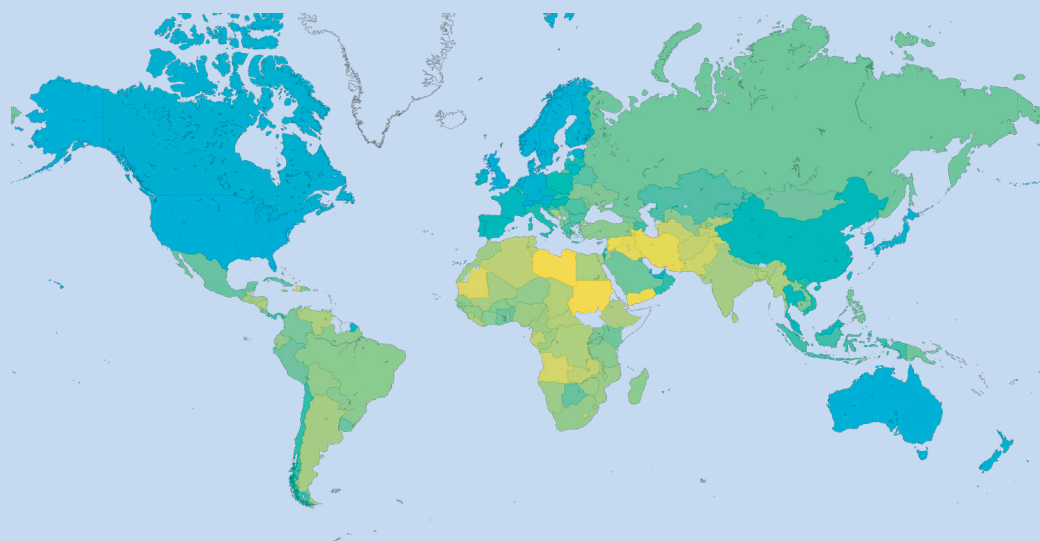


This PDF includes a contribution from the following book:

ELITE QUALITY REPORT 2021

Netherlands: High elite quality may be a surprise to its citizens

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Netherlands: High Elite Quality may be a surprise to its citizens

The overall ranking of the Netherlands at # 4 in the EQx2021 is in line with other international competitiveness, globalization, or innovation rankings. However, the Dutch may still be surprised by this result.

The Netherlands EQx2021 Ranking suggests a relatively even distribution of Political Power (i, rank # 8), Economic Power (ii, rank # 7), Political Value (iii, rank # 5) and Economic Value (iv, rank # 11). Political elites in the Netherlands have traditionally been pragmatic and consensus-oriented (*Network readiness index*, NRI, iii.7, rank # 4), partly forced by a high level of political fragmentation. The Netherlands ranks at # 6 in the State Capture Pillar (i.1) and # 7 in the Regulatory Capture Pillar (i.2). Dutch political elites have tended to refrain from overt self-serving behavior or monetising their political capital, as politicians who have done this in the past have faced fierce opposition from the press (*Press freedom*, PFD, i.1, rank # 5). Corruption within society and the political domain has been limited (*Control of corruption*, COC, i.1, rank # 5), (*Political corruption*, COR, i.1, rank # 6), while the percentage of current or former politicians on the boards of Dutch corporations has remained relatively low (*Crony capitalism*, CRO, i.2, rank # 11).

78 The Netherlands scores somewhat lower in the Pillars for Firm Dominance (ii.5, rank # 97) and Coalition Dominance (ii.4, rank # 46). Economic elites in the Netherlands have been less fragmented than political elites, due to the relatively small size of the home market and a very open and specialized economy (rank # 2 in *Economic globalization*, EGL, iv.10; # 5 in *Barriers to FDI*, BTF, iv.10; # 7 in *FDI net inflows as % of GDP*, FDI, iv.10; and # 13 in *Trade freedom*, TRF, iv.10). However, Dutch economic elites have had to be flexible (ii.6, rank # 8 in the Pillar for Creative Destruction), constantly adapting to new economic, political and technological realities abroad, and pushing for liberal and business-friendly conditions at home as is illustrated by excellent scores in the Taking Income Pillar (iii.8, rank # 2), and Indicators for *Corporate tax rate* (DCT, iii.8, rank # 5), and *Fiscal decentralization* (FDE, iii.8, rank # 12).

Foreign observers may not be surprised by the favourable EQx2021 rankings, yet Dutch citizens might take a different view. In early 2021, the Dutch government resigned in the wake of a scandal after it emerged that thousands of individuals and families had been wrongfully accused of tax fraud by the tax authorities. Many families had been driven to despair or financial ruin. Worse, many of the accused were not ethnically Dutch.

