The end of consensus politics in the Netherlands

Part I: The legacy of Wim Kok's Social Democratic government

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This is the first of a three-part article on the political background to the decline of social democracy and the rise of the right-wing populist movement headed by the late Pim Fortuyn in the Netherlands. Parts two and three will appear over the next several days.

At the end of July, two months after parliamentary elections, a new coalition government of Christian Democrats (CDA), the List Pim Fortuyn (LPF) and right-wing Liberals (VVD) took office in the Netherlands capital of The Hague.

The strongest parliamentary faction, the CDA, received five ministerial posts, including two of the most important, foreign affairs and the judiciary, and nominated the prime minister, Jan Peter Balkenende. Three of the four ministries that went to the VVD were also major posts: the home office, finance and defence. The List Pim Fortuyn, named after the right-wing populist murdered shortly before election day, became the second strongest faction with 26 representatives, but was only able to claim the portfolio for immigration and integration—a ministry recently subordinated to the judiciary—and three others, including the ministry of the economy.

In a parliamentary statement on the government's programme agreed by the coalition partners, Prime Minister Balkenende declared that the coming years would be extremely difficult for most Netherlanders.

Budgetary savings of 11 billion euros are to be achieved through severe cuts in the public service sector as well as in health entitlements and occupational disability insurance. Within three years, 40 percent of workers deemed by doctors unfit for work will have to accept some kind of inferior job or lose their right to a pension. Savings are also to be made at the expense of the unemployed, whose numbers have been increasing dramatically for some months.

Shortly after assuming power, the government announced that additional cost-cutting measures pertaining to the social service budget would be unavoidable. To justify this, the government claimed that income from taxation had drastically declined as a result of the economic slump, that next year's official statistics predicted further growth in unemployment, and that the budgetary deficit—in spite of the proposed cuts—would increase to 3.5 billion euros, i.e., to 8 percent, rather than the previously estimated 2 percent, of the Dutch gross national product.

The dismantling of social services is to be accompanied by the establishment of a strong and ubiquitous state apparatus, with tougher penal legislation and a greater deployment of police than ever before.

Up to now the Netherlands, compared to other European countries, has had a reputation for relatively generous policies toward foreigners. It is now adopting the toughest measures to isolate and expel immigrants. New asylum-seekers will be admitted only if they are wealthy enough to afford 6,600 euros for a language and integration course. The opportunities for dispersed family members to reunite will be restricted more harshly than anywhere else. All immigrants illegally resident in the country, in most cases working on flower and vegetable plantations, will be expelled without exception. Special military forces are to be established to hunt, catch and deport immigrants.

In this connection, the government is once again making it obligatory to carry an identity card. Everyone will be obliged to carry such a card or passport at all times. Immigrants who fail to comply with this requirement will be subject to immediate deportation. The obligation to furnish proof of identity was first introduced in the Netherlands during the Nazi occupation. It was used by the authorities to identify Jewish citizens quickly and easily, before handing them over to the Gestapo.

The new government and its programme constitute a fundamental break with the "politics of consensus," i.e., the customary methods and mechanisms of rule of the Netherlands ruling class which stem from a tradition that goes back centuries. The aim of such consensus politics, often involving lengthy negotiations and manoeuvrings, was to dampen social conflicts and avert open class confrontation. With the advent of the government's new programme, the ruling elite is now orientating itself towards just such a confrontation.

This transformation is scarcely discernable in the public debate, which proceeds as if nothing has changed. The opposition parties—particularly the social democratic Party of Labour (PvdA) of the previous prime minister, Wim Kok—refrain from voicing any fundamental opposition to the new government and its policies. This, in itself, is an expression of the decay of bourgeois politics, the parliamentary parties and the media.

It is hardly surprising that the opposition parties are, by and large, remaining silent, when one considers that they led the government for the past eight years (twelve years in the case of the PvdA) and, together with the trade union bureaucracy, brought about a shift to the political right. This fact is crucial for an understanding of the current situation in the Netherlands. At the same time, it is symptomatic of political developments in almost every European country.

As chairman of the Dutch trade union federation in 1982, Wim Kok negotiated the "Wassenaar Agreement" with the CDA-led government of Prime Minister Ruud Lubbers. This agreement constituted a fundamental change in social and wage policies. Henceforth, the object of "consensus politics" was no longer to be the improvement of social conditions, but rather budget cuts directed against workers, the unemployed, the sick and pensioners—cuts carefully negotiated and worked out in detail by the governing parties, trade unions, churches, businessmen and other lobby groups.

At first, limits were placed on pay increases; later wages were reduced and part-time and low-pay jobs encouraged. At the beginning of 1990, the PvdA entered the government led by Lubbers of the CDA. Wim Kok became minister for finance, and the trade unions became even more

tightly bound to the government.

Four years later, Wim Kok himself took over the office of prime minister. He remained in power until the recent change of government, supported by a coalition of the PvdA, the right-wing VVD and the D66 party. The D66 came into existence as a liberal splinter group from the VVD in 1966.

