



Fiskālās disciplīnas padome

# Costing election manifestos: Experience from Latvia and the Netherlands

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for EFB conference

05.03.2019



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# Why launching the survey?



- Latvia has been facing national elections in October 2018
- Political parties have been coming up with unrealistic promises and assumptions in their pre-election programmes and debate
- Good experience accumulated internationally, particularly in Netherlands



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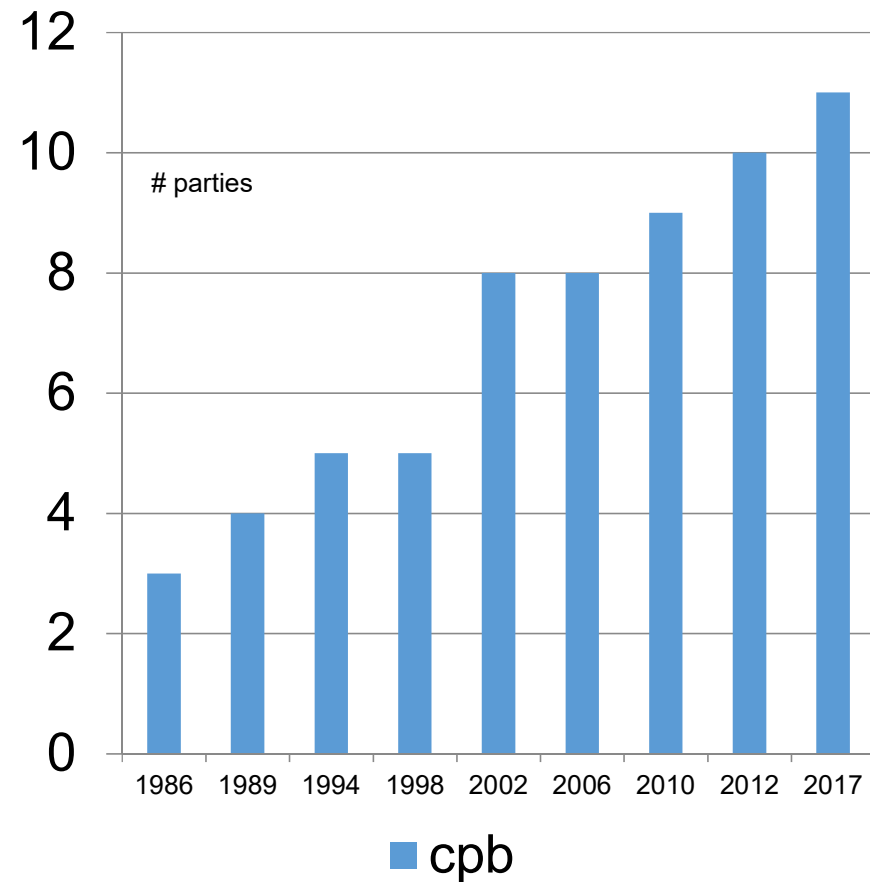
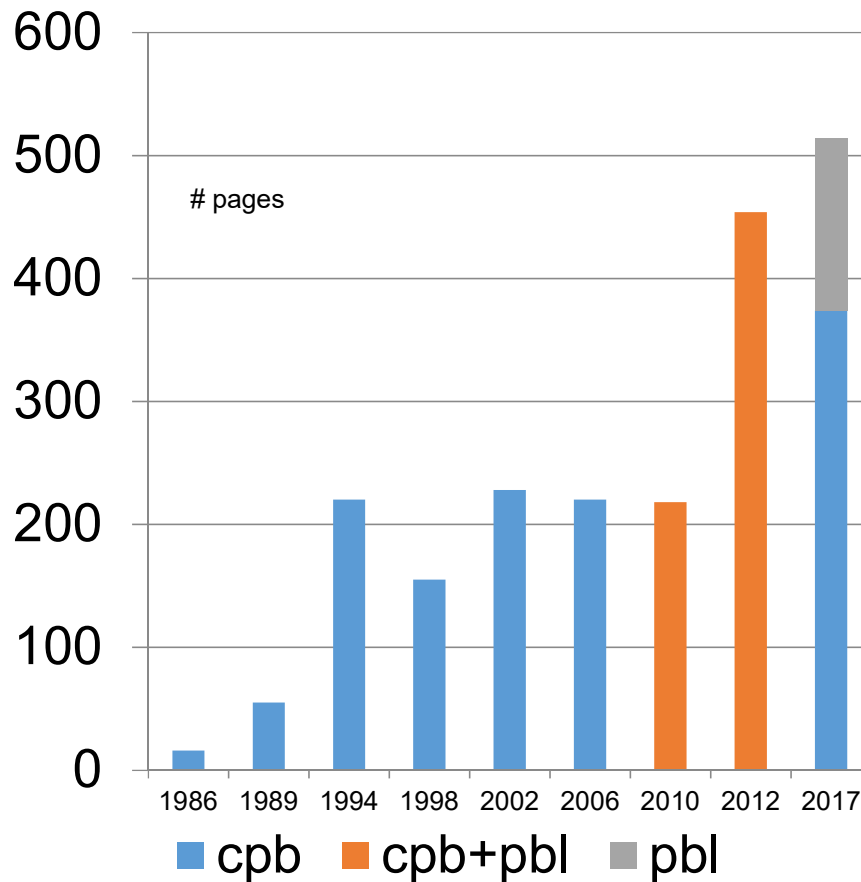
# CPB publications often used in policy debates





