

## NETHERLANDS: A LIBERAL VICTORY AT THE GENERAL ELECTION

Raymond Van der Putten

The VVD (conservative free-market liberals) and D66 (social liberals) were the big winners at the general election held on 17 March, by gaining 35 and 23 seats, respectively. However, the CDA (Christian Democrats) lost heavily.

The populist right won slightly as the losses at the PVV were compensated by a huge gain by the FvD, which had campaigned against the lockdown measures.

The parties on the left suffered severe losses and tumbled from 37 seats in the old parliament to only 26. In particular, the losses of the Greens were surprising given the importance of environmental issues for the Dutch electorate.

As the country has been going through the worst crisis since World War II, the formation of a new and stable government is highly desirable. Given the election results, the government formation period can be relatively short, in particular if the CDA is willing to join VVD and D66. Prime minister Mark Rutte has already expressed his preference for such a coalition.

### THE MAIN PARTIES IN THE DUTCH GENERAL ELECTION

| Party        | Orientation                     | Seats at the second chamber |            |
|--------------|---------------------------------|-----------------------------|------------|
|              |                                 | 2017                        | 2021       |
| VVD          | Party for Freedom and Democracy | 33                          | 35         |
| D66          | Democrats 1966                  | 19                          | 23         |
| PVV          | Freedom Party                   | 20                          | 17         |
| CDA          | Christian Democratic Appeal     | 19                          | 15         |
| PvdA         | Labour Party                    | 9                           | 9          |
| SP           | Socialist Party                 | 14                          | 9          |
| FvD          | Forum for Democracy             | 2                           | 8          |
| GL           | Green Left                      | 14                          | 8          |
| PvdD         | Party for the Animals           | 5                           | 6          |
| CU           | Christian Union                 | 5                           | 5          |
| Others       |                                 | 10                          | 16         |
| <b>Total</b> |                                 | <b>150</b>                  | <b>150</b> |

SOURCE: PRELIMINARY RESULTS ACCORDING TO THE DUTCH PRESS AGENCY ANP

### The liberal parties won the general election

The liberals were the great winners at the Dutch general election held on 17 March. The VVD (conservative free-market liberals) headed by prime minister Mark Rutte gained 35 seats and became again the country's largest party. This was largely based on the prime minister's management of the corona-crisis. Thanks to a rather mild lockdown, the Netherlands fared better in economic terms than the surrounding countries. In 2020, the economy shrank by 3.8% compared with contractions of 4.9% in Germany, 6.4% in Belgium and 8.2% in France. A contributory factor was the good fiscal position, which gave the Dutch government more fiscal leeway in softening the impact of the lockdown measures. However, the health record, broadly similar as the one in France, was much worse than in Germany.

The greatest surprise was the good performance of the Democrats 66 (social liberals), a coalition partner of the VVD in the outgoing Rutte government. In the past couple of months, opinion polls had predicted severe losses for this formation. However, in the final week, the leader of the Democrats, foreign trade minister Sigrid Kaag, turned out to be an excellent debater and succeeded in turning the tide for her party. In the end, it obtained 23 seats, close to the party's record in 1994 (24 seats).

However, the CDA (Christian Democrats), the other major coalition partner, lost heavily. This was partly due to the lack of preparation by its leader, finance minister Wopke Hoekstra, who at the last moment stepped in for the designated leader, the health minister Hugo de Jonge, who was too much involved in the corona-crisis. Moreover, many traditional CDA voters considered the finance minister to be too close to the prime minister and lacking the social fibre of the Christian Democrats.

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The parties on the extreme right of the political spectrum did slightly better compared to four years earlier. The anti-immigration party PVV lost 3 seats, but with 17 seats in the new parliament, it is still the third party of the country. The campaign against the government's corona policy by Forum for Democracy, the other major populist party, paid off. The Forum won 8 seats, 6 more than in the previous parliament.

The parties on the left suffered severe losses. They tumbled from 37 seats in the old parliament to only 26. The Labour Party (PvdA, social democrats) just managed to hold on to their meagre score of 9 seats obtained in 2017. The party had expected a much better result following its strong performance in the latest European election. However, the party was severely tainted by a scandal concerning false accusations of fraud with childcare benefits that was revealed a couple of months before the election. The environmentalist party Green-Left (GL) and the Socialist Party (radical left) suffered severe losses. In particular, the losses of GL were surprising given the importance of environmental issues for the Dutch electorate. It is possible that many voters were disappointed that GL had chosen the opposition after its impressive gains in 2017. As a result, they might have thought that D66 was a better bet for a strong environmental policy.<sup>1</sup>

Many new parties will enter parliament. The most remarkable debut was that of Volt, a pan-European social liberal party, which obtained 3 seats.

### What next?

It is now up to parliament to decide the next steps. The chair of the second chamber has already nominated two scouts, one member of the VVD and one of D66, to explore the possibility of forming a majority government. The most logical choice is the continuation of the old coalition. A coalition of VVD, D66, and CDA would have 73 seats in parliament, three short of the majority<sup>2</sup>. They need the support of at least a fourth party to get the majority. An obvious choice is the new party Volt. The scouts could also investigate the possibility of a government on the left, a so-called purple coalition. The combination of VVD, D66, PvdA and GL would have 75 seats in parliament.

A minor problem with both combinations is that the government will not have a majority in the first chamber, the Senate. The Senate cannot send a government away, but can obstruct major legislation. The composition of the first chamber will change in 2023, after the provincial council elections.

A more serious problem is that both the CDA and the left wing parties may be reluctant to join, as they had disappointing results. These parties have to balance the risk between participating or remaining on the sideline. In the end, traditional government parties such as the CDA or the PvdA have everything to gain in joining a new government. Staying on the opposition benches implies that their major politicians do not anymore enjoy the limelight that comes with ministerial responsibility. As for GL, it might be profitable to join, as it could achieve more for its voters on environmental issues, than by remaining in the opposition. On election night, the prime minister made it clear that he would prefer continuing the coalition with the Christian Democrats, who are closer to him in political terms.

The two scouts should report to Parliament not later than on 30 March. On 31 March, the newly elected Chamber will convene for the first time. The main agenda point will be to discuss the scouts' report and decide on the nomination of one or two "informateurs". These are normally veteran politicians coming from the major parties involved in the government formation. Their task is to work out a coalition agreement. Once the agreement has been established, the King will nominate the "formateur", who will select the ministers for the new government.

A formation period can be very long. In 2017, it lasted 225 days in total, a historical record. However, as the country has been going through the worst crisis since World War II, the rapid formation of a new and stable government is highly desirable. Given the election results, the government formation period could be relatively short, in particular if the CDA is willing to join.

The government programme depends on the parties participating in the coalition. Nevertheless, it is already sure that a new coalition is likely to pursue a prudent fiscal policy once the recovery is well underway. The budget rules that were in place before the crisis are likely to be restored in order to lower government debt. All parties have learned from the current crisis that it pays to have a healthy budget.

Moreover, the increase in force of D66 should also be felt. The new government is likely to be more Europe-oriented. Nevertheless, given his party supporters and the pressure from the populist right, Mark Rutte should remain a tough negotiator in Brussels. Moreover, more emphasis will be given to climate policies, education and social equity, which are all dear to D66.

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<sup>1</sup> The Netherlands Bureau for Economic Policy Analysis (CPB) has analysed the budgetary and economic consequences of the elections programmes. According to its calculations, the programmes of GL and D66 are best for reducing CO2 emissions.

<sup>2</sup> The Christian Union is unlikely to re-join the new government.



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 Head of publication : Jean Lemierre / Chief editor: William De Vijlder



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