

Dutch grand coalition agrees on austerity programme

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6 November 2012

Some six weeks following the Dutch parliamentary elections on September 12, the conservative Peoples Party for Freedom and Democracy (VVD) of Prime Minister Mark Rutte and the social-democratic Labour Party (PvdA) under Diederik Samson have agreed to form a coalition government. The coalition is based on agreeing to a harsh austerity programme of some €15 billion (US\$19 billion) in cuts.

When the coalition agreement was presented on October 29 at The Hague, the seat of the Dutch government, Prime Minister Rutte said it was a case of “bringing the budget under control, apportioning it fairly and stimulating lasting growth.” The coalition agreement is entitled “Building Bridges”, but its content above all enshrines a harsh austerity programme at the cost of workers, the unemployed, the sick and pensioners.

Some €5 billion will be cut in health spending alone. The state contribution to long-term care insurance will be abolished. Mandatory employee contributions to the health insurance scheme will in future be more closely aligned with incomes. Payments for the worse-off will be cut.

Benefits paid during hospital stays will disappear. The chronically sick will have to pay more for their treatment and care. Those entering hospital in an emergency without being referred by a doctor will have to pay €50.

Social spending will be cut by €3 billion. Notice periods will be shortened, enabling employers to cut redundancy payments. The period of unemployment benefit, currently paid for a maximum of 38 months, will be drastically cut back. Much like the so-called Hartz welfare and labour “reforms” in Germany, the unemployed will be forced to take up work as quickly as possible, even if this is paid at a substantially lower

rate than in previous employment and is at a lower level of qualification. This will lead to the growth of the low-pay sector.

The pension age will be raised more rapidly than initially planned, from 65 to 67. The wages for civil servants will be frozen. Further savings will be achieved by combining local municipalities with fewer than 100,000 inhabitants, cutting back on local services and personnel.

Another cut that will be painful for several hundred thousand will be the massive reduction in mortgage relief, a form of owner-occupier bonus paid since 1893. In the past, families building their own home could offset 52 percent of the mortgage interest against tax.

The PvdA wants to completely abolish this “subsidy for homeowners”. During the election campaign, Prime Minister Rutte had promised that there would be no cuts affecting existing mortgages for those building their own homes.

The coalition agreement foresees gradually cutting the interest relief from the current level of 52 percent to 38 percent, including for existing mortgages. In this way, the government plans to save €770 million. For those families affected, this means a drastic raising of their housing costs, which is already very difficult for many given the falling values on the housing market.

Foreign aid will be cut by €1 billion, to just €4 billion.

Through these measures, the government plans to save a total of €15 billion by 2017. Next year, new state debt, which according to European Union (EU) regulations should not exceed 3 percent of GDP, will have fallen to 2.7 percent. Last year, it was running at 4.7 percent.

There is also much agreement on tax policy between the neo-liberal VVD and social-democratic PvdA,

which together command a narrow majority with 79 of the 150 seats in the lower chamber of parliament. The top rate of income tax will be reduced from 52 to 49 percent under the coalition agreement. VAT (sales tax) was increased in the austerity budget in April this year to 21 percent. This too follows the epithet: take from the poor, give to the rich.

While workers, the unemployed and the sick face cuts, spending on the police and the state's apparatus of repression is rising. The coalition partners have also agreed to tighten up the regulations governing immigrants. In future, immigrants will only be able to apply for citizenship after seven years, instead of five as at present. As a cosmetic sop, it was agreed that in future, registrars will no longer be able to refuse to marry homosexual couples.

The new Dutch government is also providing support at the EU level for harsher cuts and repressive measures against the working class. The Hague is backing the tough stance taken by the German government towards Greece, Portugal and Spain. It agrees to the formation of a European Banking Union, and calls for stricter immigration regulations in Europe, meaning that the EU's borders will become even more impenetrable for refugees and immigrants.

According to media reports, the new cabinet that Rutte will present at the beginning of next week will contain social democrats Jeroen Dijsselbloem as finance minister, Frans Timmermans as foreign minister, and Lodewijk Asscher as minister for social affairs and deputy government leader. Diederik Samson remains leader of the PvdA parliamentary group.

The 38-year-old Lodewijk Asscher has made a name for himself as mayor for social affairs in Amsterdam. Under the motto "children first," he stipulated a basic vocabulary that all pre-school children should know. For schools, he established a performance catalogue, the so-called Asscher-norm. Schools that did badly in tests were subject to public criticism.

These measures recall the methods of the Obama administration in the US. They make teachers and pupils responsible for the miserable conditions that prevail in the state schools as a result of the cuts and other social problems, and thus justify the privatisation of education and other public services.

Despite the enormous attacks on the fundamental social rights of the working class that are contained in

the coalition agreement, the government need not fear opposition from the trade unions or the Socialist Party, which has 15 parliamentary deputies. The only criticism from the FNV Dutch trade union federation concerning the coalition agreement is that the VVD and PvdA are saving too much and investing too little. Socialist Party chair Emile Roemer expressed similar sentiments, saying, "The VVD is saving very strictly instead of investing. That is a shame."



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