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# In the Netherlands since 1986

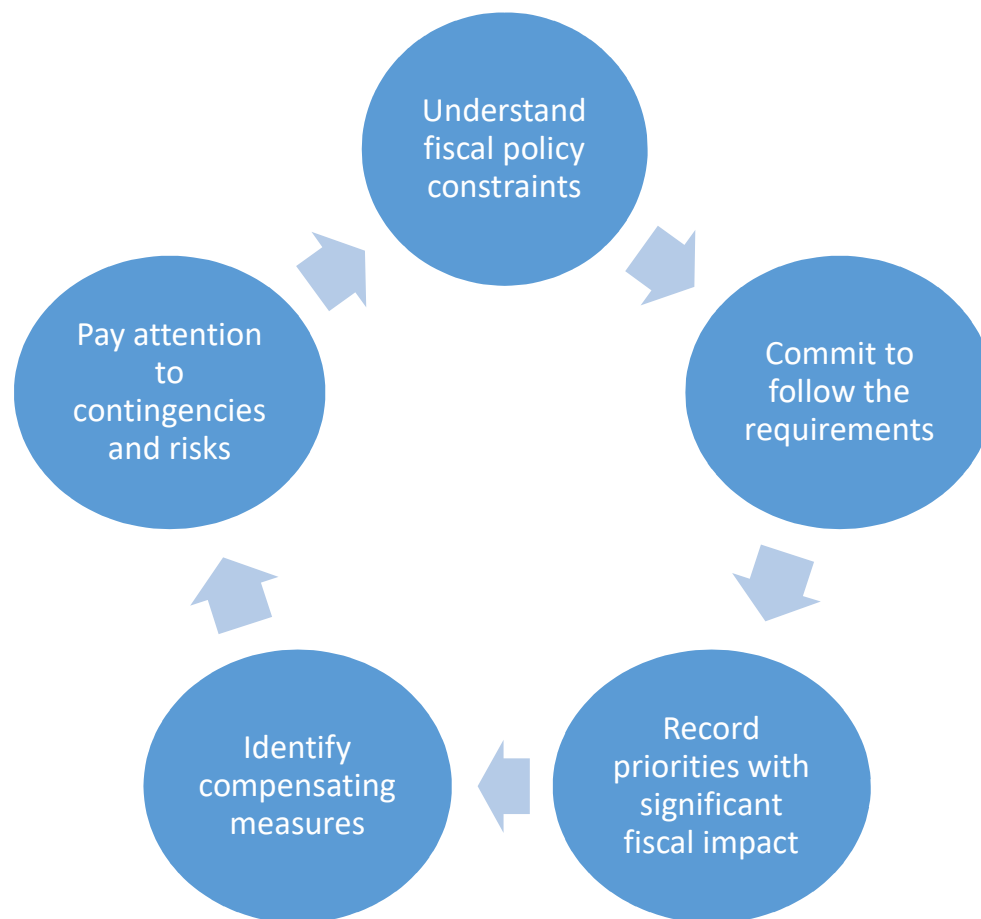




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# Back to Latvia case: the rules are strict