On the one hand, this incident exposed the downsides of *Administrative decentralization* (ADE, i.1, rank # 15). On the other hand, the open way in which this topic has been discussed, and the extent to which political elites (ultimately) took public responsibility for these injustices and have looked to develop alternative regulations (*Ease of challenging regulations*, ECR, i.2, rank # 6) indicates the extent to which checks and balances in the Dutch public sphere function. Similar cases (e.g. involving political measures to further reduce corporate taxes for multinational corporations' head offices) have been discussed and debated with equal public vigour. Such events have tended to lead to revised and democratically supported regulation.

Public debate, sometimes heated, serves an important purpose in the Netherlands. The EQx data underlines the importance of an open society able to discuss its differences in order to adjust to critical domestic and global developments.

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Netherlands

EQx2021 Country Scorecard

Population **17 million**
 GDP (nominal) **907 billion USD**
 GDP per capita **52'331 USD**



Level 1 - Index

EQx Rank / 151
4

EQx Score
64.5

Very High Quality Elites

Level 2 - Sub-Indices & Index Areas

EQx Sub-Indices

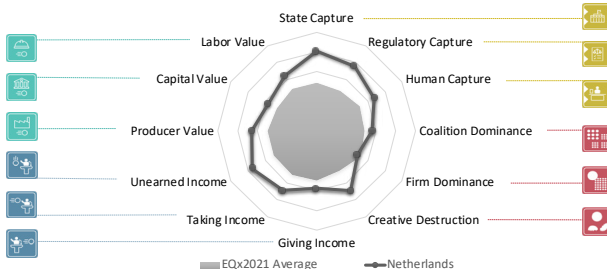
Power		Value	
Rank / 151	Score	Rank / 151	Score
5	66.2	4	63.7

EQx Index Areas

Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
8	75.5	7	61.6	5	66.7	11	62.2

Level 3 - Pillars

		Rank / 151	Score
Political Power (i)	State Capture	6	81.0
	Regulatory Capture	7	76.2
	Human Capture	20	67.1
Economic Power (ii)	Coalition Dominance	46	56.2
	Firm Dominance	97	47.8
	Creative Destruction	8	69.3
Political Value (iii)	Giving Income	23	57.9
	Taking Income	2	69.1
	Unearned Income	9	75.2
Economic Value (iv)	Producer Value	3	65.7
	Capital Value	34	56.6
	Labor Value	28	64.6



Level 4 - EQx Indicators

		Rank / 151	Score	
State Capture (i.1)	COR Political corruption	6	90.3	
	MOB Social mobility	20	72.8	
	PDE Political decentralization	69	46.0	
	ADE Administrative decentralization	15	79.7	
	PGL Political globalization	6	88.4	
	WPI Women's Power Index	23	78.7	
	RTC Government's responsiveness to change	13	81.0	
	EPR E-Participation Index	9	84.0	
	PFDP Press freedom	5	91.5	
	COC Control of corruption	1	100.0	
Regulatory Capture (i.2)	DBI Institutional quality	39	71.2	
	CRO Crony capitalism	11	61.8	
	PMI Protecting minority investors	74	54.5	
	ECR Ease of challenging regulations	6	96.8	
	EDB Digital institutional quality	3	82.8	
	PRI Property rights	5	94.7	
	GSI Global Slavery Index	22	67.6	
	WBL Women, business and the law	7	80.3	
	LIN LGBT+ Inclusiveness	9	87.6	
	GRI Religion - Government Restriction Index	97	61.1	
Human Capture (i.3)	SHI Religion - Social Hostilities Index	102	42.5	
	WSB Women self made billionaires	12	41.1	
	HRI Human Rights Index	8	94.4	
	FDP Forcibly displaced population as % of population	1	56.2	
	AFI Academic Freedom Index	29	73.6	
	Coalition Dominance (ii.4)	IEE Top 3 industries exports as % of GDP		
		ECI Economic Complexity Index	17	82.2
		IVA Top 3 industries as % of VA	89	18.6
		CON Construction as % of GDP (dev. fm optimum)	8	67.7
		MIL Military expenses as % of GDP (dev. fm optimum)	67	57.2
UNI Unionization rate (dev. fm optimum)		29	60.4	
CBC Collective bargaining coverage		49	16.4	
BSN Barriers in service & network sectors		5	78.9	
Firm Dominance (ii.5)		PRO Top 10 firms profitability	56	57.3
		SME SMEs per 1,000 people	48	44.1
	BIW Billionaires' wealth as % of GDP	104	51.1	
	FKG Top 10 firms market cap as % of GDP	17	63.9	
	FRG Top 3 firms revenues as % of GDP	85	38.1	
	FRR Top 30 firms revenues as % of GDP	63	31.1	
	TUL Listed firms turnover, long run 15 years	8	72.3	
	TUS Listed firms turnover, short run 3 years	11	65.1	
	ENT Entrepreneurship	10	95.1	
	VCK Venture capital finance	19	61.8	
Creative Destruction (ii.6)	RND R&D as a % of GDP	13	77.0	
	ENR Firm entry ratio	20	75.9	
	EXR Firm exit ratio	18	30.1	
	BCD Billionaire's creative destruction	22	53.1	
	IWE Index of Women Entrepreneurs			
	VCA Venture capital availability	18	80.7	
	GSE Governmental support to entrepreneurship	8	85.1	

