

Section 2:

Lessons for reformers: the state of play and the way forwards

CHAPTER 6

Sex, Drugs and the Dutch Social Model

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In Quentin Tarantino's movie 'Pulp Fiction' one of the actors tells the story of the mind-blowing lack of authority and clout of Dutch cops. According to the movie scene, Amsterdam cops are not allowed to arrest a driver who is stopped for a traffic violation, if the cops find drugs in the boot of the car. The script of Pulp Fiction was written in Amsterdam many years ago, and it is indeed an interesting hub of free thoughts and rather free practice on drugs and sex too.

However, fact and fiction obviously never coincide. Where fiction portrays individual freedom in the Netherlands, the facts show us opposite signs of state control.

The Dutch Polder Model – Where building consensus thwarts individual freedom (and vice versa)

Even in the 17th century Dutch Republic, consensus building between the various provinces was crucial for economic success and political unity. In essence, Dutch society can historically be seen as strongly divided between dichotomies, such as the poor and the rich, the Protestants and the Catholics, and left and right. But this 'Republic of rivalries' never in history caused a civil war. Observers of the Polder Model and its economic success relate it directly to the Dutch centuries-old tradition of consensus building.

Throughout history, the Netherlands, a low-lying nation, has had to battle the flood waters of the North Sea in order to preserve and cultivate its farmland. To do so effectively required a 'consensus culture', in which all the individuals and corporations who had a stake in the preservation of the dykes worked together to build and maintain them. These 'bodies of surveyors of the dykes' have long been a feature of Dutch society. In October 1880, the anti-revolutionary leader and former Prime Minister Abraham Kuyper referred to these informal groups as "polder-

kringen”, the polder circles. During WWII, this consultative culture emerged at a national level between government, employers and employees, who came together informally to negotiate terms of employment and broader economic policies. Including all these groups in negotiations ensured that once a consensus was reached, it would be adhered to.

Two organisations were subsequently founded which both played an important consultative role in the Dutch economy. The Social-Economic Council (SER) was established in 1950 and still provides the government with social and economic advice. Likewise, the Foundation for Labour, an organ for consultation between the ‘social partners’ (representative central employers’ and employees’ organisations), was founded in 1945. It has been responsible for several significant social accords, including the Treaty of Wassenaar in 1982.

This Treaty has been considered a textbook case of the success of the ‘economy of consultation’, as under pressure from increasingly high unemployment figures, the employees’ unions accepted wage diminution in return for reduced working hours. Indeed, many have argued that the Polder Model underpinned the Dutch economic success of the 1980-90s.

But it is not only the SER and the social partners that are being consulted under this system. What makes the Polder Model unique is that not only trade unions, but also other organisations, such as interest groups in health care and education, are all institutionalised. In healthcare, for example, these organisations make decisions on tariffs and prices. This means that pressure groups always have a seat at the table of such negotiations, and consequently, the cabinet always has to consult such bodies.

Ultimately, conflicts have always been solved peacefully by a sort of corporatist co-operation of the upper layers of the existing societal pillars. In sum, the Netherlands can be seen as a nation in which on a permanent basis differences have been peacefully *regulated*, in many cases by law. This is not exactly in harmony with the literal idea of the liberal Netherlands and the Dutch concept of freedom.

Freedom, both in the political, the spiritual, and material sense, is an essential element of mankind’s development and has been the reason why the Dutch have become famous for their tolerant behaviour. Everyone is entitled to freedom without any form of discrimination whatsoever. Society should be a community of equals, which means accepting cooperation with others whenever possible *for the benefit of the entire society*. Thus, non-discrimination and respect also play an important role. And this is where the mere corporatist co-operation of the upper layers of the existing societal pillars, inherent to the Polder Model, has increasingly thwarted the idea of freedom and tolerance.

The Polder Model certainly contributed strongly to the increase of private wealth, but neglected at the same time the public sphere and the quality of living conditions. This has finally caused strong embarrassment among the population. Consensus in reality has become more of a *shadow consensus*, meaning that new majorities are not or insufficiently represented in the existing political system.

On the other hand, social norms and values have become less enforcing. This has caused an unprecedented increase of individual freedom experience and has subsequently vitalised the behaviour of individuals. Paradoxically, this much larger individual freedom has created at the same time a significantly bigger need for social safety. This new (social) risk, or, stated differently, *safety utopia*, and its resulting individual and social discomfort, converges with a sort of spectator democracy.