Under the slogan of the "Netherlands' answer" to globalisation, Wim Kok systematically enforced the policies he had introduced in 1982. The "Netherlands Model" became the paradigm for dismantling the welfare state—via a method of rigorously executed step-by-step measures, always implemented in collaboration with trade unions and works committees. As such, it became the model for many European governments.

In the Netherlands it was called the "Polder Model"—a designation that implies there was no alternative. Just as the people who lived on the Polder (the term given to land reclaimed from the sea and secured behind dykes) had to bury all conflicts and stick together in the battle against the forces of nature, any resistance to government policy had to be suppressed in the battle for Netherlands' place on the global market.

In line with the "Polder Model," social security and unemployment benefits were reduced and the proportion of contract and part-time work was sharply increased. By the end of Kok's term in office, more than 38 percent of all employment was based on part-time contracts. In Germany the comparable figure is less than 10 percent.

Telework, or home employment, has also been systematically introduced. Computer experts and other highly qualified workers are often employed on a part-time basis or in some other fashion that precludes job security. They do not receive a monthly salary according to a wage agreement, but instead are paid in relation to the goods they produce. In this way, costs for the employer are substantially reduced.

Teleworkers do not normally require an office, because they use their homes as a work place and maintain contact with the employer or customer by telephone or over the Internet. Supplementary earnings for night or weekend work, sick pay, etc., are omitted from the flat-rate payment for completed work, because such workers—whether employed on a regular basis or self-employed—must "willingly" forgo these entitlements to ensure payment for punctually completed work. If they are employed as independently contracted labourers, the employer also avoids social insurance contributions.

Another important feature of the "Polder Model" involved forcing dismissed workers and the unemployed to assume the status of self-employed, so as to improve the unemployment statistics and decrease the financial burdens on the national budget and on business concerns. As a result there emerged, particularly in the service sector, an army of small, self-employed businessmen and businesswomen, staggering along on the margins of existence. The so-called "Ich AG" ("Me Ltd") campaign, currently being propagated by the Hartz Commission in Germany, is modelled on this development.

The result of such measures has been the creation of a broad layer of working poor, i.e., working families barely able to keep their heads above water. At the same time, the official tally of unemployed and the government's expenditure on social support and unemployment benefits were reduced to a minimum.

The stock market boom of the 1990s, fuelled by speculation and the availability of credit, gave Wim Kok's government the appearance of success for a few years. Despite the Dutch economy's shaky foundation, the growth in world trade enabled the social consequences of the "Polder Model" to be concealed for a while. It provided the Netherlands, so vitally dependent on export, with new jobs—though they were jobs offering very low levels of pay.

Some political scientists and commentators even expressed the opinion that, with the government of Wim Kok, the realisation of an open, liberal, democratic society had come closer to realisation. To justify such optimism, they pointed to the continuance of consensus politics "in spite of social hardships" and to liberal laws for homosexuals, prostitutes, drug addicts and the terminally ill who wish to determine for themselves when and how they are to die.

However welcome the abolition of discriminating civil and criminal laws for such groups of people, genuine democracy and freedom are possible only when social inequality has been overcome. But the Netherlands under Wim Kok and the social democrats was becoming ever more socially and economically polarised. A layer of wealthy people at the top of society was growing richer—the number of millionaires had risen to over 200,000 in 1999—while the working population was becoming ever more impoverished.

Any illusions about this state of affairs were soon to be dispelled. When the world economy plunged into recession last year, the bitter consequences of the "Polder Model" for the working class rapidly became apparent.

Despite the low wages they were offering, many firms failed to prove productive enough to meet the demands of global competition. The low level of wages was even partly responsible for a slow growth in productivity. As economists have long known, under conditions of economic growth, low wages tend to impede the systematic development of new technology, and can thus become a drag on the growth of productivity.

Now the representatives of banks and business concerns were demanding an end to the "strategically regulated dismantling of the welfare state" and a tougher course of action.

During the final months of Wim Kok's government, thousands of working poor were thrown onto the streets, without the benefit of a state safety net to prevent them from falling deeper into poverty. Within a few months, the number of unemployed rose to a level comparable to that in Germany—but with far less financial support and aid for the jobless.

Consequently, in this small and densely populated country, where housing is expensive and hard to come by, the number of homeless people shot up last winter. According to the Salvation Army, figures for the homeless rose from less than 10,000 last year to 70,000 at present.

One development is particularly tragic. Up to six months ago, not a single woman was among the newly registered homeless people. Today, according to the relief organization *Federatie Opvang*, more than 25 percent of homeless are women, and this proportion is increasing each month.

From a total population of 16 million, one million households were already living below the poverty line in 1997. According to some estimates, this number has risen to well over 2 million since last winter.

Under these dire social conditions, Pim Fortuyn came onto the political stage, proclaiming the "flood of immigrants" to be the "national scourge" that was ruining the country. He declared that the "politics of consensus" had to be abandoned so that the country could be roused from its torpor.

To be continued