d)                                                                                                                                                                                                                                                                           | 0.03  | -0.16 | 0.06  | 0.00  | -0.33 | -0.37 | -0.75 | -0.50 | 0.03  | 0.06  |
| (a) The structural effect on the EMU balance as a result of making truck and car use or ownership more expensive: implement a road pricing and congestion charge for passenger cars, vans and trucks and structural changes with respect to the motor vehicle tax (mrb), purchase tax on new vehicles (bpm) and computer allowances. |       |       |       |       |       |       |       |       |       |       |
| (b) The structural effect on the EMU balance as a result of making public transport use more expensive: commuter allowances, student season ticket measures and higher concession allowances for rail.                                                                                                                               |       |       |       |       |       |       |       |       |       |       |
| (c) The travel time gains refer to the prosperity effects of shorter travel times or shorter routes.                                                                                                                                                                                                                                 |       |       |       |       |       |       |       |       |       |       |
| (d) If travel by car or public transport would become cheaper, people would travel more often. This refers to the prosperity effects of this measure                                                                                                                                                                                 |       |       |       |       |       |       |       |       |       |       |

Five of the ten parties (PvdA, SP, D66, GroenLinks and ChristenUnie) implement a form of road pricing for passenger cars, vans and trucks, and simultaneously abolish motor vehicle tax (mrb) or part of it. The PvdA, SP and GroenLinks raise the purchase tax on new cars (bpm), whereas D66 and the ChristenUnie intend to halve this tax. The PvdA, D66, GroenLinks and SGP introduce a congestion charge.

GroenLinks intends to lower the maximum speed limit on motorways to 80 km/h near cities and to 100 km/h on all other roads. The PvdA reverses the raising of the speed limit to 130 km/h, and the SP does so in part. In addition to GroenLinks, the SP and D66 also reintroduce the 80 km/h zones around the large cities.

The free travel with the student season ticket will be limited by the VVD, CDA, D66 and ChristenUnie. The options for free travel for adolescent students in intermediate vocational education (MBO) will be expanded by the SP, GroenLinks and the ChristenUnie.

Almost all parties reduce expenditure on road construction; only the VVD and PVV provide more money for this. The VVD, SP, D66 and GroenLinks increase expenditure on rail infrastructure, whereas the PvdA, PVV, SGP and DPK reduce expenditure on this. Spending on regional public transport is reduced by the VVD, PVV, CDA and DPK, whereas the SP, GroenLinks, ChristenUnie and SGP intend to earmark addition funding for this.

The structural EMU changes in 2020 regarding taxation of the ownership and use of trucks and cars varies from -1.3 billion euros (decrease in EMU balance) by the VVD to +6.5 billion euros for GroenLinks. This concerns measures of road pricing, motor vehicle tax, purchase tax on new vehicles and commuter allowances. The structural EMU changes for public transport use varies from -0.6 billion euros for the SP and GroenLinks to +0.1 billion euros for the CDA. This concerns the measures around commuter allowances, student season tickets and rail concession allowances.

Tax-free commuter allowances will result in an increase in **car use** and **degree of congestion**. The effect on car use and traffic jams that results from increases or reductions in expenditure on roads, thus, will be limited proportionally. This is the main explanation for the increase in car use and the degree of congestion resulting from the proposals by the VVD, PVV, CDA and DPK. The main explanation for the reduced car use and the reduced degree of congestion resulting from the proposals by the PvdA, SP, D66, GroenLinks, ChristenUnie and SGP is the introduction of road pricing. For GroenLinks, the reduction of the maximum speed limit ensures a further decrease.

**Public transport use** increases under the proposals of the PvdA, SP, D66, GroenLinks, ChristenUnie and DPK. Under the PVV and SGP, it remains the same, and declines for the VVD and CDA. Tax-free commuter allowances and the introduction of road pricing are the main explanations for the increase in public transport use. Limiting the free travel using student season tickets will result in a decrease in public transport use.

