



Agenda NL 2030

# Doing business to create broad welfare

Towards a new Rhineland  
model of cooperation

Medium-term vision VNO-NCW and MKB-Nederland

The Hague, February 2021

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## Foreword: drawing trust from collaboration

On the eve of the corona crisis, business was booming in the Netherlands and unemployment was at a historic low. Nevertheless, a majority of the population were not without worries about the future. This was not a uniquely Dutch phenomenon, but it did represent an undercurrent that could not be ignored. The situation prompted investigation and self-reflection among Dutch businesses affiliated to VNO-NCW and MKB-Nederland. Our analysis in the ensuing Bridge Project yielded a number of insights that form the foundation for this new *Agenda NL 2030*. We found that many people feel they have lost control over their own future and their living environment to ‘nameless forces’. At least three major, simultaneous transitions – digitisation, sustainability and demography – are making enormous demands on everyone’s adaptability and innovative capacity. We observed that the benefits of growth and prosperity are passing some people by and that both the state and (larger) companies appear to have lost touch with society. Our analysis was that people’s concerns about their own future and that of future generations was being translated into social polarisation and tensions between politics, business and society.

In other words, even in the pre-corona era the Netherlands faced the challenge of continuing to grasp economic opportunities, while also ensuring that everyone in society reaped the benefits of them, and felt that they did so. And that future generations would also do so.

And then came corona. The global pandemic has claimed many victims and seems to have pushed our country into one of its greatest economic crises since the Second World War. We still do not know the precise scale of the damage the crisis will cause, or precisely where it will be felt. What this first pandemic in a century has taught us is that we need to be far better prepared. And it has made us realise that other crises could arise that the Netherlands needs to prepare for if the country is to avoid a similar disruption of society as the present one in the future. Take, for example, the enormous cybersecurity threat and the risk of entire vital processes grinding to a halt.

It is sometimes good to reflect on the past in the midst of a crisis. The present mood is one of uncertainty, but looking back we can see that for centuries the Netherlands has been one of the most prosperous countries in the world. The Netherlands has always possessed the resilience to overcome setbacks. The source of our high level of prosperity and welfare is the country’s trading instinct and its links to Europe and the rest of the world, in combination with top-class scientific research and innovation by entrepreneurs and businesses. Time and time again, the level of productivity in the Netherlands was among the highest in the world.

Another reason for confidence is that the Dutch are happy to collaborate on an equal footing. Pulling together to get things done is ingrained in the national character. With a government that does not dictate, but involves everyone and encourages (and if necessary compels) entrepreneurial behaviour and the sharing of responsibility. This was how, initially through private initiative, and later through public arrangements, material prosperity expanded into social well-being. The roots of employers’ organisations like VNO-NCW and MKB-Nederland lie in this process. For example, a firm requirement for membership was that the enterprise offered decent working conditions. This was more than a hundred years ago. The pursuit of *broad* welfare is in the DNA of the Dutch, and hence also of the country’s entrepreneurs. Broad welfare involves a fruitful symbiosis of material prosperity, egalitarian outcomes with opportunities for everyone, and good living conditions, now and in the future. It leads to well-being.

Naturally, reflection on the past will not remove the current uncertainty. *Nevertheless, our history creates confidence for the future.* However difficult it is, we will find a way out of the current malaise. We could even ensure that the Netherlands emerges stronger from the crisis. How? In a nutshell, by relying on traditional Dutch qualities: *resilience, entrepreneurship, innovative strength and openness to international and national cooperation.*

The aim of this Agenda NL 2030 *'Doing business to create broad welfare'* is to outline how we believe that this country can respond to the challenges it faces and achieve a higher level of welfare in a broad sense. We have spent the last year listening carefully to our members, scientists, politicians, members of the public and representatives of NGOs. We and they emphatically see a crucial role for the business community. Entrepreneurs have a responsibility to be at the forefront of efforts to halt global warming and the depletion of the earth's resources and for holding things together. As entrepreneurs, they operate in the heart of society, are an integral part of that society and feel a shared sense of responsibility for it, however large or small their business is.

The Hague, February 2021






Ingrid Thijssen,  
President of Confederation of Netherlands'  
Industry and Employers VNO-NCW




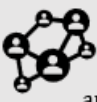

Jacco Vonhof,  
President of Royal Netherlands Association  
of Small and Medium-sized Enterprises

# 1. The context: where do we stand?

***The first pandemic in a hundred years has caused what might be one of our greatest crises since the Second World War.*** The prevailing mood is one of uncertainty. In the most optimistic scenario, it will be the end of 2022 before the economy returns to the level it had at the end of 2019. The unemployment rate will rise to 6 percent or more. At present, it is mainly young people and people with temporary work that are affected. The pandemic is disrupting earning capacity. Many businesses are being forced to eat deeply into their reserves. The corona crisis is increasing inequality. For those who are hit hardest by the pandemic – bankrupt entrepreneurs left with large debts and the vulnerable groups in the labour market – there is no easy way back.

***Even before the corona crisis,*** the country faced a ‘perfect storm’ of challenges to which we need to find answers (see box).

The challenge	
 <p>Making our economy circular</p>	<p>The earth is warming and humans are exhausting the earth’s resources – with serious consequences for the quality of life on earth for future generations. The Netherlands is straggling behind in the rankings. Climate change and the depletion of raw materials calls for a revolution in the world of energy, mobility and food supply and a transition to a circular economy.</p>
 <p>Strengthening our structural earning capacity</p>	<p>The projected economic growth in the Netherlands is too slow to meet our collective costs (for education, care, police, defence) and to save a little extra. The Netherlands Bureau for Economic Policy Analysis (CPB) does not expect any increase in purchasing power in the coming years, despite a rise in the labour income share. The growth of productivity in our country is slowing. Particularly in the SME sector, the gap between leaders and the main bunch is significant. Entrepreneurship is not adequately reflected in start-ups and business expansion.</p>
 <p>Grasping the opportunities of the digital and technological revolution</p>	<p>There is a stream of new technologies that create new opportunities (nano, photonics, quantum, hydrogen, etc.). AI, a game changer on a par with the introduction of electricity in the past, is also taking off worldwide. The Netherlands is well positioned, but is at risk of falling behind in some respects. For example, only 20 percent of enterprises actively engage in data analysis. As regards investment in AI, the Netherlands ranks just 14<sup>th</sup> in the world. Only half of the Dutch working population are digitally literate. Fewer people in the Netherlands choose to study the exact sciences or technology than in any other country. <i>The availability of data</i> in combination with AI and the steadily growing power of computers enables enterprises to learn more about the needs of their customers and the efficiency of their business processes. It also leads to the emergence of platform companies that eventually become unregulated monopolies.</p>
 <p>Unlocking our spatial planning</p>	<p>The competition between nature, housing, infrastructure, water and economic and agricultural activities for the available space is becoming increasingly intense. The growing trend towards working from home does not affect that. The complexity of the regulation and decentralisation of control make it almost impossible to solve the puzzle and the physical development of the Netherlands is stagnating.</p>
 <p>Preserving good and affordable health care</p>	<p>The expenditure on collectively financed health care came to 69 billion euros in 2017. If nothing is done, the costs will rise from 85 billion euro in 2021 to 98 billion in 2025. This extra money cannot be spent on other public services such as education, science, police and defence. Whereas one in seven people currently work in health care, the figure will soon be one in four, while the health-care sector already suffers from staff shortages and those workers will then also not be available for other economic or social activities.</p>

