

Progress through consensus

Inaugural speech by Dr A.H.G. Rinnooy Kan
Social and Economic Council of the Netherlands (SER)

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Photo caption, front cover

*Alexander Rinnooy Kan, after his inauguration as Chairman of the SER
(photography by Dirk Hol)*

Photo caption, back cover

*Alexander Rinnooy Kan, surrounded by three former SER Chairmen: Klaas
de Vries, Theo Quené and Herman Wijffels (from left to right), in front of the
portrait of former Chairman Jan de Pous (photography by Dirk Hol)*



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Chairman of the Social and Economic Council

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PROGRESS THROUGH CONSENSUS

In the dead of night on 12 October 1949, after heated discussions about the Dutch Constitution, the House of Representatives passed the Industrial Organisation Act that led to the birth of the Social and Economic Council of the Netherlands, known as the SER. I was then exactly one week old. I hope very much to be the SER's last Chairman to be older than the Council itself!

From the very start, the SER's mandate has always been contested. Very early on, there were concerns about the SER's allegedly excessive influence (in fact, it was sometimes referred to between gritted teeth as the 'Third House'), as well as about the slow rate at which it sometimes drew up its advisory reports. But even the SER's greatest critics have recognised the fundamental contribution that it has made, at its best, to social and economic innovation in the Netherlands.

Let me give a few examples. In 1954, for instance, when the SER's advisory report on the General Old Age Pensions Act led to a breakthrough in thinking about social security. In 1967, when it issued its near-unanimous recommendation for free wage formation. In 1969, when its advisory report on dual-board company structures led to 'the miracle of The Hague'. In 1992, when its advisory report on convergence and the consultation economy – christened by the then VNO Chairman as 'the mother of all advisory reports' – introduced a broader definition of affluence, with social, economic and environmental objectives that remain as relevant today as they were then. And recently, when, under the leadership of my predecessor, breakthroughs were achieved with regard to health insurance, the Unemployment Insurance Act and the Invalidity Insurance Act – issues on which there has been much discussion for decades.



The Polder Model

The SER is unique in its power to bring such discussions – which sometimes start off as what seem to be almost irreconcilable differences of opinion – to innovative, widely supported conclusions. In many countries, its approach in this has been imitated, with glowing reference to the Dutch ‘Polder Model’ tradition of putting aside all differences of opinion and joining forces when the polders threaten to flood.

Yet, ironically enough, in the Netherlands itself the term ‘Polder Model’ has become the source of many differences of opinion and misunderstandings. To one person, it implies a readiness to compromise that is an essential ingredient for broad-based social support. To another, this tendency towards conciliation both clouds and dilutes – which can be fatal for a polder landscape.

However, looking back at history, no one could be ashamed of the Dutch tradition of unity in diversity, which for centuries has allowed us to make headway with respect for one another’s views. Headway in our battle against water, in which rapid cooperation was vital for survival. Headway in international trade, where, over the course of centuries, respectfully dealing with people who think differently became second nature. Headway in terms of our political infrastructure, where the art of forming coalitions allowed the various socio-political groups to be accepted as they were for a long time, and naturally entailed a huge amount of self-regulation. Of course, we should remember, with humility, that the Dutch have brought their renowned battle against water largely on themselves, as a result of our ruthless policy of persistent quarrying, excavation and soil lowering, thanks to which the Dutch ground level has fallen by half a metre every century.

Without a doubt, over time the term ‘Polder Model’ has been watered down to the extent that it has become a worn-out mishmash of contradictions. Nevertheless, the underlying readiness to make progress through sensible compromises remains of undiminished value for a multiform democracy that

could easily collapse under the weight of too many opinions – provided, of course, that we can find leaders who understand the art of making a sensible compromise (which, by definition, will not be fully pleasing to anybody), sufficiently acceptable to all.

The Netherlands is such a democracy, but despite our beautiful history, in the past few years our society has been noted more for its dissension than for its unity, and more for its intransigence than for its willingness to compromise.