		Rank / 151	Score
Giving Income (iii.7)	SNT Subsidies and transfers as % of expenses	106	2.9
	REG Regional redistribution as % of government budget	135	1.5
	EDU School life expectancy	9	84.4
	GPS Expenditure on general public services as % of GDP (dev. f	6	65.6
	INT Internet access	10	81.5
	NRI Network Readiness Index	4	98.4
	LEW Life expectancy women	16	77.8
	LEM Life expectancy men	9	84.0
	FSQ Global Food Security Index - availability, quality and safet	6	88.6
	COV COVID-19 excess deaths, age-adjusted	20	56.5
Taking Income (iii.8)	COF COVID-19 fatality rate, age-adjusted	18	61.6
	CGD COVID-19 growth differential	104	51.9
	COM COVID-19 mortality rate, age-adjusted	85	37.7
	CLS COVID-19 lost schooldays	40	66.9
	OSI Online Service Index	11	80.8
	DCT Corporate tax rate (dev. fm optimum)	5	76.9
	HOM Homicide rate	11	79.0
	INE Top 10% share of pre-tax national income	5	92.9
	FDE Fiscal decentralization	12	71.0
	DTR Tax revenue as % of GDP (dev. fm optimum)	98	19.0
Unearned Income (iii.9)	BRD Battle-related deaths per 100,000 people	1	53.8
	GCI Global Cybersecurity Index	12	83.0
	SUI Suicide rate per 100,000 people	110	37.4
	SUB Death rates from substance use disorders per 100,000 pe	64	59.6
	OCR Organized crime	18	75.8
	DUT Dutch disease propensity	26	68.2
	EPI Environmental Performance Index	10	94.5
	DBT Government debt as % of GDP	69	56.3
	TRF Trade freedom	13	75.8
	FDI FDI net inflows as % of GDP	7	75.5
Producer Value (iv.10)	BTF Barriers to FDI	5	69.1
	EGL Economic globalization	2	95.6
	HEI Health Efficiency Index	23	53.2
	OFB Open for business		
	ESG ESG company scores	3	75.4
	RDR R&D as % of revenue Top 10 firms	10	78.2
	FSA Global Food Security Index - affordability	9	77.3
	PAT Number of patent applications per 100,000 people	47	42.5
	IPM Share of imports targeted by protectionist measures	103	56.7
	DGI Share of discriminatory government interventions as % of	104	33.1
Capital Value (iv.11)	DNI Neutral interest rate (dev. fm optimum)		
	DOI Inflation (dev. fm optimum)	1	62.7
	GOL Gold demand as % of GDP		
	DMA M&A as % of investment - 3 yrs. rolling average (dev. fm. c	67	5.9
	DKI Delta capital gains tax vs income tax		
	UNC Unicorns per 1 million people	28	42.8
	BSG Billionaires self-made number per 1 million people	16	54.7
	BSM Billionaires self-made as % of total billionaires	32	52.9
	FMI Financial Markets Index	14	95.9
	UEM Unemployment rate	21	63.7
Labor Value (iv.12)	LFP Labor force participation rate	59	54.7
	WLP Delta real wage vs labor productivity increases	11	62.1
	LDR Labor dependency ratio	18	72.9
	YUN Youth unemployment rate	30	71.3
	GWG Gender wage gap	59	52.8
	BRN Net brain drain	17	64.2
	LFR Labor force participation ratio - male vs female	47	65.7

The Elite Quality Report 2021 (EQx2021) provides Country Scores and Global Rankings for 151 countries
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