

Dutch election snapshot: Rutte wins, fragmentation prevails

March 2017

There's a saying in the Netherlands: "Act normal, that is crazy enough". It seems that the Dutch who voted in yesterday's general election felt the same way.

The exciting election resulted in a record turnout (82%) and produced a clear winner: the VVD, party of current Prime Minister, Mark Rutte.

Rutte's right-of-centre VVD outperformed the far-right party of Geert Wilders, despite the two having been more or less tied in the polls during the campaign.

Post-election, the political landscape is fragmented which means the formation of the next coalition government could be a long and difficult process.

Hans Hack is a Senior Managing Director/Head of Financial Services and Joost Koomen, Senior Director at FTI Consulting in Brussels.

Party	Party leader	Seats (150 in total)
VVD (economic liberal)	Mark Rutte	33 (-8)
PVV (far right)	Geert Wilders	20 (+5)
D66 (liberal democrats)	Alexander Pechtold	19 (+7)
CDA (christian democrats)	Sybrand van Haersma Buma	19 (+6)
Socialistische Partij (socialists)	Emile Roemer	14 (-1)
Groen Links (greens)	Jesse Klaver	14 (+10)
Partij van de Arbeid (labour)	Lodewijk Ascher	9 (-29)
ChristenUnie (conservative christian)	Gert-Jan Segers	5 (0)
Partij van de Dieren (animal party)	Marianne Thieme	5 (+3)
50+ (senior citizen party)	Henk Krol	4 (+2)
SGP(conservative christian)	Kees van der Staay	3 (0)
Denk (multicultural)	Tunahan Kuzu	3 (+3)
Forum voor Democratie (direct democracy)	Thierry Baudet	2 (+2)

Key takeaways

- The turnout was historically high; it is clear that voters believed the election was very important. The high turnout also undoubtedly disadvantaged protest votes. Volatility in Dutch politics continues; party loyalty is very low and major shifts between parties have once again taken place.
- The outcome shows that Dutch society is divided like that of other countries and trends like the shift from city elites becoming progressive and the rural population becoming more and more conservative are also present in the Netherlands. Nevertheless, the outcome shows that more centrist / mainstream parties did better in winning the trust of voters. Many see this as a reaction to the election of Trump and the UK's Brexit referendum.
- The left in the Netherlands lost its share of the vote; collectively, the labour party, socialist party and GreenLeft saw its number of seats decrease from 57 to 37.
- The VVD now has the first opportunity to form a new coalition government. Several different coalitions are possible, but any coalition will require at least four parties. This means that the coalition formation process is likely to be difficult and could take several months in which the current government continues in a caretaker role.
- In his first speech after the election results, PM Rutte was keen to express a conciliatory message. He denounced "wrong populism" and was proud that the Netherlands had called this to a halt. His focus will be to ensure all citizens feel the economic improvements and he opened the door to negotiations with many parties.
- Coalition options, considering that all parties have said they will not cooperate with Wilders' PVV, are as follows:
 - Centre right: VVD, CDA, D66, ChristenUnie
 - Centre: VVD, CDA, D66, GroenLinks
 - Centre left: D66, CDA, GroenLinks, SP, PvdA
- Whichever coalition is formed, the fact that so many parties will need to cooperate means that government policy will not shift radically. The option of a centre-left coalition is not likely, yet the fact that the option exists will give parties like GroenLinks and D66 more ammunition in negotiations with the VVD on the policy direction of the coalition agreement.
- Both parties that formed the current government coalition, the VVD and the PvdA, suffered substantial losses. While widely credited for strengthening the economy, their record was not appreciated on an individual basis. The PvdA, in particular, was the party that lost most seats (down from 38 to 9) and seems to have been blamed for cuts to the welfare model. This

will require soul searching. For the first time, the PvdA is smaller than other parties on the left side of the spectrum.

- The campaign was dominated by themes such as healthcare, security, income (in) equality and Dutch values. Europe, the EU and immigration were part of the campaign but did not dominate the discussions, even if the recent disagreements with Turkey played into the hand of the VVD, with PM Rutte being able to demonstrate that he is not afraid to take a tough stance.
- The experiment of the PVV to not participate in most debates seems to have backfired. Although the PVV won seats, the outcome is disappointing for them considering they often led in the polls. The Dutch voters seem to have focused on content and wanted to hear the positions of the parties on the key issues.
- The fragmented landscape includes two newcomers: Denk (split off from the PvdA, focus on social integration of minorities) which did especially well in the big cities and Forum voor de Democratie (known for its opposition to the EU agreement with Ukraine).

The election themes

- For a period, the main theme seemed to have been which of Mark Rutte or Geert Wilders would win the election. This paralysed discourse from the early stages, in particular since Rutte and Wilders did not participate in early debates.
- Taking responsibility was a theme that the VVD took as its motto and which paid off. The disagreements with Turkey also gave Rutte a boost and offered him the opportunity to demonstrate leadership. Additionally, the D66 party clearly positioned itself as being the party that is not ideologically dogmatic, but rather pragmatic and solution oriented. Despite taking responsibility together with the VVD four years ago, the PvdA was not been rewarded for governing in difficult times.
- In the Netherlands the economic/financial viability of the parties' election programmes (which are all independently assessed by the Dutch Central Bureau for Economic Policy Analysis) have been covered widely. This signifies that many debates were about concrete policy solutions and their impact, illustrating the focus on the content of the debate over the soundbites.
- Brexit was notably absent from the campaign and was not an issue that was debated.

Impact on the Dutch position in the EU

- One key factor is that the PvdA is unlikely to take part in the new coalition government. One important consequence of this is that Dutch Finance Minister Jeroen Dijsselbloem is unlikely to be able to maintain his role as chair of the Eurogroup once the new government is formed.
- Frans Timmermans, first Vice President of the European Commission is also PvdA, but his position will not affect his mandate which will run until 2019.
- It is expected that the Dutch position on most important policies issues within the EU will not change. Views on Brexit, health care (the idea to nationalise health care put forward by the Socialist Party was, for example, rejected by all other parties) and trade are not likely to change. However, if the Green Left party joins the governing coalition, a shift in the Dutch position on energy and environment policies might be possible.



Hans Hack

Senior Managing Director,
Head of Financial Services
+ 32 2 289 08 75

Hans.hack@fticonsulting.com



Joost Koomen

Senior Director
+32 2 289 09 30

Joost.koomen@fticonsulting.com



About FTI Consulting

FTI Consulting Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. The views expressed in this article are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.