MS Excel based  
tool with fiscal  
policy simulation  
based on the  
latest Stability  
Programme





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# Engaging political parties

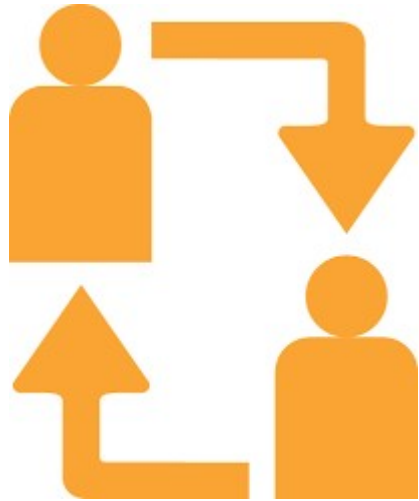


- Through a meeting in the Parliamentary Budget Committee, E-mail, and direct contact
- Encouraging new political parties to demonstrate their capacity to formulate and cost their policies
- Inviting old political parties to constrain populism
- Equal treatment



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# Response rate



- 6 out of 16 parties running in the elections, receiving 50% of seats in the Parliament
- 3 parties excused from providing their simulations in MS Excel model, while promised keeping the fiscal discipline



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# Deviation from the budget balance baseline

Period	Baseline	Jaunā konservatīvā partija	Nacionālā apvienība	No sirds Latvijai	Attīstībai/Par!	Progresīvie	Jaunā Vienotība
2019	-1.0	0.2	0.0	-1.4	0.3	0.1	-0.4
2020	-0.4	-0.3	0.0	-1.3	0.3	0.4	-0.6
2021	-0.4	-0.9	0.0	-1.3	-0.1	0.7	0.3
2022	-0.4	-1.0	0.0	-1.2	-0.3	1.0	0.7
Average 2019-2022	-0.5	-0.5	0.0	-1.3	0.0	0.6	0.0





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# Some other highlights



- Debt level target from 34.0% to 36.8% to GDP by end 2022 compared to 35.6% according to the baseline and debt level at 40.2% at the end of 2017
- Tax revenue to GDP ratio to the levels from 30.4% to 34.3% to GDP – all parties projecting increase compared to the baseline at 30.3%



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# How to assess the results?



- Most components of the survey worked well
- The costing and assumptions behind the measures to cut costs or increase revenue have been less plausible – need for solid technical support
- Not enough time for political parties to formulate the policies and assess their plausibility



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# Latvia: Some outcomes

- Some political parties stressed the significance of the costing exercise and used this widely in the election campaign
- The credibility and the stability of the pre-election commitments turned out very important in post-elections developments
- Split parliament took 109 days to agree on a new coalition (5 out of 7 parties elected) that could secure the support of the majority, while the Coalition concluded a Fiscal Pact



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## In NL: before election manifestos CPB publishes Promising Policies