The Netherlands off balance

For those observing the Netherlands, these are confusing times. Anyone able to view the country objectively can see a country that has lost its equilibrium. The culture that was once lauded by Baudelaire for its ‘luxe, calme et volupté’ seems to have become a culture of uncertainty, discontent and intolerance. Uncertainty about a future of decreasing local and national sovereignty, a future that is increasingly unpredictable for the elderly and has never really been predictable for the young. Discontent with the powerlessness of politicians in both the Netherlands and Europe to reduce this uncertainty. And intolerance, a lack of respect, as an outlet that puts our unity under further pressure and promotes discord.

This is a dangerous combination. Among the post-war generation, feelings of uncertainty and fear intensify a desire for risk reduction that is already strong. Over time, so many safeguards have been established against undesirable changes in the Netherlands that we can only bring about desirable changes with difficulty and under the pressure of circumstances. Far too much of our energy as a nation is spent on defensive goals, in the battle against any threat to the status quo. You only have to travel through Asia and see how much energy is devoted there to positive national goals to fear for our chances of survival in the global market.

This problem is not exclusively a Dutch one. In many European countries, people feel threatened for similar reasons. The threat becomes ever more

explosive as we fail to integrate immigrants from ethnic minorities, as clearly shown recently in France. There is no safeguard in place that will automatically protect the Netherlands from similar explosions. Our heated debate about integration and immigration not only weakens our centuries-old image of polite tolerance, but it also masks the risk that a large group of immigrant youths may be excluded from society, in a split that could seriously attack our unity as residents of this country.

Uncertainty and discontent also colour our view of the outside world. Our pro-European stance has turned into distrust and irritation with regard to Brussels. Under the flag of the subsidiarity principle, we predominantly take defensive positions. We sometimes forget that as national borders lose their economic meaning, they also take on a new political meaning. The changing face of our international environment is almost impossible to keep up with. Our global interdependence – economic, environmental, social, legal and political – is increasing day by day. Anyone who finds it harder than ever to predict their future in our small European country is right.

Towards a strategy for national participation

However, our problems can be solved. I am fully confident that we can develop a promising national strategy that builds on our historical advantages and achievements, with the appropriate focus on people, planet and profit. We must continue to lay the foundations for this in the coming years – a key part of this will involve satisfactorily addressing the widespread feeling of uncertainty that I spoke of earlier.

We will not be able to achieve this simply by creating false certainties. The world around us really has changed – that's a fact. We will only be able to achieve it by creating a genuine new self-confidence, a widespread feeling that the residents of the Netherlands are more than equipped to cope with an inherently and increasingly unpredictable future. This is what is meant by the ideal of the 'strong citizen' who, thanks to ongoing education and training, can continue to find his or her way in a changing world, and who,

during life's most challenging turning points, knows he or she is supported by a modern system of social security.

What, then, are our historical advantages and achievements? First of all, our location, in the heart of Western Europe, around the continent's most beautiful deepwater port and on an immense – but ultimately finite – natural gas field. The rest of our strengths and achievements come down to our people. It's their drive that has compelled the Dutch to sail the world's seas, leading them to explore every far corner where there is something to be gained. It's their drive that has made the Netherlands a cosmopolitan base and true home for entrepreneurs, artists and researchers from all over the world. And it is their drive that has given the residents of this country their international reputation for level-headed entrepreneurship and objective expertise, rooted in a tradition of sound education and high-value research.

Of course, the work of people is vulnerable, and that has become very clear in recent years. The very first priority for a successful national strategy is to continue to leverage our historical advantages as much as possible, while ensuring maximum continuity for our historical achievements. That is what drives the debate on innovation: the Netherlands will only be able to survive economically if it can maintain a tradition of innovation in complete openness towards the rest of the world. This aim justifies the ongoing investments in our physical, social, tax, cultural and environmental infrastructure. This will allow us to protect the historical attractiveness of our location for the future.

