

# New Dutch government plans drastic cuts

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After months of political wrangling, a new Dutch cabinet was sworn in this week. The new government is a coalition of the Christian Democratic Appeal (CDA), the People's Party for Liberty and Democracy (VVD) and Democrat 66 (D66).

The May 27 swearing-in of the new coalition will end one of the longest phases without a legitimate government in the Netherlands. The centre-right coalition comprising the CDA, VVD and the populist List Pim Fortuyn (LPF) had resigned in autumn 2002. Weeks of negotiations between the CDA and the social-democratic Labour Party (PvdA) followed the January 22 general election, before finally collapsing at the beginning of April.

CDA Chairman Jan-Peter Balkenende, the outgoing prime minister, will lead the new government, which plans to implement the sharp attacks against the population that were a central component in the negotiations between the CDA and PvdA. "Everyone will have to suffer," according to Balkenende. "The time of welfare guarantees is over."

The coalition parties agreed to 13.1 billion euros worth of austerity measures in order to produce a balanced budget by 2007. This economic programme, unique in the history of the country, is to be achieved by the destruction of 12,000 public service jobs and sharp cuts in the health and pension provisions of the general population as well as in social security:

\* The pension age is to be raised from 65 to 67 years and early retirement stopped.

\* The jobless will only be eligible to draw unemployment benefits for between one-and-a-half and two years, instead of up to five years. The length of time a worker must have been employed before drawing unemployment benefits is to be raised.

\* The catalogue of benefits available through the health insurance scheme is to be reduced, with patients having to finance treatments themselves. Health

insurance will also no longer cover some medicines.

\* Everyone will be obliged to pay a compulsory health insurance contribution of between 200 and 400 euros in addition to the contributions already deducted from salaries.

\* Additional new "reforms" will do away with disability insurance (WAO), which also covered psychological illnesses.

\* The past model linking social insurance benefits to the level of wages will only be maintained if wages rise "moderately." This means that the Dutch population faces the choice between stagnant wages and sinking benefits.

Balkenende has already announced that further cuts are possible, if the Dutch economy does not grow as envisaged in the coalition paper or if additional unplanned expenditure arises. The current 1.5 billion euro deficit in the health insurance scheme will lead to further cuts. Balkenende also did not exclude raising taxes in this context.

The Ministry of Defence and the police are expressly excluded from the planned cuts.

An additional expenditure of 500 million euros is planned to hire more police officers and fund the military. In addition, the powers of the police are to be expanded. The police will be able to conduct arbitrary body searches, even in cases where there are no grounds for suspicion. A 1998 regulation prohibiting the police from cooperating with criminals is to be lifted.

There has been practically no opposition to these measures by the established political parties. The PvdA agrees on expanding police powers. The abolition of the provision prohibiting cooperation with the criminal milieu met hardly any opposition in parliament, although the move legitimises existing unofficial and illegal cooperation between police and criminals.

This form of "consensus politics" in security policies

results from the belief of the ruling elite that resistance to the substantial attacks on the rights and social gains of Dutch working people can only be controlled by police measures.

Remarkably, there was no discussion between the CDA, VVD and D66 over the fundamentals of the coalition during the coalition negotiations. The three parties immediately began to elaborate the cuts they planned in social spending. The leadership of the self-proclaimed “left liberal” D66 no longer seems to be interested in what it was saying yesterday.

D66 chairman Boris Dittrich had told the press before the January elections that his party would “under no circumstances” take part in a “Christian Democratic-Liberal coalition,” because this contradicted the D66 demand for greater deregulation. Now, several members of the party leadership have declared that “it is not acceptable for D66 to allow questions of principle to stand in the way of an opportunity to participate in government.”

There were also no discussions on foreign policy. Without further ado, the new coalition is adopting the position of the outgoing right-wing government. Holland will despatch between 600 and 1,000 soldiers to British-occupied southern Iraq. Apparently, to finance this deployment, the incoming government plans to increase the 6 billion euro defence budget by an additional 100 million euros.

Not a small factor in the ease with which these foreign policy issues were resolved within the coalition is the role of Holland’s largest corporation, the oil giant Shell. The third biggest industrial enterprise in the world, Shell recently announced that its net receipts for the first quarter in 2003 totalled 5.3 billion euros (or 1.2 percent of Holland’s gross domestic product).

Royal Dutch Shell (RDS), which has a 60 percent holding in the company, has its registered office in the Netherlands. The Shell Transport Group in London controls the remaining 40 percent. A declared goal of the RDS holding company is to not interfere in the operational business of its subsidiaries—which operate in almost every country in the world—but to determine the course of these subsidiary companies through appointments to their boards of directors. The task of each subsidiary is to realise the highest dividends possible, which are then paid to the Shell holding company, the only shareholder in the subsidiary

companies.

The Netherlands has two representatives on the Shell holding company board of directors. The close relationship between Shell and the Dutch political caste is personified in Wouter Bos, chairman of the social-democratic PvdA. A former top manager in the corporation, Bos was the leading political personality to abandon opposition to the Iraq war directly after the January elections and place himself ever more clearly behind the right-wing government, which regarded the war as legitimate and promised the US its support.

It is no coincidence that Dutch troops are to be sent to British-occupied southern Iraq. It does not require the gift of prophesy to forecast that Shell will seek to develop its business in Iraq mainly in the country’s southern oil fields.



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