 <p>Improving the quality of education</p>	<p>Since 2009, the educational results in the Netherlands have been deteriorating across the board. The differences in the educational results of schools are greater than in any other country in the OECD. Because of teacher shortages and a high workload, there are too few possibilities to actually improve the education, for example through digitalisation. Some children start at a serious disadvantage. There is no culture of 'pursuit of excellence'.</p>
 <p>'Holding things together': addressing the social challenge</p>	<p>The growth of prosperity in the last few decades has not benefitted everyone and our society has become less inclusive. Divisions in society based on level of education are widening. The problems of people at the bottom of society are mounting. Inequality of opportunity is increasing. Not everyone has the same possibilities to find structurally worthwhile work, improve their income, save for their pension or buy a house. One in five households has problematic debt. There are large differences in health among different population groups. No fewer than 2.5 million Dutch people are functionally illiterate.</p>
 <p>Ensuring that Europe plays a decisive role in the world</p>	<p>The world order is changing due to the rise of China and the United States' reaction to it. We are witnessing the greatest geopolitical tensions since the end of the Cold War. It is a clash between two economic ideologies (state capitalism versus market capitalism) for world domination, towards which Europe, with its third way (social capitalism), has to find a new relationship. The conflict brings with it the risk that world trade, which is so relevant for the Dutch economy, will no longer be governed by rules, but by power play. But the conflict is about more than economics: the open society and the 'European way of life' are threatened; autocracy is on the rise.</p>
 <p>Finding a balance between autonomy and globalisation</p>	<p>The corona crisis has highlighted the limits of globalisation: it has illuminated the dependence of Europe and the Netherlands on a very small number of countries for its vital products and raw materials and the vulnerability of global supply chains. In economic terms, this represents an additional price of globalisation. The challenge now is: how do we keep international dependencies manageable while simultaneously ensuring that we continue to grasp the opportunities offered by a global economy?</p>
 <p>Global population growth</p>	<p>The global population is set to grow from 7 to 10 billion people – with the growth predominantly in countries that do not enjoy the same level of prosperity as the West. The absence of a substantial increase in the prosperity of these countries could lead to uncontrollable migration to prosperous regions such as Europe. That will increase the tensions among the existing populations of those regions.</p>

Reflecting on these factors, one can understand the concerns that many Dutch people have about their future. People are engaged with questions about digitalisation and the introduction of new technologies (Will I be able to keep up? Will I still have a good job?), sustainability (What will my children's world look like?, but also 'Will I be able to play a part in what is needed?') and ageing (Am I fit enough to continue working for longer?). Not surprisingly, society's calls for socially responsible behaviour from companies and entrepreneurs are also becoming increasingly strident.

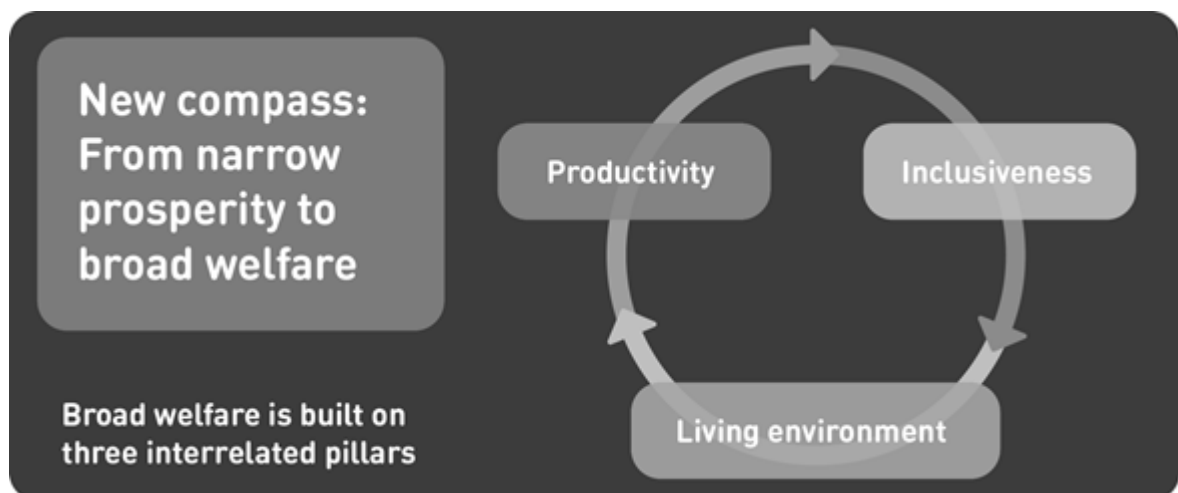
## 2. Doing business to create broad welfare

VNO-NCW and MKB-Nederland reflected at length on the growing tensions in society and the role of the business community in the Bridge Report.<sup>1</sup> We have spoken to numerous business people, experts and representatives of civil-society organisations in the last eighteen months. We also conducted a survey of the views of 1,300 entrepreneurs. These deliberations have yielded important insights for the network of sectors and businesses affiliated to VNO-NCW and MKB-Nederland.

First of all, it appears that tensions are growing in society because people feel they have less control over their future and their living environment and are less well ‘socially embedded’ (*‘who will catch me if I fall?’*). We are steadily less successful in translating economic growth into welfare in a broad sense. A society that lacks stability does not create a good climate for business investment and innovation, which in turn is important for generating work and income in the future. This prompted us to choose *broad welfare as the new compass* for our organisations. In our view, economic recovery and structurally higher economic growth are urgently needed, but everyone must be able to share in them, in a sustainable living environment.

Enhancing broad welfare calls for a fruitful symbiosis of a **stronger** *earning capacity by virtue of greater innovative strength and higher productivity*, **greater** *inclusiveness through more equal opportunities and fairer sharing* and a **sustainable** *living environment, now and in the future*. These are the three interrelated pillars under our new plan for the future of the Netherlands. Each one depends on the others.

Broad welfare is an abstract-sounding concept, but it embraces very basic questions that people have. Is my home comfortable and safe? What kind of future will my children have? Will I still be able to pay all the bills? Can climate change be reversed? But also, do I have a job that offers prospects for personal development?



<sup>1</sup> VNO-NCW and MKB-Nederland, *Bridge Report*, September 2020.

## Towards a new interaction between government, business and society.

A second finding from the Bridge Report concerns the interaction between government, business and society. When economic growth does not benefit certain groups in society and does not contribute to a better living environment, there is something amiss with the interaction between government, business and society. It is no longer achieving those goals and is therefore apparently not functioning as it should.