- 500 policy measures in Chartered Choices originate from Promising Policies



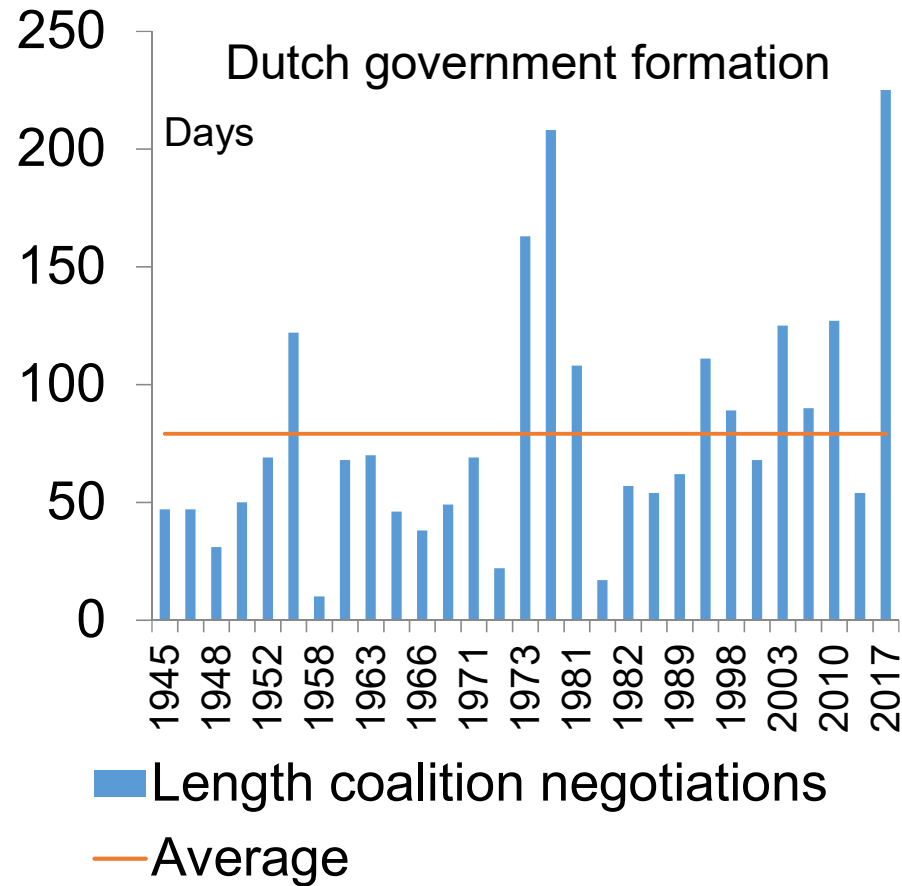
Maatregelen	Ex-ante budget (x miljoen euro)**	Leer-opbrengst per leerling***	Aantal leerlingen (x 1000)****	% bbp	Kwalitatief	
<b>Beginnende docenten sneller inwerken</b>						
PO_1a	Intensieve samenwerking met ervaren collega*	-5	0,03 SD	27	+0,0%	
PO_1b	Coaching alle beginnende docenten*	-5	0,11 SD	27	+0,0%	
PO_1c	Langere opleiding met extra lange stage	-25	0,03 SD	96	+0,0%	Minder inkomen voor beginnende docenten
<b>Beginnende docent beter alloceren</b>						
PO_1d	Beginnende docent eerste drie jaar in hetzelfde leerjaar*	0	Positief	288	Positief	

\* De overheid heeft beperkte mogelijkheden om deze maatregel te bewerkstelligen.



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## Coalition Agreements are key in the Netherlands

