

The Social and Economic Council of the Netherlands



The Social and Economic Council of the Netherlands



The SER's mission

As an advisory and consultative body of employers, employees and independent experts, the SER aims to contribute to greater prosperity in society by establishing a consensus on national and international socio-economic issues. In doing so, it aims for quality and consensus, in the form of a high level of expertise, combined with a broad basis of agreement and public support.

Contents

What is the SER?	4
Why was the SER established?	8
Who are the members of the SER?	13
What does the SER do?	15
How does the SER work?	23
More information	27

What is the SER?

In the Netherlands, we try to reach agreement on the objectives and means of social and economic policy through consultation between various parties. This consultation takes place on a number of different levels. Within companies, the Works Council consults with management. At sector level, trade unions consult with employers' organisations on collective employment conditions, while at national level consultations take place both within the Social and Economic Council – the SER – and within the Labour Foundation (Stichting van de Arbeid). All these various consultations form part of the Dutch 'consultative economy'.

The SER comprises representatives of employers' and employees' organisations and several Crown members appointed by the government. Together, they advise the Dutch government and parliament on social and economic policy. The SER also has a number of administrative tasks, including monitoring commodity and industrial boards. It is also required to encourage industry to consider the public interest, and it is in this connection that the SER oversees compliance with merger regulations and self-regulation in consumer affairs.

The SER as advisory body

The SER is the main body advising the Dutch government and parliament on social and economic issues. Upon request or at its own initiative, the SER advises government and parliament on the outlines of social and economic policy. As the SER is made up of experts from academia and industry, it is able to draw on considerable knowledge in these areas. This enables the SER to advise on issues that affect many Dutch citizens, such as work, income levels, social security, taxes, professional education, town planning and the environment.



The SER as administrative body

In addition to its advisory role, the SER also has an administrative role. For example, it is responsible for monitoring commodity and industrial boards, the public bodies that jointly represent the employers' organisations and trade unions within a particular sector. The SER also monitors compliance with important industrial legislation, such as the law governing works councils.

Embedded in law and in society

The basis for the SER's performance of its tasks is firmly rooted in both society and law. With respect to society, the SER's membership comprises representatives of employees' and employers' organisations, with their following, as well as representatives of the Crown. The SER's legal basis is laid down in the Industrial Organisation Act, which defines what the SER is and what its tasks are. This social support and legal mandate define the SER's role in Dutch society.

**SER – Ensuring widespread
support for public policy**



Consultative economy – typically Dutch?

The system of consultation among social and economic partners that exists in the Netherlands is not a uniquely Dutch phenomenon. Such consultations between employers, employees and the government can also be found elsewhere; and many other countries have collective labour agreements and institutions that are comparable to the SER. A form of social dialogue is a prerequisite for membership of the European Union; and many countries outside the EU also appreciate the importance of close collaboration between social partners and the government.

The Dutch system, or ‘consultative economy’, is also sometimes referred to as ‘the Polder Model’. However, this is not a term we like to use, because in referring to a static concept, it fails to do justice to the dynamic nature of the system. What

is more, the term ‘model’ wrongly implies that the system could be adopted as it stands by other countries, whereas in fact the differences between countries in terms of their institutions are too great for this to work in practice. Of course, important lessons that we have learnt here in the Netherlands may well serve to inspire reforms elsewhere.

The Dutch consultative system has had its ups and downs, but the parties involved have always found it essential to consult with each other. We have a duty to work together to ensure sound public policy. This sense of obligation to consult may be characteristic of the Netherlands, which has always been a country of relative minorities. Since no one group ever has an absolute majority, there is always a need to form coalitions, conduct negotiations and to work together.

Why was the SER established?

The SER was established by law in 1950, following a long period of discussion on the social and economic order in the Netherlands. The main focus of the discussion involved the role to be played by the government and social organisations. This took place during the period of rebuilding after the Second World War, when the major economic crisis of the 1930s was still fresh in everyone's mind. Most people felt that the government should be more involved in economic growth, employment and social security. For the government to be able to do that, it needed the ongoing involvement of industry (i.e., employers and employees). This could be achieved by granting them a greater say in socio-economic issues.