The décor for this interaction changes over time. Until more than a century ago, progressive entrepreneurs took responsibility for the local community, for example in fighting poverty and providing housing. With the arrival of the welfare state, these tasks were assumed by the government and further expanded. Accordingly, we have grown used to making the government exclusively responsible for addressing social problems. That includes entrepreneurs. To an extent, the motto has become: 'everyone for themselves and the government for us all'. We have delegated problems outside our immediate personal domain to the government. We leave it to the government to remedy the consequences of our personal actions that are detrimental to society as a whole. This model has not delivered what we expected of it.

Our new normal, individually and collectively, will therefore be to take joint responsibility for enabling the Netherlands to flourish, socially and sustainably. Enterprises can no longer place the burden of resolving social problems on the government alone. And certainly not those problems that are caused by our own business operations.

In a nutshell, entrepreneurs and enterprises cannot and do not wish to be spectators in the society in which they have their roots, however much they may now operate internationally. In our pursuit of broad welfare, we adopt the motto of the former US President John F. Kennedy:

**Ask not what your country can do for you, ask what you can do for your country.**

Our goal, therefore, is a Rhineland model 2.0. A model in which entrepreneurs and businesses take responsibility for both the technical and the social sustainability of their business processes and use their relationships with their suppliers and customers to encourage them to do the same. In the Rhineland model, businesses are transparent about the impact they have on society and actively help to solve social problems in their environment – at local, regional and national level.

A new Rhineland-model impetus also makes demands on the government. At present there are calls for a stronger government, but at the same time it is evident that the government is 'overburdened' with implementation tasks. The gap between policy and implementation is too wide. We also see that, due to downsizing and decentralisation, the government lacks knowledge and steering capacity. The Netherlands must invest in a stronger government. A government that provides clear direction with its choices and frameworks. At the same time, the steering must sometimes come from the 'bottom up', with solutions coming from citizens and companies themselves and reflecting the local situation.

A new Rhineland model 2.0 will consolidate and harness the strengths of the various actors. Everyone should ask themselves what they can contribute to the endeavour. Entrepreneurs could take the initiative more often and employ the strength of operationalisation. The interaction will change. As it must, because no one can singlehandedly accomplish the major transitions facing the Netherlands.



### 3. Our ambition for 2030

Our overarching ambition is to raise the level of broad welfare in the Netherlands to a substantially higher level.<sup>2</sup> Our target for 2030 is:

*The Netherlands is the 'best place in the world to be'!*

In other words, in 2030:

- every Dutch citizen has 'work security', which is an essential factor for people's happiness.
- the number of healthy life years has increased and the large differences in health among population groups have substantially declined.
- the Netherlands enjoys an average of 20 percent more material prosperity than pre-corona and the increase in prosperity is widely shared.
- the Netherlands is more than halfway towards meeting the target of being fully climate-neutral by 2050.
- the Netherlands is a global leader in the circular economy.
- the Netherlands is one of the world's most competitive and innovative economies.
- Dutch companies make a difference in achieving the Sustainable Development Goals worldwide.

To achieve these goals, substantial progress will have to be made in relation to each of the pillars of broad welfare: a productive Netherlands, an inclusive Netherlands and a sustainable Netherlands. We will have to make clear choices for the future. Incremental policy steps (a little bit more of the same) must make way for systemic leaps. We must identify problems as they arise and not ignore them. A transformation strategy is needed for emerging from the corona crisis on the way to a higher level of broad welfare. As already mentioned, we do not want to remain on the sidelines and only make demands for achieving this ambition. On the one hand, we present policy proposals (see section 4) that reflect our new target for broad welfare. On the other, we want to make our own direct contribution. Our intentions as regards the latter can be encapsulated as follows.

#### **Direct contributions of business**

- We will train all of our employees to a basic level of digital literacy, and more where necessary. In this way, every employee in the Netherlands will possess the skills needed in the age in which we are living. This will provide a kick-start for lifelong development.
- We will offer an internship for everyone who needs it.
- Instead of 100,000, we intend to have offered work to 200,000 people with poor job prospects by 2030.
- Within a future from-work-to-work infrastructure for work security, we will build bridges between employers in sectors where jobs are disappearing and being created, to be paid for mainly from the sectoral training and development funds.

<sup>2</sup> We measure that by the Netherlands' (relative) position on the Monitor of Broad Welfare and the contribution to the SDGs as measured by Statistics Netherlands (CBS) (see CBS, Monitor of Broad Welfare & the Sustainable Development Goals 2020).

- We want to share the prosperity of enterprises with our employees, for example through forms of profit sharing or other, more appropriate enterprise-specific solutions, and adhere to the principle of equal pay for equal work.
- We will invest in knowledge and innovation, sustainability and the digital infrastructure, and in the process raise the level of private investment to at least the same level as complementary public investment (see section 4.4).
- We want the Business-related Investment Credit (BIK) to be made available for the financing of the front-end costs of investments by enterprises in sustainability, the circular economy and nitrogen reduction.
- We embrace the principles of good business and employment practice underpinning the United Nations' Sustainable Development Goals.
- We will be transparent in all our actions, prevent them from having external negative effects and to that end make any necessary amendments to the Dutch Corporate Governance Code.
- We will be transparent about our tax position and will to that end develop a Tax Governance Code.
- We will explain more clearly what drives enterprises, what they make, how they make them or develop their services, and what they contribute to the society. We are at the heart of society, but society must perceive that. Ignorance breeds contempt.
- We will expand the connection with society at every level (local, regional and national) on every conceivable social theme by establishing a 'bridging infrastructure' and a community of bridge-builders. Bridges can be built between business and society, but enterprises can also form the bridge between government and society.

## 4. Business community's policy agenda for broad welfare

### 4.1 Towards a productive Netherlands

New technologies are the basis of the business model of tomorrow.<sup>3</sup> With its expertise in high tech, agrifood, water technology and health/pharma technology, the Netherlands is well positioned to contribute to and earn money from the major transitions facing the world. The Netherlands has a lot to offer the world. Our ambition is that the Netherlands will be among the global leaders in 2030.

#### 4.1.1 Seizing the opportunities of digitalisation and AI

Data, artificial intelligence and the steadily growing power of computers create opportunities for businesses, for example in terms of identifying the needs of their customers and the efficiency of their business processes. Businesses that do not act quickly enough will be overtaken by competitors in other countries. This applies in particular for platform companies, for whom the new economic reality is that 'the winner takes it all'. There is great urgency. The Netherlands is lagging behind and market leaders are often impossible to catch. 'State of the art' applications of AI in enterprises must have become the standard in the world by 2030.