Balkenende II and the implications of *polderen*

On 16 May, 2003, representatives of the ruling Christian Democrats (CDA), and their coalition partners, the Peoples Party for Freedom and Democracy (VVD, the Classical Liberal party) and the Democrats 66 (D66, a centre-left party), reached agreement on the main points of government policy for the next four years. The second Balkenende cabinet program would be based around the slogan: "Mee doen, Meer Werk, Minder Regels" (Participation, More Employment, and Less Regulations). The cabinet has sought to address the problems of integration of ethnic minorities (participation), the economic recession (more employment) and the lack of trust in government (less regulations). The cabinet, however, took power at a time when the Netherlands' economy was in poor shape, with increasing unemployment and slight economic contraction. In order to jump start economic growth the cabinet has proposed tax cuts and reform of the system of social welfare.

Even though the social partners have fought back, the cabinet ultimately managed to implement a new law for disability pensions. Most people who enjoyed disability pensions under the old disability law received pensions even if they were only partially disabled and could still work. The pensions of these people are cut, and they are forced to return to work. Furthermore the cabinet has limited the possibility of early retirement. Without exception all Dutch employees will be forced to work until they have become 65, or possibly longer.

The cabinet has also cut government spending by 5700 million euro, making a total of 11 billion euro, when combined with the cuts announced by the previous cabinet. Among other measures, free dental care, physiotherapy and anti-conception medication were cut, 12000 positions were to be eliminated in the armed forces and some of their bases closed, the link between benefit payment rates and salaries was to be broken, and the rental housing subsidy was reduced. At the same time, 4 billion euro in extra spending was made available, mainly in education and justice.¹

The implications of the long process of ‘polderen’ it took the cabinet to pursue its plans are characterized as a form of “managed liberalization.” This characterization points to the paradoxical nature of these changes. On the one hand a certain liberalization can be observed (an increase of social insurance and the administration of social security via the market) while on the other hand the control of the system by the state is also increasing. This process of managed liberalization, however, takes place under an umbrella of lasting universal social protection: entitlements are still determined by law and remain collective.

The best example of this is the new Dutch Health Reform Act. Through the adoption of a statutory General Insurance Provision, all Dutch residents are obliged to have insurance, and accordingly there will no longer be a wage ceiling for sickness funds. The statutory insurance will also establish that insurers have a duty of acceptance for the basic package. All Dutch people have to pay a nominal premium to their insurers, which should serve as an incentive for the competition between insurance providers. Added to that, people pay income-dependent contributions. Via the taxing system, the money is redistributed. To ensure risk solidarity, there will be a system of risk equalization, meaning that the government will compensate for people with higher risks. Reorganization of care supply means that the Dutch government intends to affect a shift from regulating the supply of healthcare to stimulating competition, especially competition among insurance companies. For them to be able to compete, the Reform Act provides insurance companies with many tools to make negotiations with care providers easier.

Successful implementation of these reforms depends on the public responding positively to these changes, believing them to be in their own best interest. But this is not the case. This Health Reform Act was not designed all at once and is a product of years and years of ‘polderen’. The implications? People are dissatisfied with the end result, do not understand the actual changes made, and ultimately start a further rounds of strikes which will cause another round of modifications to the plans. This vicious circle does not help the cabinet’s plans to jump start economic growth with tax cuts and real reform of the system of social welfare.

The Need for a Cultural Revolution

In this post-modern era citizens are no longer committed to regulated and institutionalised politics. A number of important things have changed, compared to the past. So on the basis of the various developments, especially the last few years, one can conclude that for the first time in modern history the consensual cultural mindset of the Netherlands could change fundamentally from the consensual Polder Model towards a more conservative model.

This might imply a far reaching dismantling of the Dutch welfare state, as we have known it in the post war years. A combination of recent developments has paved the way for this:

- Political moves to the right, starting with the movement of Pim Fortuyn, plus the privatisation of social security, and the shift from functioning consensus democracy to a “democracy of spectators”
- Economic problems (slow growth, high inflation and unemployment)
- Demographic changes (ageing)
- Cultural shifts (individualisation)

The whole shift appears no less than a social revolution with far-reaching consequences for social policy and the Welfare State in the Netherlands.

Now what implications can a potential cultural revolution in the Netherlands have for the Dutch identity in the European Union? As there is no such thing as a European nationality, since each nation has its own historical and cultural background, a cultural revolution will not necessarily affect other member states.

The definition of a European citizen, however, includes people who share common norms and values, especially with regard to the democratic, liberal and free society. European citizens should be willing to cooperate in a system, whose aim it is to achieve progress and full individual development. The Polder Model has definitely proved itself to be unsuitable to be copied throughout the EU and needs to be replaced by a system in which progress and individual development flourish.

If the Dutch government can manage the transition into a 21st century social model which allows for *cross-national diversity* and individual freedom, it may be a European gateway to economic growth. If there is — or should be — a model that leads European integration, this blue-print would have to be as much about Europe’s unity of *shared social* values, institutions and structures as well as a guide on how to manage the historically entrenched cross-national diversity. Only then can we agree to become “the world’s most dynamic and competitive economy”.

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