Establishment

The 1950 Industrial Organisation Act (Wet op de bedrijfsorganisatie) laid down this greater involvement of employers and employees in social and economic policy, and legally established the SER as a public body. Through the SER, industry was given an advisory role, as well as being granted administrative powers, including the option of setting up commodity and industrial boards. These boards provided a forum for employers and employees to deal with key issues affecting their sector.

Three main objectives

In one of its earliest advisory reports, the SER set out its social and economic policy objectives; these were later updated in subsequent SER advisory reports to take account of changing times. For a consultative system to work properly, unanimity on objectives is





essential. The joint objectives set out by the SER help the parties involved to reach agreement on more tangible decisions in social and economic policy. The SER's three key objectives are:

- balanced economic growth and sustainable development
- the highest possible employment rate
- a fair distribution of income.

The SER and the consultative system

The government and the social partners each have their own tasks. However, the parties have the right to call each other to account on how those tasks are carried out. This is the essence of the consultative system. The SER is the primary

platform for coordination and consultation on important socio-economic issues. This consultation results in public advisory reports, supported by analyses, arguments and recommendations.

Funding

Although established by law, the SER is not a government body and is financially independent of the government. The SER's work costs approximately € 16 million per year, and is funded by industry, via a mandatory tax levied by the Chambers of Commerce.

**The SER is funded by all businesses
in the Netherlands.**





STICHTING VAN DE ARBEID

The Labour Foundation

Besides the SER, there is another national organisation involved in the consultation system – the Labour Foundation (Stichting van de Arbeid). This was set up in 1945, almost immediately after the Second World War, by the central employers' and employees' organisations. As such, it is a private, not a public body. Unlike the SER, the Labour Foundation has only representatives of the social partners: it has no independent members. The Labour Foundation can play a coordinating role by making recommendations to negotiating parties in companies and industry sectors. Twice a year, in spring and in autumn, the Foundation consults with the government on the policy to be pursued.



Who are the members of the SER?

Three groups

The SER consists of three groups: employers, employees and independent experts. This tripartite structure reflects the social and economic relations in the Netherlands. Employers and employees, represented by members of their central representative organisations, together form organised industry. Seats are allocated according to the respective sizes of these organisations. In total, the Council has 33 members: 11 representing employers, 11 representing employees and 11 independent or Crown members. Council members are appointed for a term of two years. Each member votes as an independent individual and does not take instruction from any outside party. Each member has a deputy. Four members from each of these three groups sit on the Executive Board of the SER.

Three major employers' organisations are represented in the SER:

- VNO-NCW (7 seats)
- MKB-Nederland (3 seats)
- LTO-Nederland (1 seat)

Three trade union federations are represented in the SER:

- FNV (8 seats)
- CNV (2 seats)
- MHP (1 seat)

Crown members are independent experts, and are often university professors with a chair in Economics, Finance, Law or Sociology. They are appointed by the Crown. Their task is to protect the general good. They also act as mediators by formulating compromises when employers and

The composition of the SER reflects socio-economic relations in the Netherlands.

employees are unable to agree. In appointing a Crown member, special care is always taken to maintain a careful balance among the fields of expertise available in the SER and among the various political views in the country. Crown members include representatives of the Dutch Central Bank (Nederlandsche Bank) and the CPB Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau). One of the Crown members also serves as the Chair.



What does the SER do?

The Industrial Organisation Act ascribes the SER a number of advisory and administrative tasks, and gives it a role in promoting self-regulation in business.

Advisory task

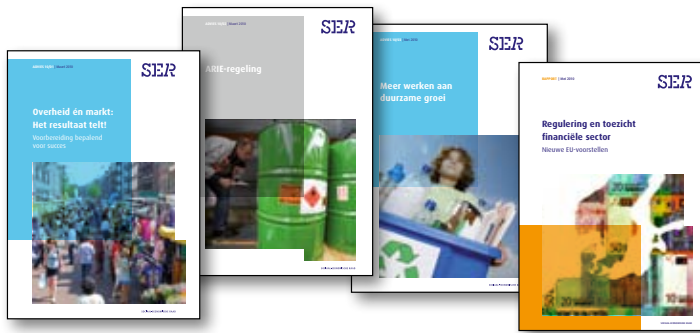
The SER's best-known function is to advise the Dutch government and parliament (on request or at its own initiative) on the outlines of social and economic policy. The arguments and opinions expressed in the SER's advice often play a role in public debates on socio-economic issues, both within and outside parliament.