##### What needs to be done?

- Promote research and innovation in AI. In this respect, the business community will invest one billion euro in AI in the next seven years along the lines set out by the Dutch AI Coalition.
- Train, attract and retain top talent. The business sector is committed to scaling up successful regional partnerships. To this end, we will transform existing successful programmes such as Tekkie Worden/TechGrounds, Make IT Work and Codaisseur into national programmes.
- Ensure everyone in the Netherlands possesses a basic level of digital literacy. This is primarily a responsibility of employers for their own employees, but will also be embedded in a national programme for the entire working population, including those who are temporarily out of work.
- We are working to make AI an integral component of primary, secondary and higher education. We will support a national AI course to raise awareness.
- Create a robust infrastructure on which public authorities and enterprises can share data securely. It should be set up in the Dutch Data Sharing Coalition, a public-private partnership.
- An excellent digital infrastructure is of crucial importance for innovation. The Dutch IT sector will continue to invest in it.
- We will draw up sector plans to accelerate digitalisation among SMEs.
- A multi-year public-private action programme on cybersecurity will be drawn up.

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<sup>3</sup> Robbert Dijkgraaf in NRC (2020) "Countries and enterprises that will emerge strongest from this crisis are those that have been quickest to embrace the potential of the fourth industrial revolution – the new biomedical and digital technologies, made possible by breakthroughs in genetic analysis, information flows, artificial intelligence and smart machines."

#### 4.1.2 Greater commitment to knowledge and innovation

Knowledge is the Netherlands' only raw material. In particular, expertise in the exact sciences is the engine of our future earning capacity. Innovation is the primary route to a higher level of broad welfare. Innovation strengthens the competitiveness and export strength of our business sector and creates a better environment, better health and care, better education, better mobility and better working and living conditions. However, we currently invest too little in research and innovation and still also fail to generate sufficient value from the knowledge we possess. We are masters in the fragmentation of funds for research and innovation.

##### What needs to be done?

- Structurally increase private and public investment in knowledge and innovation to 3 percent of GDP by 2030. Together with the scientific research community, we have drafted a proposal for achieving this in the Knowledge Coalition.
- The Netherlands must further develop an (expanded) top sectors policy into a strategic industrial policy, linked to the change of direction at European level. It should include far greater cohesion between the innovation and export policies. The top sectors policy could focus on the economic opportunities arising from the global social challenges and the key technologies needed to address them (such as Quantum, photonics, biotech). At the same time, it should be expanded, in light of the cross-overs, to other sectors in order to also address the national social challenges, such as construction and installation technologies to meet the demands of the national climate targets.
- Dare to choose for the strong (regional) ecosystems (Brainport Eindhoven, Bioscience in Leiden, the Energy valley in the North and the Agrifood cluster in Wageningen, for example) as drivers of innovations and their application in practice. Closely align the agendas of these ecosystems and the top sectors. Invest in centres of knowledge and expertise with a view to expanding the ecosystems to more innovative SMEs.
- Strengthen the bedrock of fundamental research. The work performed now at the frontier of science will generate earnings in twenty years' time.  
Nurture our top talent by providing first-class facilities, greatly reducing the application pressure for researchers and basing choices for the allocation of funds on excellence.<sup>4</sup>
- Participate in word and deed in the EU's research and innovation policy on key technologies (such as semiconductors and aerospace).

#### 4.1.3 Strong European and international focus

Dutch enterprises have a small domestic market. We already earn 33 percent of our income in other countries. To achieve greater economic growth than is currently projected, that figure will need to be at least 40 percent in 2030. The importance of Europe will only increase in that context. Continuing to safeguard the open internal market is essential for a country in which a third of the jobs depend on cross-border business, 70 percent of which is within Europe. But there is more to Europe than the economy. The EU also stands for an open and free society and a system based on values such as democracy, the rule of law and a social market economy. The EU is a 'Value in the World'. The Netherlands is too small to compete on the geopolitical stage, which also has an impact on our multinational corporations. Europe, on the other hand, can make its mark as one of the world's three largest markets.

##### What needs to be done?

- Our European agenda focuses on:
  - Creating more strategic autonomy with respect to technologies, products and raw materials that are crucial for our economy, but without falling into protectionism.

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<sup>4</sup> That also includes a strong knowledge base in applied research.

Completing the Economic and Monetary Union, including the euro, and the Internal Market, including better protection against unfair practices, such as the provision of state aid to companies from outside Europe.

- European cooperation must provide a counterweight to the power play of Chinese state capitalism and tech giants in the United States. European competition authorities must therefore base their assessments of mergers and acquisitions on the relevant market, which can also be the global market.
- Realisation of an effective, harmonised European strategy for cross-border transitions such as the Green Deal and digitalisation.<sup>5</sup>
- Support for the European value system, since it is also essential for businesses that the rule of law is respected in every EU country.
- A European security policy, whereby the Netherlands must take steps to meet the NATO standard of spending 2 percent of government expenditure on defence. The money should be used smartly so that our own industrial clusters can continue to play an important role in this area. At national level, it is very important to devote further attention to security and combatting the undermining effect of crime.<sup>6</sup>
- Stricter monitoring of compliance with free-trade agreements by the EU's trading partners. This applies in particular for the chapters on sustainability in those agreements. Trade agreements are the embodiment of European values and standards.
- Encourage SMEs to do business in other countries. We support this ambition with programmes such as NLinBusiness (NLIB). A more suitable instrument for the financing of SMEs is needed and is currently being developed, with the support of the financial sector. We are also expressly considering a possible role for Invest International. We will also strive to gain a stronger foothold in markets outside the EU through a joint public-private effort ('Team Netherlands').<sup>7</sup>
- Our economy also profits if foreign enterprises choose to open establishments here. The country must be an attractive location for them because of its well-educated population, its tolerant society and its excellent infrastructure. We attract international talent, also through our commitment to knowledge and innovation. In the tax domain, the Netherlands must remain competitive, but not a conduit for capital that contributes nothing in the way of tax, but rather avoids it by means of fiscal acrobatics.
- A strong financial sector is a crucial factor for international business, both for Dutch exporters and for attracting foreign companies to the Netherlands. More than a decade after the financial crisis, this is worth repeating. Especially now that many Dutch companies have eaten deeply into their equity capital and face major transitions. Banks and institutional investors also have a significant role to play in restoring the solvency of businesses.<sup>8</sup> Pension funds would be well advised to make better use of those possibilities instead of investing their assets mainly in foreign companies. Obstacles to their performing that role, and that of maintaining the level

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<sup>5</sup> In the EU, the principle "*same activities, same rules*" also applies in the digital domain.

<sup>6</sup> VNO-NCW and MKB-Nederland and the affiliated trade associations and businesses have therefore committed themselves to tackling crime and undermining ('NL Veilig').

<sup>7</sup> For example, VNO-NCW has formulated an Africa strategy. Invest International could play an important role in the implementation of this strategy.

<sup>8</sup> For this reason, banks and institutional investors are working with VNO-NCW, MKB Nederland and central government on solutions to strengthen the solvency of enterprises.

of lending, in both the area of national taxation and of European legislation,<sup>9</sup> must be removed.