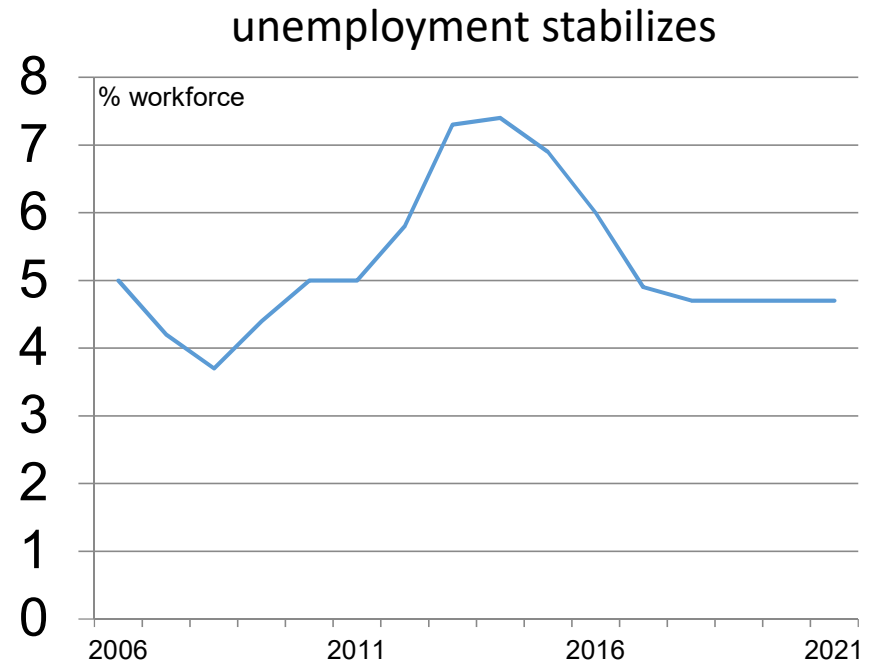
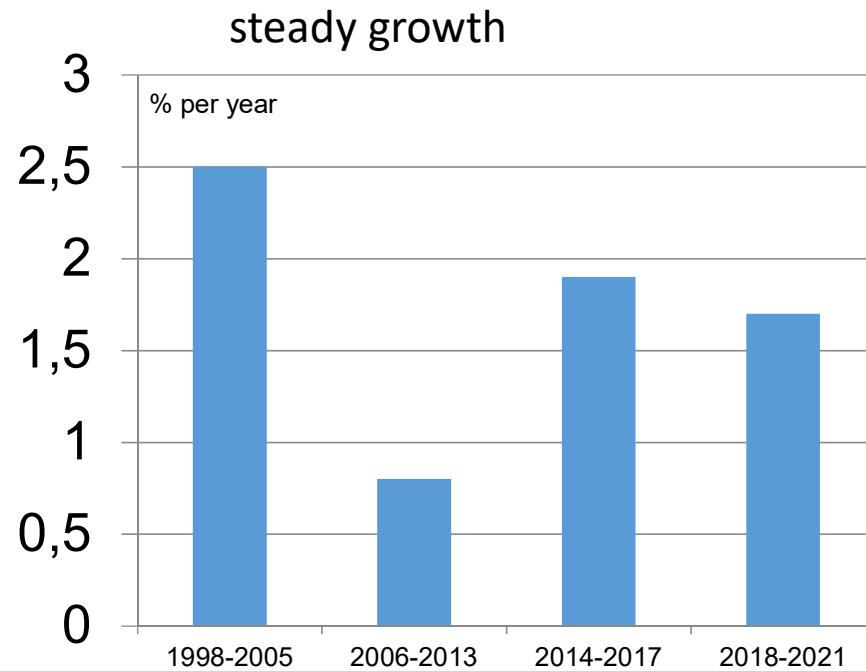


- One key decision moment on budgetary policy every 4 years after the general election.
  - Lengthy negotiations
  - Detailed agreements
  - Trend-based budgetary policy since 1994.
- In case the government or a coalition party wants a change in the Agreement it needs to provide an alternative with the same budgetary impact.



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# In NL: Baseline was not bad