The SER's advisory reports are available to the public and are usually published in book form and on the internet. They cover a wide range of social and economic issues, including issues to do with:

- macro-economic policy
- economic structural policy
- spatial planning and transport infrastructure
- sustainable development
- social security and healthcare
- pensions
- the labour market and its relationship to education
- employee participation and labour and industrial law
- labour conditions
- consumer affairs
- international social and economic affairs.

Broad concept of prosperity

The SER has also often expressed its views on matters that might, at first sight, seem to lie outside its normal scope of



socio-economic affairs. For example, in the 1950s, it made recommendations on agricultural and transport policy. Over the years, the proportion of such recommendations has grown, especially in the fields of spatial planning and mobility, the environment and energy, and health and education. This is because policy in those areas has a great effect on general socio-economic policy, with far-reaching socio-economic consequences. This requires a holistic analysis and assessment of developments and plans. Government, too, is increasingly approaching problems more holistically rather than from the point of view of a single ministry. This explains why ministers often submit joint requests for advice from the SER.

This development fits in with the broad concept of prosperity that the SER introduced in the early 1990s. Prosperity is not just material progress (greater affluence and growth in production). It also includes aspects of social progress (well-being and social cohesion), and a good quality of living environment (spatial and environmental quality). Socio-economic relevance naturally determines whether a subject is appropriate for the SER to consider. The SER is, after all, not an environmental, education health or spatial planning council. It focuses on the socio-economic aspects of environmental, education, health and spatial planning issues.

Value through knowledge and social support

Although the government is not obliged to follow the SER's advice, any unanimous agreement between the employers'

The SER encourages industry to be guided by the public interest

Prosperity is not only about material progress: it is also about well-being and a good living environment

organisations, employees' organisations and Crown members serves as a powerful signal. The government is obliged to respond to the SER's advice within three months. If the government chooses to deviate from the SER's advice, it must state its reasons for doing so.

The added value of the SER's advice lies mainly in the combination of knowledge and social support that the SER brings to the socio-economic debate. Both the Crown members and the social partners (i.e., the employers' and employees' representatives) contribute a high level of expertise. The Crown members provide expertise in their personal fields, and the social partners provide expertise based on daily practice within companies. Together, these insights serve as a valuable source of information.

The SER's advice also gives the government insight into whether there is sufficient support among the social partners for its intended plans or proposals. The function of employers' and employees' organisations is above all to protect the interests of their members: these interests may, at times, differ. The SER's advice challenges social partners to also take into account the common interest in their endeavours and actions.

The SER's advice is therefore not limited to reporting the views of the parties. The SER's policy recommendations are supported by an analysis and arguments, making it possible to assess whether these recommendations serve both the public interest and the objective of social prosperity. The advice that the government receives from the SER – unanimous or divided – allows it to determine whether there is sufficient support among the various representative members for a particular proposed policy. Unanimous advice clearly indicates broad support, whereas a divided opinion shows the government that support is lacking in certain important sectors of society.

The added value of the SER's advice lies mainly in the combination of knowledge and social support

Administrative tasks

The administrative tasks of the SER originate not only in the Industrial Organisation Act (*Wet op de bedrijfsorganisatie*), but also in other legislation, such as the Works Councils Act (*Wet op de ondernemingsraden*). The SER's main administrative tasks are:

- Supervising commodity and industrial boards, particularly approving their ordinances and decisions, supervising compliance with the principles of good board management, and conducting a survey every four years to monitor the level of support.
- Enforcing legislation, such as in the context of the Works Councils Act.
- Advising on the introduction and discontinuation of boards and the periodical appointment of board managements.
- Coordinating (either at the request of the minister of Social Affairs & Employment or otherwise) joint activities for the commodity and industrial boards, such as creating a Code of Good Governance.

The Works Councils Act determines whether a company is obliged to set up a works council or not. The Act authorises the SER to decide on requests for exemption from the legal obligation to establish a Works Council. In addition, the Act empowers the SER to collect a levy from all companies that are required to set up a works council. These funds are used to pay for the training and education of works council members. The Act also assigns the SER a role as a source of information in the field of employee participation. In addition, it requires the SER to set up and appoint sectoral committees to mediate in the event of a dispute between a works council and an employer. Currently (2010), there are two such committees for industry, and one for the civil service. The SER acts as secretary of the two committees for industry. (See www.bedrijfscommissie.nl).

