Netherlands budget outlines spending cuts and privatisation

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The September 18 budget of the Christian Democrat Appeal (CDA), right-wing Liberals (VVD) and Pim Fortuyn List (LPF) coalition government in the Netherlands outlines an offensive against the living standards and democratic rights of the working class.

Introducing the budget, Liberal Finance Minister Hans Hoogervorst, previously a cabinet minister under former Labour (PvDA) leader Wim Kok, said “All signals are on red.”

In the proposals submitted to the Lower House of the Dutch parliament, the CDA-led government of Prime Minister Peter Balkenende insisted cuts were necessary to defend the competitiveness of Dutch industry, and announced the goal of repaying the entire national debt within a single generation by bringing the state budget into surplus. The total national debt is currently 233 billion euros, ($228 billion) 49.8 percent of GDP. Next year alone, the government intends to cut public spending by 6.6 billion euros ($6.4 billion), and cut taxes by 1 billion euros ($0.97 billion). These are deeper than spending and tax cuts already agreed during coalition negotiations between the governing parties. The only new spending will be for the privatisation of health and on the police and legal system.

The government admits that “next year most income groups will have less purchasing power”. Unemployment is expected to rise to 300,000 this year and 395,000 next year, while subsidised jobs will be cut from 91,000 to 72,500. Unemployed workers over 57 years of age will have to actively seek work to retain their social support and the unemployment benefit will be cut. Receipt of Invalidity Benefit (WAO) will require that the claimant be completely incapacitated. Employers will have to take responsibility for paying more sickness benefit, which will drive them to sack sick or injured workers. Currently sickness benefit is paid by the state.

While social support is being slashed, the legal system and the police are to be strengthened. The government intends 10,000 more cases to go through the courts in 2003, legal fees will be raised and legal aid for migrants and asylum-seekers will be reduced. New measures to search vehicles, introduce ID cards and use DNA databases are proposed. More closed circuit TV will be introduced and police numbers will be increased. A national criminal investigation organisation will be set up. The government intends to build several thousand new prison cells, introduce multi-prisoner cells and harshly punish repeat offenders. There is to be more cooperation between the judiciary, the police and the intelligence services, under the guise of the “struggle against terrorism”.

Even the transport budget has a law-and-order slant. While petrol tax is to be cut, the state subsidy to public transport “sharply reduced” and new planned rail lines left unbuilt, the government intends to give supervisors on public transport additional powers—such as handcuffs, batons, dogs and the ability to impose travel bans.

Resting on the broad frustration over the decay of health provision under the previous PvDA-led “Purple Coalition”, the new government intends the state to open up as many areas of health provision as possible to “market forces”. Private health insurance is to be encouraged and hospital league tables are to be introduced. Shortly before budget day, the new health minister, Eduard Bomhoff, trumpeted a “perestroika” in health care. In education, schools and colleges “there will be greater emphasis on the responsibility of individual institutions”, by which is meant tight financial targets, and a deepening inequality in education. All areas of public services will be deregulated.

In line with the anti-immigrant hysteria generated by the assassinated Pim Fortuyn, and deepened by LPF immigration minister Hilbrand Nawijn, the government singles out migrants: “The admissions policy will become more restrictive, the options for family forming and family reunification will be restricted.” The government intends to cut successful asylum applications to a mere 18,000 annually—the Netherlands has a population of 16 million people. Biometric scanning will be introduced against migrants without documentation. Remaining in the Netherlands illegally will be made a criminal offence, and undocumented migrants will be locked up prior to deportation. Days after the budget announcement, a sweep in Amsterdam by 500 police arrested 100 people from Romania and Bulgaria for immediate deportation.

Although military spending is being cut to 7.3 billion euros ($7.1 billion), the government intends to strengthen its NATO and European Union military contributions, increasing the military’s strike and expeditionary capacity, and increase cooperation between its branches. Spending on the US-led Joint Strike Fighter is to be ring fenced, with most of the cuts coming from dispensing with civil servants.

The savagery of the cuts is generating tensions within the government, with LPF finance minister, Herman Heinsbroek, complaining that the budgetary targets are too tight. The LPF remains deeply unstable, and run by political novices. After the election of its third leader, magazine publisher Harry Wijnschenk, MP Winnie de Jong announced she was “at war” with the new leadership, apparently over the sacking of a personal assistant. De Jong denounced another LPF MP, Ferry Hoogendijk, as an “evil genius”, while Hoogendijk replied by threatening De Jong with legal action.

The small and medium-sized employers federation MKB-Nederland echoed LPF complaints, alarmed that too tight a budget will disrupt their members’ incomes. MKB-Nederland are also concerned that the financial stringency will generate higher wage demands from workers.

For their part, the Dutch trade unions have made clear their willingness to support the new right-wing government with the same degree of loyalty they offered the Purple Coalition. Unie MHP union federation leader Ad Verhoeven called for a 3 percent annual wage rise under the collective labour agreement. Verhoeven claimed that price inflation made a 5 percent pay increase more appropriate, but he was willing for workers to forego this “in view of the poor economic conditions”. Both federations presented wage demands of 3.5 percent, with the CNV presenting a minimum demand of 2.25 percent, which is less than the official inflation rate of 2.5 percent. Leaders of both the larger FNV and CNV union federations have called for individual government ministers to have more leeway in setting financial targets.