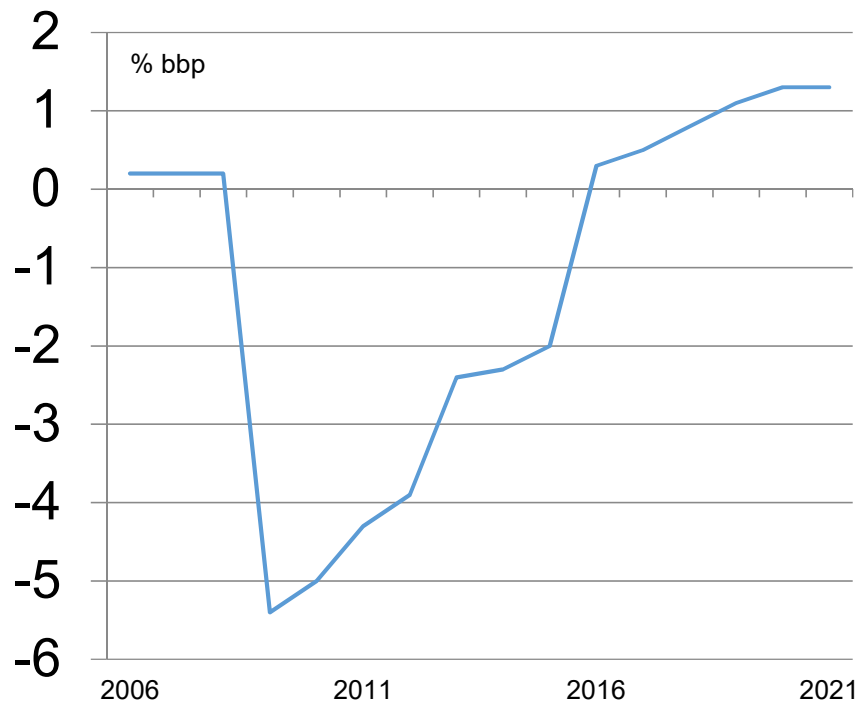




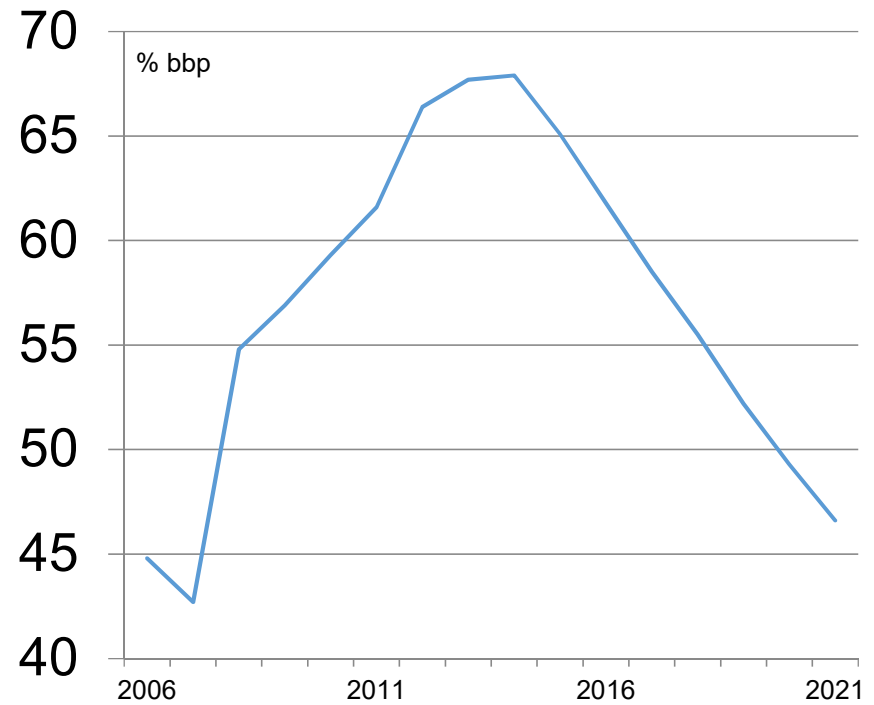
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# In NL: Baseline was not bad