How much weight does the SER's advice carry?

The effectiveness of the SER's advice is not easy to quantify. It cannot be measured purely by the extent to which it is incorporated into legislation and regulations, as not all advice is given for the purpose of developing a legislative proposal. In most cases, the advice given concerns the SER's response or views on a policy document, for instance. Often, parts of a SER advisory report are eventually laid down in legislation and regulations. As it takes a long time for policy to be implemented, it may be some time before the effects of the advice become apparent.

The effectiveness of the SER's advice can be seen not only in the actual action taken by the government on the basis of a SER advisory report, but also in the way in which it stimulates discussions between the employers', employees' and Crown members, as well as those they represent. The value that the SER adds also lies in the fact that it brings the various parties together and creates support for policy changes.

More than 80% of the SER's advice is unanimous. Of the divided opinions (the remaining 20%), approximately half are unanimous on the key issues, and only divided on minor matters. In only 10% of the SER's recommendations are opinions divided on major matters.





What are commodity and industrial boards?

Commodity and industrial boards are public bodies in which employers and employees together carry out activities for a given sector as a whole. The sector itself decides whether it wishes to set up such a board: this explains why some sectors have a commodity board while others do not.

Commodity boards are designed to serve the interests of businesses involved in the same commodity, from raw material to finished product (e.g., the Commodity Board for Livestock and Meat). Industrial boards represent businesses that play the same economic role, such as hotel and catering businesses or retail companies.

A defining characteristic of a board is that its rules are binding on all businesses in the relevant sector. In pursuing its activities, a board gives priority to the public interest and the interest of the sector in question. Examples of such activities include joint advertising campaigns, the prevention of plant and animal diseases, promoting innovation in the sector, and improving working conditions.

There are currently 17 commodity and industrial boards in the Netherlands. They represent a total of nearly 500,000 businesses (usually small businesses), in which some 1.5 million people are employed.

Self-regulation

The Industrial Organisation Act requires the SER, as one of its tasks, to promote the interests of trade and industry, and to encourage industry to be guided by the public interest in its operations. In this context, the SER has the following responsibilities to ensure self-regulation:

Merger Code

The representatives of the employers' organisations, employees' organisations and Crown members within the SER have agreed on a code of conduct for enterprises that are going to be involved in a merger. This code of conduct has been laid down in the SER Merger Code of 2000, and aims to protect the interests of employees in the event of a merger. Amongst other things, it stipulates that the relevant trade unions must be involved in good time (i.e., before the planned merger has been publicly announced). The SER Merger Code Arbitration Committee (SER-Geschillencommissie Fusiegedragsregels) deals with complaints to do with violations of the Merger Code. If the Arbitration Committee considers a complaint to be legitimate, it may issue a public reprimand.

Promoting business/consumer self-regulation

The SER encourages business and consumer organisations to consult each other about mutually satisfactory general terms and conditions (i.e., the 'fine print' that applies when consumers purchase goods or services from businesses). This type of self-regulation ideally leads to the establishment of arbitration committees made up of members representing both business and consumers. The SER has provided the basis for such arrangements in many different sectors of the economy, and the number of arbitration committees in the Netherlands is still growing.

Some 1.5 million people work in the sectors where commodity and industrial boards are operating



How does the SER work?

To ensure that the SER can carry out its many tasks efficiently and effectively, it is assisted by a number of committees and a permanent secretariat. The SER is led by an Executive Committee.

Council

In principle, the full Council meets on the third Friday of every month in the council chamber of the SER building, primarily to discuss and finalise the SER's advisory reports. Prior to this stage, the reports are prepared and discussed intensively by a separate committee (see box). Where the SER's advice is not unanimous on all points, the differences of opinion are set out in the report. The meetings of the Council are open to the public, and interested parties may attend the meetings without having to notify the Council of this in advance. The agendas, reports of the meetings and draft recommendations are available on the SER website.

Committees

The SER has set up various committees to carry out its tasks and prepare its advisory reports. Like the SER itself, these committees are made up of employers' representatives, employees' representatives, and independent experts. Most of the committees draft the advisory reports for discussion in the full Council meeting. Other committees may give their advice directly to the government or parliament. In principle, each committee is chaired by a Crown representative.