#### 4.1.4 Stimulation of business scale-ups

The corona crisis has left entrepreneurs on the ropes. They need more room to invest. Business scale-ups are one source of buoyant economic growth, but it does not happen enough in the Netherlands.<sup>10</sup>

##### What needs to be done?

The *creation and growth of SMEs* will be encouraged with a **Business Agenda 2.0**. Elements of that agenda will include:

- The gradual conversion of existing tax facilities for business<sup>11</sup> to target them at positive effects of entrepreneurship: start-up, investment, innovation and employment. We are committed to a high start-up tax deduction, an allowance for corporate equity, a broad investment allowance and a payroll tax deduction for the first employees to be hired. The business succession scheme should be retained to safeguard the continuity of family businesses over successive generations. Abuse of the scheme should be tackled.
- Make employment practices less complex (see section 4.2.2.).
- Provide a boost for the start-up and scale-up ecosystem by making share options for employees fiscally attractive and promoting investment in this class of companies. The scale-up growth fund should also be further expanded.
- Rigorously address the regulatory burden for businesses. Regulatory costs should be frozen by adopting the 'one in-one out' principle (following the German example), together with a target for a further reduction. Trust rather than mistrust should again be the guiding principle for regulation.

## 4.2 Towards an inclusive Netherlands

An inclusive society is one in which everyone can participate and everyone has equal opportunities. Equal opportunities to develop their talents and to find good work. Equal opportunities to be healthy and to share in the prosperity. We choose for the Netherlands to be a country in which everyone has income certainty, including those who lose their job, are incapacitated for work or are retired.

### 4.2.1 Equal opportunities to develop your talent

Primary education is the critical factor in creating equal opportunities for a promising future. However, some children start off at a serious disadvantage. The quality of primary education is also decisive for the level of education that a person ultimately attains. Fewer children than in any other OECD country choose to follow a course in a science or technological discipline with the best job prospects.

<sup>9</sup> For example, removing obstacles in solvency legislation and the cautious implementation of the final Basel-3 standards relating to credit provision.

<sup>10</sup> In the period 2010-2018, only 5 percent of self-employed persons expanded their business with employees and only 5 percent of existing businesses moved into a higher size class. These are low figures by international standards (Comité voor ondernemerschap, "Staat van het mkb" (2019)).

<sup>11</sup> This applies in particular for facilities such as the private business ownership allowance, which reduces the tax burden on income from labour.

### What needs to be done?

- Invest in creating a situation where all four-year-olds start school from the same position. Special attention should be devoted to children of less well-educated parents.<sup>12</sup>
- Provide a major impulse for the quality of basic education in general (secondary and primary education) in areas such as digitally-supported, interactive teaching methods, so that the education itself can be more personalised.
- Create more love for science from a young age by devoting far more attention to it in schools. Create more enthusiasm for the exact sciences in schools. The business community will dedicate itself to this in connection with initiatives such as Jet-Net and Technet in primary and secondary education and Katapult for secondary and higher vocational education.
- Investment is needed in facilities to improve career orientation in association with businesses. Businesses can do more in this regard by showing (physically and virtually) pupils and students and their parents what working in their business involves.
- The business community's ambition is to offer internships for everyone who needs one. To this end, a new plan will be drafted in connection with the current initiative of the education sector and business for internships in secondary vocational education (MBO).
- Reform the higher education system with less emphasis on student numbers and more on quality (including prospects on the labour market).

#### 4.2.2 Equal opportunities for good work with a new system of work security

Because of digitalisation and technological developments and the programme to make our society more sustainable, many jobs will change or disappear. New jobs will be created. It is important that every working person is able to keep up with these changes. However, the Netherlands does not have a culture of learning or a good infrastructure to enable people to prepare in time for alternative work and guide them to it.

### What needs to be done ?

- Establish a system of work security, with a 'from-work-to-work' infrastructure that always provides every working person with the prospect of new work, regardless of their form of employment (employment contract, freelance contract or via a third party). This infrastructure is currently lacking in the Netherlands. Within this infrastructure, private parties would offer their services to advise people and retrain them for new work. In other words, work security will no longer depend on the employment relationship between the individual employer and employee.
- Establish a programme to effect a change of culture towards permanent development, kick-started by improving the digital skills of the entire working population (see above).
- Give every working person a personal competencies passport, a personal learning account and equal entitlement to formal private and public education. Government, companies and employees should jointly invest in this. The training offered should match the individual's existing competencies, for example by making greater use of course credits.
- Ensure that there are places where people with poor job prospects can deliver the productivity they have to offer. Work is also of very great value for this group. Businesses wish to play a role in this, with a higher target for the number of people involved (from 100,000 in 2026 to 200,000 in 2030), but that must be facilitated.

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<sup>12</sup> On this point, see CPB (2020), which shows that children of parents with a lower income or level of education already lag behind before starting primary school and do not make up the arrears during their school career. Data from the CBS (2020) also show that persons with a non-Western background are relatively most often unskilled in the 25-to-45 age group.

The Netherlands has a wide variety of labour relationships, which differ in their effects on the position of working persons. Employees with a 'permanent' employment contract are seen as the winners in the labour market. But that form of contract is so rigid and so risky for entrepreneurs that they increasingly opt not to use it. Changing preferences is another factor in the decision of working persons to work independently, as is the emergence of new technologies that are changing the nature of work and labour organisations. But there are undeniably also fiscal and social differences, which push and pull people from one contractual relationship to another. That is an undesirable situation.

### What needs to be done?

In the context of an 'overarching' system of work security, we wish to develop a new system with a variety of employment relationships based on the following principles.

- Work comes first, everyone participates, and enterprises always have the right people in the right place.
- Equal opportunities for everyone with equal talents.
- Work can assume various forms, but will be better organised without any social and fiscal bias towards a particular employment relationship. Working persons must no longer be drawn to or deterred from a particular employment relationship by differences in their fiscal and social treatment. Enterprises must once more dare to enter into permanent employment relationships.
- Flexibility for both companies and working persons.
- The same remuneration for the same work in the same circumstances (with the possibility of differentiation on the basis of the individual's performance and age).
- Housing security (particularly mortgage lending) is independent of the form of the working relationship.

This leads to the following policy proposals:

- The fiscal treatment of income from work<sup>13</sup> will be the same for every form of employment relationship (including self-employment).
- The social security system will provide appropriate safeguards for all working persons.
- The permanent employment contract will be less complex and top-heavy for enterprises, and will again become what it actually is: a contract for an indefinite period that can be terminated without difficulty by either party.
- Flexible employment contracts must no longer be designed as meaning 'available for everything, entitled to nothing'. There must also be perspective for development at the bottom end of the labour market.
- Working independently in hybrid forms and in the gig economy must not be condemned, but regarded as appropriate in the labour market of the 21<sup>st</sup> century. To this end, independent work will be anchored in the Dutch Civil Code with its own status to provide certainty about the legitimacy of the contractual relationship that a person has consciously chosen.
- Enterprises must be able to adjust their labour capacity to demand or to changes in the structure of the work.
- There will be a part-time unemployment benefits scheme as there is in some other countries.

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<sup>13</sup> There are specific tax facilities for income from enterprise connected with investment in building a company (see section 4.1.4).