## Budget balance increases



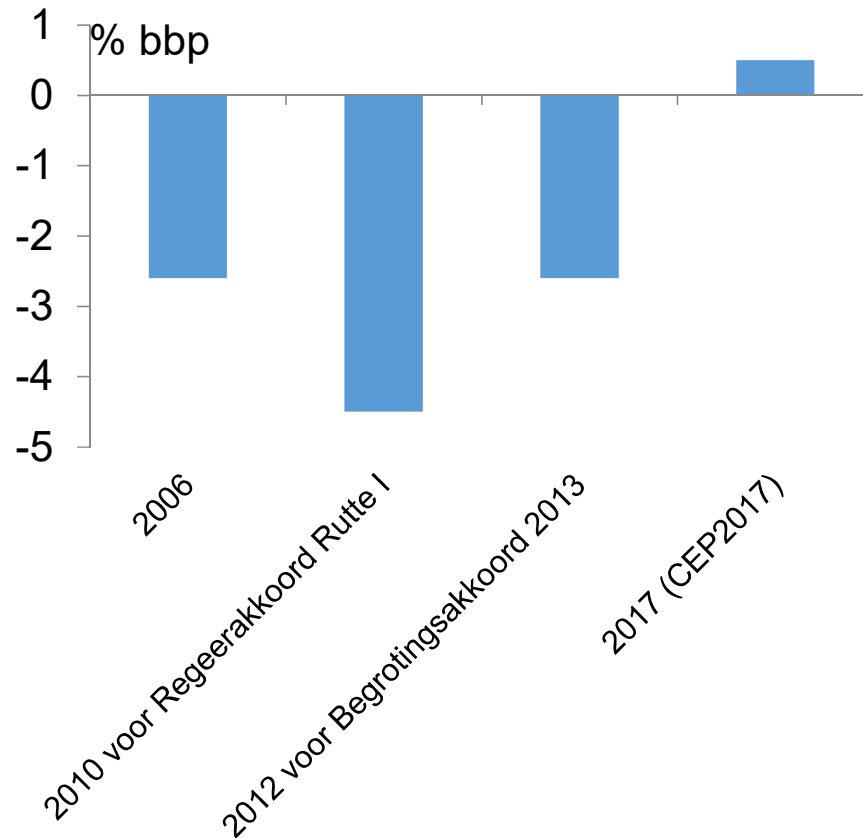
## Debt falls





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# Sustainability balance



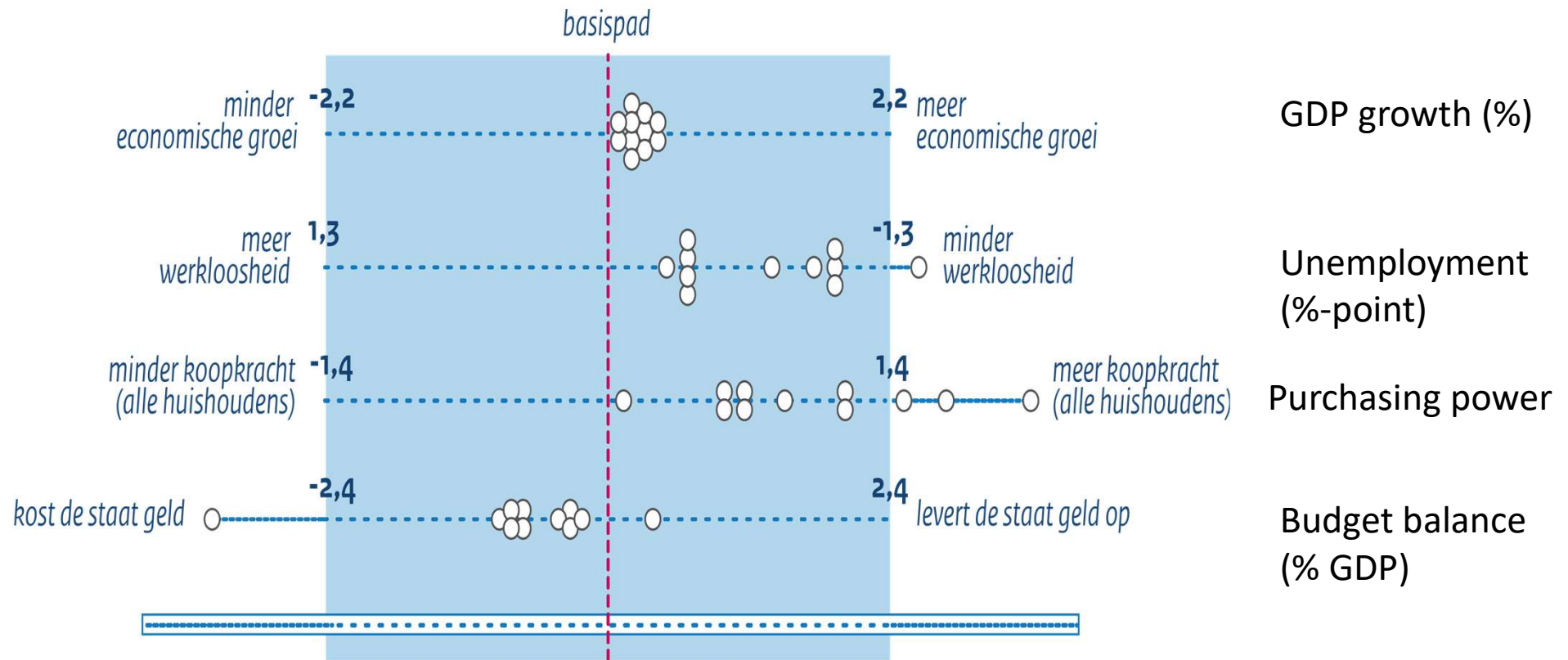
- Dijsselbloem: “The only relevant figure for the spending limit is the sustainability surplus, which shows the affordability of the welfare state in the long term”
- Source: Dutch Financial Times, 29 mei 2017.