Two other committees have a rather different function: the Administrative Chamber is concerned with the SER's administrative tasks, while the Supervisory Chamber (consisting of three Crown members) is responsible for the SER's supervisory task.

Participation of other groups

The SER also invites other groups, besides employers, employees and Crown members, to contribute to the discussions leading up to the formulation of a recommendation. Input from others can prove useful and lead to better recommendations that have broader support, especially in matters that fall outside the SER's usual socio-economic domain. Organisations that have a specific viewpoint, or represent a particular interest may be involved in preparatory discussions at the committee stage, but they are not members of the Council and therefore have no input or involvement in the formal establishment of a recommendation.

Work forms

The ways in which other groups are involved in advisory work take various forms. The committee may, for instance, hold a hearing, arrange a panel discussion or (often) pay a working visit. For a particular advisory project, repre-

How does a SER advisory report come about?

- A minister, deputy minister or member of parliament draws up a request for advice and sends it to the SER.
- The SER's Executive Board decides which committee will be responsible for drafting the advisory report.
- This committee draws up a draft over the course of a few meetings. This draft is generally available to the public and can be consulted on the SER website.
- The respective organisations of the social partners discuss the draft internally and provide feedback (following consultation with their members).
- The committee discusses the feedback and incorporates it into the report.
- The draft advisory report is then sent to the Council.
- The Council discusses the draft report at its public meeting and finalises it.
- The advisory report is sent to the commissioning body.



representatives of a group may be co-opted onto a committee. For example, when a committee was preparing advice on corporate governance, two shareholders' organisations were invited to join the committee. In some cases, an organisation may be invited to become a permanent member of a committee, so that, in principle, they are involved in all advisory projects in the field in question. Examples of groups involved in this way are the national consumers' organisation (Consumentenbond), which sits on the Consumer Affairs Committee, and nature and environmental organisations, which sit on the Committee for Sustainable Development and on the Committee for Spatial Planning and Transport Infrastructure.

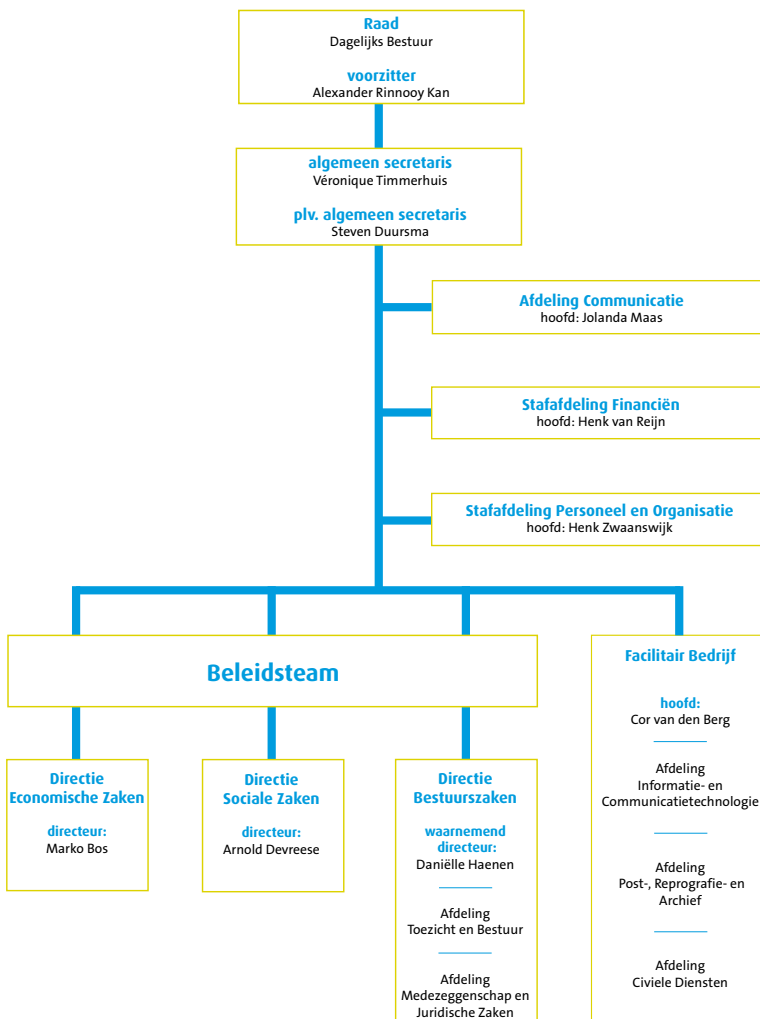
Ministerial representatives

Representatives of government ministries – civil servants specialised in certain areas of policy – are at all times welcome to attend, as observers, the public meetings of the Council and the private meetings of committees. This facilitates the good and timely interchange of information between the Council, its committees and relevant government departments.