The Netherlands badly needs foreign workers. We need top talent for our science and our high-tech companies. At the bottom end of the labour market, foreign workers perform work that is vital to the Netherlands. They must not have poor working and living conditions. Migrants must be protected against the erosion of rights that we in the Netherlands wish to preserve.

#### 4.2.3 Equal opportunities to share in the prosperity

The distribution of income and capital in the Netherlands is relatively stable. Nevertheless, there is growing social disquiet. The purchasing power of wages has grown more slowly than the revenues of companies over the last ten years. This is due to the fact that higher health insurance premiums and higher indirect taxation have caused a steadily widening gap between the wage costs of businesses and the net wages of employees. Equally unsatisfactory is the taxation of assets. For some, there are constructions to reduce the tax burden, while people with only savings are taxed – too heavily – on the basis of notional returns.

The possibilities for redistribution via the government have reached their limit. This is due in part to the complexity of the benefits system, which has the effect of keeping money from reaching people. But also because the effect of means-tested tax reductions and allowances is that Dutch people now retain steadily less of any extra they start earning. This intensifies the poverty trap at the bottom end of the labour market, where the effect of the loss of allowances and phasing out of other income-dependent schemes is greatest.

#### What needs to be done?

Our goal is to reduce the need for redistribution through government intervention by reducing inequality in the primary income and capital structure. Based on the principle that 'prevention is better than cure', achieving this objective will relieve the burden on the government.

- We will move towards a single basic tax credit in the form of a negative income tax. The health-care allowance, the rent allowance and the child-care allowance are unsustainable in their current form. It is worth considering whether they can be phased out over a number of years. New solutions must lead to a lower marginal burden.
- Increasing the minimum wage to compensate for the loss of allowances could be considered. In that case, it is essential to ensure that this does not drive up the overall wage structure and the wage costs – precisely because that would be at the expense of job opportunities for vulnerable groups.
- Establish a fairer system of taxation of income from capital by taxing the actual return. The real problem is the current notional tax rate on capital gains in box 3, not the tax on income from a substantial shareholding (box 2), which is already a tax on actual returns.
- We want international harmonisation of corporate income tax (and the tax base, including its application to the digital economy) in order to counter tax avoidance.
- Retain business facilities that stimulate investment and innovation (such as the innovation box and the tax credit for research and development (WBSO)).

*Sharing in prosperity* means that employees are as much entitled to reap the benefits of the success of companies as shareholders. There are various ways of doing this and the method employed should be designed mainly at enterprise level. In this context, profit sharing is an option. This could be accompanied by a system of equity participation for employees. But employees must retain enough in net terms from the wealth sharing. A gross improvement must also be a net improvement. With profit sharing, this can be accomplished by taxing this specific income at a low rate. More generally, steps should be taken to prevent further erosion of the increases in wage costs and pressure on purchasing power from rising health

insurance premiums, pension contributions and indirect taxes. Accordingly, the government also has a role to play when it comes to the sharing of prosperity.

#### **4.2.4 Equal opportunities for good health and a sustainable health care system**

There are large differences in the life expectancy of people with a higher education and the less well-educated. Furthermore, maintaining the quality, accessibility and affordability of health care constitutes a major challenge. The ageing of the population will lead to a doubling of the demand for care between now and 2040. Consequently, the health-care system in its current form is unsustainable, financially and in terms of the labour market and public support. Because of the fragmentation of the health-care landscape and perverse incentives, it is difficult to implement the necessary fundamental changes. We are calling for a fundamental redesign of the health-care system, with a human-centric approach and a new point of departure: positive health. This is a public interest to which businesses must also contribute. Health is everyone's responsibility.

##### **What needs to be done?**

The greatest health gains (and hence reduction of health-care expenditure) can be achieved by:

- Concentrating on prevention by promoting healthy choices (particularly in terms of exercise and nutrition). Employers will provide a healthy working environment and facilitate a good work-life balance and vitality. Together with the other signatories, we will strengthen the National Prevention Agreement with proposals that will make investment in prevention more financially attractive, enhance mental health and release the potential of new technologies to improve health care.
- We will make health care sustainable through active package management and appropriate care, a funding system that promotes health (rather than being volume-driven) and decompartmentalisation of health care. A genuine digital transformation of health care will make the system less labour intensive, improve the quality, reduce costs and unnecessary care, and liberate health-care professionals from excessive bureaucracy. (Digital) care that proves effective will be scaled up more quickly to the national level. We will create a flawless system of data exchange in an independent infrastructure. Medical data can then be combined with other data, which will accelerate research and open the way for new health services.
- Create new forms of accommodation for the elderly outside nursing homes and promote the use of social networks (including digital networks) by the elderly to combat loneliness and as a way of helping the elderly to remain active for longer.

#### **4.2.5 Equal opportunities only possible without discrimination**

In every aspect of life, equal opportunities depend on not being discriminated against on the grounds of origin, gender or sexual orientation. Although the dominant group never means it in that way, discrimination occurs in the Netherlands every day. It must be eradicated. Enterprises must not discriminate.

This calls for further action. We will therefore provide entrepreneurs with guidelines and tools to prevent unequal treatment and will work more closely with the trade unions in combatting discrimination.

## 4.3 Towards a sustainable Netherlands

There are three crucial aspects when it comes to our living environment: the spatial planning in our densely populated country, the transition to a climate-neutral society and the transition to a circular economy.

### 4.3.1 Towards a spatially inclusive Netherlands

The pressure on the space in the Netherlands has increased enormously in the last few decades and will continue to do so up until 2050. Housing, nature, economic and agricultural activities, mobility, water and the energy transition are all competing for space. The Netherlands is a city-state and faces a Great Reconstruction in the period up to 2030.

#### What needs to be done?

- A structural, broad-based solution has to be found for the nitrogen problem. A statutory target for the reduction of nitrogen emissions will have to be formulated, such that by 2030 nature has recovered and there is sufficient margin for economic development. That margin does not exist at present. The front-end costs of the necessary investments should be subsidised on the basis of the best available techniques.
- Resolving the housing challenge: a million extra (future-proof) homes by 2030. This calls for central planning of major building locations, a housing fund for pre-investment and a gradual reduction of the landlord tax, in combination with performance-based agreements for the construction of rental homes for middle-income groups.
- Urban densification (particularly in the Randstad) has its limits: new locations will be selected in areas currently zoned as green space, in combination with investment in the necessary public transport infrastructure. With the new railway line between Lelystad and Groningen (Lelylijn), the north of the country could also make a bigger contribution.
- A metro or light-rail system with far better and faster connections should be developed for the Randstad.
- Central government and the provinces should devote more attention in urbanisation policy to preserving the vitality of inner cities (together with the retail sector) and preventing the space needed by enterprises from being threatened by encroaching housing.
- Massive upscaling of mobility and logistics with better and more public transport connections such as the Lelylijn, extension of the North-South metro line and the Brainport line, better (high-speed) connections to large cities within a radius of 700 kilometres, and strengthening of Schiphol's intercontinental network.
- Solve major road bottlenecks, particularly on the large freight corridors.
- Proceed with smart road pricing by introducing a fair and variable tariff per kilometre driven, but make it cost-neutral for the motorist and business. In that context, the motor vehicle tax (BPM) could be abolished.
- The pressure on the road and rail infrastructure and the environment should be reduced by spreading school and working hours and with a new mix of working at home and at the workplace. To that end, the package of allowances for commuting costs and working at home, including the tax treatment of them, will have to be updated.