The **transport and mobility** gains that the parties realise by 2020, are very similar. Positive effects from travel time gains are compensated by a loss of prosperity due to less car use. The PvdA, SP, D66, GroenLinks and ChristenUnie, compared to the other parties, achieve large travel time gains, but also a relatively large prosperity loss through decreased car and public transport use. This is due to the introduction of road pricing, which will mean a sharp decrease in traffic jams but will also mean that people will decide more often not to travel. For the VVD, PVV, CDA, SGP and DPK, the changes in transport and mobility gains are smaller.

## 2.13 Nature

**Table 2.17 Effects on nature**

|                                                           | VVD                             | PvdA    | PVV       | CDA     | SP        | D66       | GL         | ChrU    | SGP     | DPK       |
|-----------------------------------------------------------|---------------------------------|---------|-----------|---------|-----------|-----------|------------|---------|---------|-----------|
|                                                           | effect relative to the baseline |         |           |         |           |           |            |         |         |           |
| Biodiversity: all (BHD) target species (pp <sup>8</sup> ) | -10 to -5                       | 0 to +5 | -10 to -5 | -5 to 0 | + 5 to 10 | +10 to 15 | + 20 to 25 | 0 to +5 | -5 to 0 | -10 to -5 |
| Experiential value nature and landscape                   | -                               | +       | -         | -       | +         | ++        | ++         | +       | -       | -         |
| General government expenditure on nature in billion euros | -0.20                           | +0.08   | -0.20     | -0.10   | +0.23     | +0.35     | +0.78      | +0.10   | -0.11   | -0.20     |

The biodiversity is shown in percentage point classes compared to the baseline. In the baseline, by 2020, over 50% of all target species and over 60% of all target species in the European Birds and Habitats Directives (BHD) would be sustainably conserved. The results do not show any differences between all target species and the target species in the BHD. The experiential value is categorised into five classes relative to the baseline (–: obvious decline, -: some decline, 0: situation similar to the baseline, +: some progress, ++: obvious progress)

The parties clearly make different choices in their nature policies. GroenLinks, D66 and the SP use additional **financial resources** to realise a more robust and larger National Ecological Network (EHS). They also spend more on nature and the landscape outside the EHS, which is also part of the manifestos of the PvdA and ChristenUnie, although their ambitions are more modest. The SGP and CDA reduce expenditure on nature; they do maintain the allocation of resources to the Natura 2000 sites, but not to completing and developing robust nature areas and green recreational areas close to the cities. The VVD, PVV and DPK save 0.2 billion euros per year on general governmental expenditure on nature, relative to the baseline.

Because of the reduced expenditure of the CDA, DPK, PVV, SGP and VVD, the intended **expansion and development of nature areas** in the baseline could only take place through the so-called land-for-land principle. According to this principle, expenditures on nature are financed from the proceeds from the sale of land intended for swapping and other nature plots. This will delay the expansion of the EHS, which is detrimental to biodiversity. With the additional resources of GroenLinks, D66 and the SP, the **EHS** could be further developed at a faster pace. Furthermore, these parties aim for a larger scale of EHS. A larger EHS means less problems with desiccation and less fragmentation. This would increase the chances for a sustainable conservation of plant and animal species. In the proposals by these three parties, the expansion of nature is realised through the purchase of agricultural land. For GroenLinks, the intended expansion of nature will take place at such a pace and to such an extent that this will require land expropriation. The disadvantage would be that the cost per hectare will be higher.

In addition to size, also the **management** of nature conservation areas is a crucial factor in the conservation of biodiversity and the achievement of international targets. The resources