Besides employers, employees and Crown members, the SER also involves others in its advisory work

Secretariat

The Secretariat of the SER helps the Council and its committees to prepare and carry out their various activities, including the SER's administrative tasks and its promotion of business/consumer self-regulation. The Secretariat, led by the Secretary-General, consists of three directorates, three departments and a facilities service. Some 120 people work at the Secretariat.



More information

More information on the SER can be found on the SER website (www.ser.nl), including an up-to-date list of Council members, news and press releases. The website also features links to the websites of the commodity and industrial boards, social partners, ministries, and SER counterparts, both at provincial level and in other countries.

All advisory reports online

All SER advisory reports issued since 1950 (about 1,000 in total) can be downloaded free of charge from the SER website. The most recent reports are also available in book form and can be ordered at verkoop@ser.nl.

Useful addresses

Below you will find the addresses of the SER, the Labour Foundation, and the central employers' and employees' organisations in the Netherlands.

SER

Bezuidenhoutseweg 60
Postbus 90405
2509 LK Den Haag
T 070 3499 499
E info@ser.nl
www.ser.nl

Labour Foundation (Stichting van de Arbeid)

Bezuidenhoutseweg 60
Postbus 90405
2509 LK Den Haag
T 070 3499 577
E info@stvda.nl
www.stvda.nl

Confederation of Netherlands Industry and Employers (VNO-NCW)

Bezuidenhoutseweg 12
Postbus 93002
2509 AA Den Haag
T 070 3490 349
E informatie@vno-ncw.nl
www.vno-ncw.nl

Royal Dutch Association of Small and Medium-sized Enterprises (MKB-Nederland)

Bezuidenhoutseweg 12
Postbus 93002
2509 AA Den Haag
T 015 2191 212
E bureau@mkb.nl
www.mkb.nl

Dutch Federation of Agriculture and Horticulture (LTO Nederland)

Bezuidenhoutseweg 225
Postbus 29773
2502 LT Den Haag
T 070 3382 700
E secretariaat@lto.nl
www.lto.nl

Federation of Netherlands Trade Unions in the Netherlands (FNV)

Naritaweg 10
Postbus 8456
1005 AL Amsterdam
T 020 5816 300
E info@vc.fnv.nl
www.fnv.nl

**National Federation of Christian
Trade Unions (CNV)**

Tiberdreef 4
Postbus 2475
3500 GL Utrecht
T 030 7511 001
E cnvinfo@cnv.nl
www.cnv.nl

**Trade Union Federation for middle
and higher level employees (MHP)**

Multatulilaan 12
Postbus 575
4100 AN Culemborg
T 0345 851 900
E info@vc-mhp.nl
www.vakcentralemhp.nl

Published by

Sociaal-Economische Raad
(Social and Economic Council)
Bezuidenhoutseweg 60
P.O. Box 90405
NL-2509 LK Den Haag
The Netherlands

T +31 (0)70 3499 499
E communicatie@ser.nl

www.ser.nl

English version

Baxter Communications, Hilversum

Photography

Dirk Hol (p. 1, 9, 12, 14, 19, 20, 25)
Ger Loeffen/HH (p. 2)
Riccardo van der Does (p. 5)
Holland Toolkit (p. 7)
Shutterstock (p. 10)
Wim van der Ende (p. 22)

Design and printing

2D3D, Den Haag (concept)
Riccardo van der Does, SER Printing

© 2010, Sociaal-Economische Raad

All rights reserved

Material may be quoted, providing the source is mentioned.

This brochure provides a general introduction to the SER,
and includes an overview of its establishment, composition,
responsibilities and way of working.

SER

SOCIAAL-ECONOMISCHE RAAD

Bezuidenhoutseweg 60

Postbus 90405

2509 LK Den Haag

T 070 3499 647

E communicatie@ser.nl

www.ser.nl

© 2010, Sociaal-Economische Raad