In addition to sufficient investment, these challenges will call for an integrated approach at central level under a newly created Minister of Spatial Planning.

### 4.3.2 Towards a climate-neutral economy

The Netherlands must be climate-neutral by 2050, and be more than halfway towards that goal by 2030. The EU is launching its Green Deal, which we fervently endorse. However,

implementation of the Dutch Climate Agreement (whose ambitions are lower) is already behind schedule. Extra action is therefore required from the business community.

#### What needs to be done?

- Provide a boost for the process of making basic industries more sustainable. Partly due to its location, the Netherlands possesses ideal conditions to become an international leader in terms of improving the sustainability of basic industries. To this end, the industrial clusters have drawn up Cluster Energy Strategies. It is important that they are implemented. The proposed investment by the business sector is 10 to 15 billion euros up to and including 2030. Because many of these businesses have their head offices as well as production sites in other countries, policy is needed to ensure that those investments are made in the Netherlands and not elsewhere. One element of that policy is refinement of the Emission Trading System (ETS), which is the best route for carbon pricing.
- Timely creation of an energy infrastructure. The timely completion of the necessary infrastructure for electricity, heat and carbon capture and storage (CCS) is critical for achieving the targets for CO<sub>2</sub> reduction. An infrastructure needs to be rapidly developed for hydrogen, 'the successor to natural gas' as an energy carrier. This can be largely accomplished by modifying the existing gas infrastructure. This hydrogen backbone is crucial for the energy transition. There is enormous potential for the development of wind energy in the North Sea with which green hydrogen can be produced for the industrial clusters. Furthermore, the good international connections via our ports and pipelines can be utilised. In time, hydrogen could also be used to heat our homes. We will gladly help to develop a powerful national hydrogen programme.
- Make the energy transition feasible and affordable for SMEs. On the basis of the Climate Agreement, SMEs are expected to make investments of 24 billion euros. It is therefore crucial to improve the business cases and the availability of financing for SMEs. Together with the banks and institutional investors, we will investigate how an SME financing fund can complement other instruments in achieving that. Obstacles faced by SMEs in this regard must be addressed.<sup>14</sup>

#### 4.3.3 Towards a circular economy

To halt the depletion of the earth's resources, humanity will have to switch to a model based on recycling of raw materials. The Netherlands is among the front-runners in this regard.<sup>15</sup> Building on that position will increase the impact we have on sustainability worldwide, represent an investment in a sustainable revenue model, and reduce our dependence on other countries for our raw materials.<sup>16</sup>

#### What needs to be done?

- Private-public investment in the transition agendas: Public-private transition agendas have been drawn up for five priority raw-material chains: biomass and food, plastics, manufacturing industry, building, and consumer goods. In the coming period, we will translate those agendas into actions and concrete investments.

<sup>14</sup> There is a similar task for home owners in this respect.

<sup>15</sup> Recycled materials account for just 8.6 percent of the global use of materials; in the EU the figure is 11 percent and in the Netherlands it is 25 percent. Filling the Gap 2020 World report (2020)

<sup>16</sup> It therefore also makes sense to seek collaboration in the EU for this policy (*'strategic raw materials policy'*)

**Box: Example of circular plastics**

The Dutch chemical and petrochemical sector intends to make major steps in increasing the share of recycled plastic. With chemical recycling, we can create new building blocks from used plastics and avoid the incineration of plastic. The Netherlands can be in the vanguard of this movement if investment in pilot projects, upscaling and collection and sorting capacity is accelerated. CO<sub>2</sub> reduction as a result of recycling (so-called scope 2 and 3 emissions) must be a criterion for carbon pricing and the measurement of CO<sub>2</sub> reduction by producers.

- Stimulation of circular business models: The transition to a circular economy will not occur in and of itself. Innovations will be needed in every chain to scale up recycling in order to make a competitive circular product of the necessary quality. Circular business models (*product as a service*) create long-term relationships with customers, but can also increase the financial risks. Changes will be needed from the beginning to the end of chains.
- The government should facilitate the acceleration of the circular transition. Changes will have to be made by all of the actors: producers, importers, retailers, municipalities, financiers, investors and consumers. Enterprises will have to invest heavily. The government can help to accelerate the implementation of the transition agendas by:
  - increasing the budget for circular innovations;
  - proportionally expanding producer responsibility, with joint responsibility of all the stakeholders to collect and process waste.
  - (partially) removing financial risks.
  - Increasing its role as launching customer in tenders.
- A sustainable and circular economy ultimately calls for a *complete transformation of our economy*. We are assuming responsibility for drafting a blueprint for a circular and climate-neutral economy in the Netherlands in 2050, with an emphasis on the industries that form the basis of our production chains.<sup>17</sup> To achieve this ambition, it is essential that clear choices are made now in many domains, for example because of the long-term horizon of investments in the energy supply. These choices can and must not be put off. They will have to take account of the spatial possibilities. There is no room for taboos (regarding nuclear energy, for example). Investments in basic industry also have a lengthy time horizon, and we would ideally like them to be made in the Netherlands as a front-runner.

## 4.4 Investment to pass on a country with broad welfare to future generations

The policy agenda set out in the preceding sections is brought together in an ambitious investment agenda. The business community will make substantial investments in, among other things, knowledge and innovation, sustainability and the digital infrastructure. Under the right conditions, such as the introduction of broad tax facilities for investment to replace the existing business facilities, the extra investment by enterprises will escalate to at least 10 billion euros on an annual basis from 2025.

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<sup>17</sup> This document will be published shortly.

We propose using the financial scope of 2 billion euros a year from the Business-related Investment Credit (BIK) to finance the front-end costs of investments in sustainability (CO<sub>2</sub> reduction, circular economy, reduction of nitrogen emissions) from 2023. To foster industry’s leadership role, some of the BIK funds could be used to expand the instruments of the Stimulating Sustainable Energy Production (SDE++) programme, to allow options for improving sustainability that only arise later under the regular SDE++ system (such as the transition to hydrogen) to be brought forward.

For many investment categories, private investment will have to be complemented by public investment. This applies, for instance, for extra investment in public R&D for AI and the new technologies, for retraining and additional training and the teaching of digital skills in connection with the digital transition, for new energy infrastructure to improve the sustainability of basic industry, and for infrastructure for sustainable logistics and mobility. In addition, the Netherlands needs additional ‘pure’ government investment in basic education and fundamental research.

That brings us to a proposal for a private-public investment agenda of 20 billion euros a year from 2025. That sum represents 2.5 percent of GDP. This is a substantial amount, but is essential in light of the major transitions we face.