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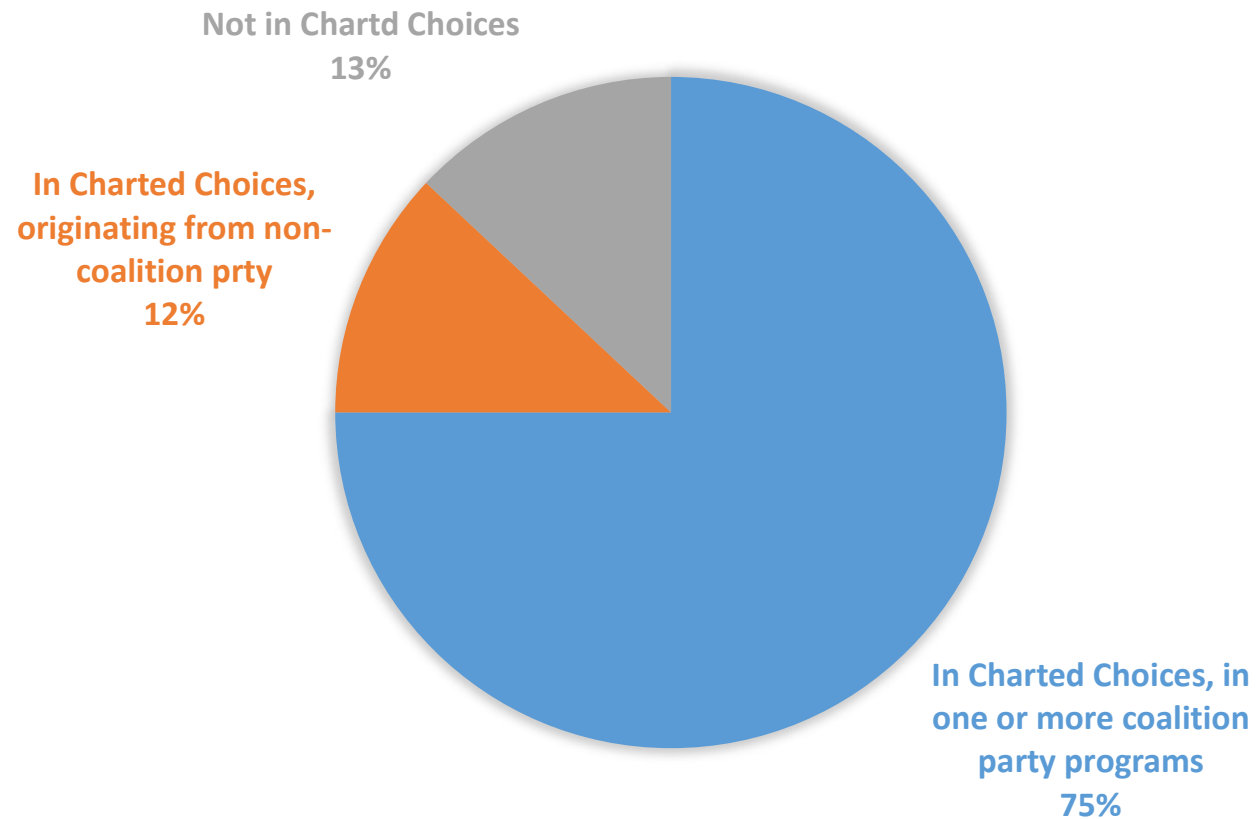
## Results - Within the cabinet period





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## Nearly everything in Coalition agreement in some form in Chartered Choices





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# Thank you!

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