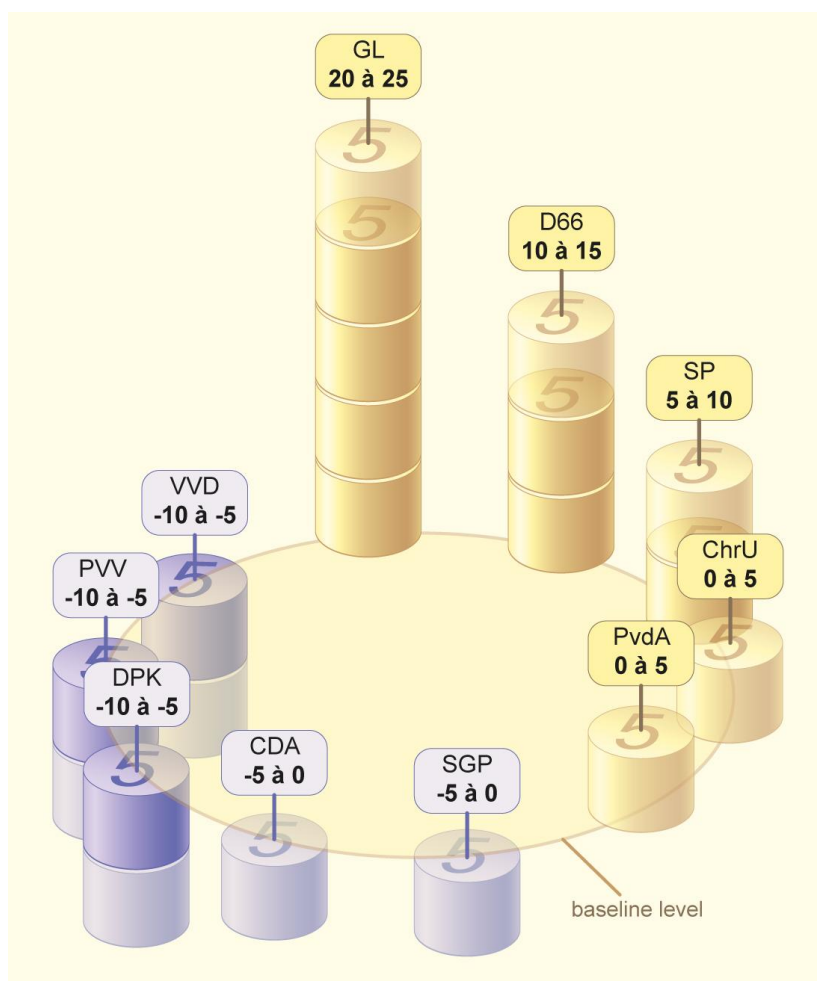
<sup>8</sup> percentage points

for nature management as proposed by the VVD, PVV, CDA, SGP and DPK, would lead to a decline in biodiversity. This is not the case for proposals by the other parties.

The PvdA, SP, D66, ChristenUnie and GroenLinks want a stricter **environmental and/or spatial planning policy** to protect nature and the landscape. The PvdA, SP, D66, SGP and GroenLinks encourage sustainable agriculture. From a nature perspective, the approach to desiccation is the most important, followed by reduction in nitrogen deposition. D66 and GroenLinks intend to take additional measures to combat desiccation. The SP wants the standards for nitrogen use to be stricter. GroenLinks wants livestock numbers to shrink by 10% to reduce pressure on the environment. The resulting impact on production and employment in agriculture and related processing and supply companies could be considerable. A forced reduction in livestock numbers may also lead to financial claims by farmers.

## Biodiversity

Changes compared to the baseline, 2020, in percentage points



The PvdA intends to introduce a tax on livestock nitrogen production in order to finance the Dutch Government programme 'Programmatic Approach to Nitrogen (PAS)'. In addition, the PvdA, D66, SP and GroenLinks intend to introduce a tax on pesticides and/or fertilisers and

antibiotics, among other things to generate financial resources for sustainable agriculture. Finally, the PvdA, GroenLinks and the SP intend to make use of the possibility offered by the Common Agriculture Policy to divert, from 2014 onwards, 10% of income subsidies awarded to farmers and to use this money for rural policy, particularly for agricultural nature management. This will require – insofar as known at this stage – national government co-financing of approximately the same amount.

All in all, it appears that the package of measures package as proposed by GroenLinks would benefit biodiversity the most (Table 2.17). This is due to the fact that GroenLinks not only spends the most on purchasing and developing new nature areas, but also on management, and because it largely solves the desiccation problem. The ambitions of D66 and the SP are slightly more modest, with improvements for biodiversity correspondingly smaller. Where the SP focuses its priorities on the EHS, both GroenLinks and D66 pay additional attention to the species in the Birds and Habitats Directives that have their habitats outside the EHS. Biodiversity increases by several percentage points under the PvdA and ChristenUnie. This is mainly due to the additional attention to nature outside the EHS. Although the SGP and CDA reduce expenditure on the expansion and development of nature, they intend to allocate resources to temporary conservation management and the approach to problems of desiccation. On balance, biodiversity under these parties would decrease by several percentage points. The VVD, PVV and DPK reduce expenditure on nature the most, causing the largest decline in biodiversity, compared to the other parties.