**Proposed investment agenda (billion euros per year structurally from 2025)**

***Private investment***

<b>Inclusivity:</b>	
Work security (from-work-to-work, digital skills, education and training)	0.5 to 1
<b>Productivity:</b>	
State-of-the-art digital infrastructure	2.5
AI, key technologies, innovation ecosystems	1.75
Business agenda (supported by budget-neutral conversion of tax facilities for business to facilities for investment, innovation and employment practices)	2
<b>Living environment</b>	
Basic industry climate objective*	2
SMEs climate objective *	2
Other business investment in the circular economy and nitrogen reduction*	0.5 to 1.0
<b>Total business investment (rounded off)</b>	<b>10+</b>

\*With the use of BIK funds to finance the front-end costs of the investments.

***Public investment***

<b>Inclusiveness:</b>	
Impulse for the quality of basic education (incl. digitalisation)	0.75
Work security (from-work-to-work, STAP* budget for learning account, etc.)	1
Digitalisation of care (upscaling, infrastructure, training)	0.25
<b>Productivity:</b>	

AI and key technologies, innovation ecosystems, field labs, hubs	1.75
Fundamental and basic applied research	0.75
Cyber security	0,1
<b>Living Climate:</b>	
Housing offensive : National House-Building Fund	0.75
Upscaling of logistics and mobility #	2.5
Climate (infrastructures for CCS, electricity, residual heat, hydrogen)	2
Nitrogen reduction: nature restoration	0.5
<b>Total public investment (rounded off)</b>	<b>10</b>

# In addition, up to and including 2030 an additional 250 million euros will be needed annually for the deficits in the MIRT\*\*/Mobility Fund, particularly for maintenance of the road and rail infrastructure.

\* STAP = Stimulus of the Labour Market Position programme

\*\* MIRT = Dutch Multi-year Programme for Infrastructure, Spatial Development and Transport

Our aim with this plan is to hand over a country enjoying a high level of broad welfare to future generations. Without environmental and social debt and with excellent prospects of earning their money in a sustainable manner. And without burdening them with prohibitive costs.

It can be done. To that end, we propose a new arrangement of the public finances. We suggest using the Growth Fund to allow for the assumption of new government debt to finance the public component of the Investment Agenda. For the budget deficit on the other expenditure, the target can be at or close to a structural budget balance in accordance with the rules of the Stability and Growth Pact. In that context, it seems reasonable to aim for 2030 as the year to achieve that target in order to avoid impairing the recovery from the corona crisis with major austerity measures in the coming years.

A fundamentally different approach to the public investment arising from the Investment Agenda reflects the fact that investments have long-term benefits and are crucial for the transformations, and thus deserve to be treated differently than existing “current” government expenditure.

The new Growth Fund is a good vehicle for the public investments. To that end, the currently available amount of 4 billion euros a year should be increased incrementally to 10 billion euros a year. In the coming years, the Dutch share of the *Recovery & Resilience Fund* can help to finance this increase. The funds must be spent within the framework of a national investment strategy, a Plan for the Future. We suggest that responsibility for that strategy should be delegated to a single minister in the new government.

The financial sector (including institutional investors) has an important role to play in facilitating the transitions facing the Netherlands. By providing the financing for private investment in the transitions, but also by regarding investments in the old economy as no longer viable. At the same time, it must also be possible for all of the parties (including SMEs) to actually make the switch. It is very important that the financial sector remains strong and healthy if it is to perform this role properly.

### *Economic effects of the Investment Agenda*

On the assumption that investment in education, training, knowledge and innovation and entrepreneurship will increase productivity, as stated in a recent study by RaboResearch,<sup>18</sup> in our opinion the Investment Agenda could increase per capita prosperity in 2030 by around 20 percent compared with the pre-corona period. That is roughly double the outcome with no change of policy. Accordingly, there will also be sufficient funds available to avoid having to raise taxes in the period up to 2030.

The Investment Agenda will ensure that a great leap forward can be made in ensuring that the Netherlands can be passed on to future generations in far better shape. Sharing the greater prosperity without increasing the overall tax burden will mean that everyone feels they are sharing in the benefits. Thus the Netherlands will be able to continue pulling together. If economic growth can then in turn enhance welfare in a broader context, we will have succeeded in our mission.

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<sup>18</sup> On this point, see H. Erken, F. van Es and J. Groenewegen (2019), *Het groeipotentieel van de Nederlandse economie tot 2030*, Rabobank, Special, Utrecht. An updated version of this study will appear shortly. For its study, RaboResearch used a model based on the work of Paul Romer, winner of the Nobel Prize in 2018. The CPB model is still based on the work of Robert Solow, the Nobel Prize winner in 1987. It does not recognise the effect of investments in knowledge and innovation on productivity.



## 5. Rhineland model 2.0 in action!

We have referred in this policy agenda to a new Rhineland model in which entrepreneurs and enterprises take responsibility for the external effects of their actions and are transparent about their actions and omissions. Our members endorse the ten principles of the UN Global Compact underlying the realisation of the SDGs:

- We support and respect the protection of internationally proclaimed human rights.
- We make sure that we are not complicit in human rights abuses.
- We uphold the freedom of association and the effective recognition of the right to collective bargaining.
- We endeavour to eliminate all forms of forced and compulsory labour.
- We do not use child labour.
- We endeavour to eliminate discrimination in respect of employment and occupation.
- We support a precautionary approach to environmental challenges.
- We undertake initiatives to promote greater environmental responsibility.
- We encourage the development and diffusion of environmentally friendly technologies.
- We work against corruption in all its forms.

In that context we are, together with front-runners in our associations are committed to:

- Developing standardised, highly practical systems to help enterprises identify and report on the negative external effects of their actions.
- A Tax Governance Code for transparency about the tax position of corporate businesses.
- Due diligence in the international value chains in accordance with the OECD Guidelines for Multinational Enterprises ('do no harm').
- Incorporating the philosophy of the new course we are taking and the points made above in the Dutch Corporate Governance Code for listed companies.

In addition, we will take practical initiatives in the field of broad welfare at local, regional and national level. We will establish a 'Bridging infrastructure' to discover and develop these types of initiative and to encourage enterprises to participate in them. This will create a growing community of bridge-builders. A lot is already being done, but the secret is to identify good, local solutions and disseminate them throughout the Netherlands as a whole.

## 6. Afterword

After a period of reflection, this Agenda NL 2030 is by no means VNO-NCW and MKB-Nederland's last word on the challenges facing this country and the role of business in tackling them. It marks the start of a renewed commitment by entrepreneurs and enterprises to working on a common future for the Netherlands. In drafting this Agenda we listened carefully, and we will do precisely the same in implementing it. We are perfectly aware that policies and change leading to broad welfare with wide support in the Netherlands can only be implemented through collaboration. Practically every topic will need to be fleshed out in consultation with the government and, on specific themes, with various social partners, from the knowledge coalition and trade unions to consumers and nature and environmental organisations.

This Agenda NL 2030 is therefore a first step, a jumping-off point rather than a finishing line. Above all, we want to adopt '*an enterprising approach to broad welfare*' and make our own contribution to it. You can count on us for that.



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