Our tradition of unity in diversity, our readiness to compromise, respecting each other's interests and beliefs, must also be able to serve as the basis for a successful national strategy. I firmly believe that this strategy must, first and foremost, be a participation strategy. By that, I mean a strategy whereby all citizens – whether they are male or female, originally from the Netherlands or not, young or old – can access what the country has to offer them and can be called upon for what the country expects of them, in a perfect balance between rights and duties. This balance is crucial to ensure a sustainable

basis for solidarity; a solidarity that will be further put to the test by the ageing of the population.

What the country should offer its citizens is sufficient (but not unlimited) scope and time to develop their talents. What the country may expect from its citizens is that they subsequently be prepared to put those talents to the service of society. What citizens may expect from their country is a real opportunity to do so through meaningful employment.

In this, there is still no better means than employment and entrepreneurship to bind society together and create social cohesion. At the same time, unemployment, in particular long-term unemployment, is the greatest threat to this cohesion. The Clinton campaign – “It’s the economy, stupid” – was right, provided we see this in the broadest social context: how people choose their role within the economy, how they fulfil that role, and how they experience the results. Fifty-six years after the SER was founded, it is the undiminished importance of this broad perspective for social affluence and welfare that continues to justify the Council’s existence, as well as the central role played in it by employers’ and employees’ organisations that represent the majority of the working population in the Netherlands.

A national strategy must not get bogged down in abstractions. Instead, it must be translated into a policy that differs from what has been offered in recent years; sometimes in evolutionary ways, and sometimes in revolutionary ways. A successful participation strategy must also ensure that no single talent is lost and that citizens can freely choose their role as a unique piece of a sensible and meaningful whole. A successful participation strategy must equip citizens to take responsibility for their own future, their working life and their retirement. And it must make sure they are able to invest in their future as employees, together with their employer and the government, and that young entrepreneurs can go on to become employers with as few obstacles as possible along the way.

The medium-term social and economic policy advisory report, on which the SER is now working intensively, offers the SER the opportunity to make a strategic contribution to a new Cabinet policy – a policy that must find its own equilibrium between progress and consensus. This is about conciliation in the name of participation: a sensible strategy can create the space for the necessary progress or action, with the necessary consensus or support. Support, for instance, for the Knowledge Investment Calendar of the Innovation Platform, which argues for ambitious, capital-intensive investments in our knowledge economy. Support, too, for the preservation of a tradition of solidarity: what can we expect from people? What is the added value of collective arrangements? What needs to be redistributed in order to protect those in a vulnerable position?



The primacy of politics

These are just some of the issues in the strategic debate that is so critical for the Netherlands, and in which I hope to be able to play a useful role as Chairman of the SER.

I believe wholeheartedly in the possibility of bridging differences through rational debate and in the readiness of Dutch employers and employees to adapt their opinions and biases in a serious effort to reach a mutually agreed conclusion. And even if this mutual agreement is only partial, or is lacking entirely, it is nonetheless important to seek to fully understand what lies at the very heart of disagreements. Consensus is a means, and not an end. A lively culture of critical consultation cannot exist without periods of fundamental conflict. The art is not to get trapped in such conflicts.

In so far as the SER is concerned, the fruit of these efforts will never be more than advice given to government and parliament. To me, the primacy of politics as the ultimate decision-making process has never been up for debate. An advisory report is not a dictate, and it contains no ultimatums. However, we can ask politicians to show respect for the efforts that go into drawing up an advisory report – especially a unanimous advisory

report – and not put the future obligingness of parties within the SER too much to the test by selectively picking and choosing from the concessions they have made.

Of course, an advisory body must know its place – but the SER's place is certainly an exceptional one, if only because it is the channel through which advice is given by interested parties prepared to join forces in a shared advisory report. The SER's 1949 mandate was based on the principle that the Council would be more than just the sum of the separate employer and employee lobbies. Thanks in part to the broadening and deepening of the Crown members' contribution, and the expertise of the secretariat, this added value has indeed come to exist over time. Of course, advice from the renowned 'independent experts' – of which, I'm happy to say, I was once one myself – can very well be original, inspiring and interesting. But the SER has also amply proven the high worth of the advice of interested parties. Such advice may not automatically be creative, but it will always be relevant, as well as offering exceptional possibilities for wide-based support and for promising innovation from the bottom up.