GroenLinks, D66 and SP take important steps towards a sustainable conservation of species. However, the **targets of the Birds and Habitats Directives** will not have been achieved by 2020, the period considered in this analysis. This is not surprising as achievement by 2020 would not be possible, since nature developments and recovery are simply long-term matters.

As with biodiversity, there are also large differences between the parties in their attention to the **experience of nature and landscape**. These differences are mainly related to the size of national government resources for the expansion of the green areas and the place where the expansion is to take place. For example, the experiential value usually increases more strongly with an increased expansion of recreational green areas around the cities, than for measures in more distant areas. Also the differences in attention to agricultural and other landscape elements, such as hedgerows and canals, and the accessibility of nature areas are important in this context. Of course, the presence of disruptive elements, such as infrastructure and buildings, are important for the experience, but less important than the green area.

The PVV, DPK and VVD reduce expenditure on a number of components in the baseline that are important to nature experience. The parties reduce expenditure on management and expansion of nature areas, on green recreational areas around cities and on the maintenance of landscape elements in rural areas. The abolishment of the expansion of green recreational areas around cities will also increase the pressure on the existing green areas. This will also decrease the experiential value of nature and the landscape. The VVD also stops expenditure on recreation in and opening up of areas of Staatsbosbeheer (the Dutch institute for nature

reserve management). This will hamper the accessibility of these areas and, therefore, decrease their experiential value.

The CDA intends to allocate additional resources to agricultural nature management, allowing the experiential value of rural areas to increase, but the effect of this measure will be insufficient to counter the effects from reduced expenditure on the development of nature with a recreational function around cities and on the expansion of nature areas. Compared to the baseline, the SGP intends to spend less on the expansion of nature and recreational green areas around the cities, but will continue to spend money on nature and landscape management. This causes a smaller decline in the experiential value than is the case for the parties that reduce expenditure on all parts that are relevant to the experience nature and the landscape.

As a result of the measures proposed by D66, GroenLinks, SP, PvdA and ChristenUnie, the experiential value of nature and the landscape would increase. Progress is strongest under GroenLinks and D66, among other things because GroenLinks spends additional money on green areas around the cities and, as does D66, on agricultural nature management. Both parties also increase the green character of rural areas by a substantial expansion of the natural landscape and an increase in expenditure on the conservation of existing valuable landscape elements. The ChristenUnie does expand the green areas around the cities, but allocates fewer resources to the rural area, in comparison to D66. Compared to the baseline, the SP spends significantly more on nature areas and on green in agricultural areas, but less on nature with a recreational function around the cities. The increase in the experiential value of the agricultural area, in the proposals by GroenLinks, the SP and PvdA, will partly be funded by withholding 10% of the subsidies the Netherlands receives from the Common Agricultural Policy.





De verkiezingsprogramma's 2012 laten zien welke keuzes politieke partijen maken voor de jaren 2013-2017. De programma's tonen aan dat er echt iets te kiezen valt voor de komende kabinetsperiode. Hoe gaan we na de economische crisis de overheidsfinanciën weer op orde brengen en hoe snel? Verhogen we de AOW-leeftijd en beperken we de aftrek van de hypotheekrente, of juist niet? Hoe verminderen we de filedruk? Willen we klimaatverandering aanpakken en zo ja, hoe dan? Is het de moeite waarde om meer geld uit te geven aan onderwijs of innovatie? Hoeveel trekken we uit voor natuur? Hoe kunnen we de woningmarkt beter laten functioneren? Hoe gaan we om met de stijging van de kosten van de zorg?

In de aanloop naar de verkiezingen van 12 september 2012 hebben tien politieke partijen - VVD, PvdA, PVV, CDA, SP, D66, GroenLinks, ChristenUnie, SGP, DPK - gevraagd om een analyse van hun verkiezingsprogramma's. Het CPB heeft de economische effecten geanalyseerd, het PBL de effecten op milieu.

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