No mandate is ever unthinkingly renewed year after year. I fully realise that the SER must continue to prove its added value, which is above all evident in unanimous advice, and I willingly and passionately commit myself to this cause. But, let us not forget, the scope to do so will partly be decided by politicians!

Insiders and outsiders

Since 12 October 1949, the SER's agenda has changed dramatically. Europe has gone from being a vision to being a reality that determines our national socio-economic policy. The decentralisation of decision-making regarding sectors and companies has also become a reality, and one that has been given a powerful impetus by a number of the SER's advisory reports. In many areas, the regulatory industrial organisation in the Netherlands adds value,

but ultimately it has failed to develop into a system that encompasses all sectors of the national economy.

Rightfully, the SER and its Chairman are required to continue to adapt the ways of working of the Council to these developments and others. There is, however, one development that has given rise to an exceptionally venomous criticism of the SER. The number of socio-economic 'stakeholders' in the Netherlands has grown enormously, both within and outside the employer and employee arenas, and many of these stakeholders demand to be involved in discussions within the SER. This has led to the criticism that the SER seeks only to serve its 'insiders', while overlooking the needs of 'outsiders'.

This is a venomous criticism in the sense that the participation strategy I argued for would be doomed to failure if it excluded outsiders. A SER that concerned itself exclusively with established social and economic interests would automatically fall short of its innovative objectives.

But is the criticism at all justified? Certainly not in its entirety, without qualification. There are many examples of SER advisory reports that expressly serve the interests of the self-titled 'outsiders', such as young people, the self-employed or the elderly. The recent appointment of the 29-year-old Chair of FVN Jong to the SER has not gone unnoticed, and some parties outside the employer and employee arenas, such as the Dutch Consumers' Association and the nature and environmental organisations, have also become involved in the SER's work.

And yet we should take this criticism seriously, even if only out of respect for the readiness of so many organisations to participate in some way in the advisory process. I believe we should therefore look for further opportunities to involve current outsiders at an appropriate level, with the proviso that this involvement cannot coexist with any remoteness or lack of commitment on their behalf. At the same time, the commodity and industrial boards will focus on the question of how unorganised parties can be involved in

polymaking and how transparency can be enhanced by means of a code of good governance.

A wider-ranging and increased involvement of all parties in our advisory work fits well with my intention to ensure the SER's work is carried out in intensive interactions with the outside world. There is much to be gained from a lively, two-way exchange. The extensive expertise available within the SER can be used to benefit people more widely than is currently the case. Equally, there is much the SER can learn from outside its own four walls. You have been warned: if you are here today for the first time, it will not be the last if I have anything to do with it!

Conclusion

It is with this invitation to all of you, and with great pleasure, that I accept the Chairmanship of the SER. As is customary, I would also like to thank her Majesty the Queen for passing the resolution for my appointment, as well as all those who have contributed to that resolution.

In addition, I thank the Netherlands' employers – and, in particular, their employees – for the trust they have put in me, and which a former chairman of the VNO can by no means automatically expect! Furthermore, I'm delighted to join the renowned group of Crown members and, together with them and the other members, to give shape to future SER meetings, which hopefully will continue to be noted for their quality and commitment – and perhaps even for a welcome dash of vitality. The willingness of Dutch employers and employees to venture, together with the Crown members, into discussions that would inevitably end in conflict anywhere else in the world cannot be praised enough.

I am grateful for the attendance today of three former and still highly inspiring SER Chairmen, Theo Quené, Klaas de Vries and Herman Wijffels, for my immediate predecessor's work as the SER's acting Vice Chair, for the warmth with which I was welcomed into this building, and for the

involvement of the Minister for Social Affairs in this ceremony. I am equally grateful for the attendance of my family and friends, and for the personal consideration so many of you have shown me over the past few medically challenging months. Together, all of these things give me every confidence in being able to face the future with spirited optimism.



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