Netherlands unemployment at record level

Elizabeth Zimmermann
4 May 2013

Unemployment in the Netherlands has reached 8.1 percent—the highest level in 30 years. According to the Dutch Statistics Office, the number of unemployed rose by 30,000 in March to a total of 643,000.

The number of unemployed in the Netherlands has doubled since the outbreak of the international financial and economic crisis. As is the case in other European countries, young workers and those between the ages of 25 and 45 years are particularly hard hit. All economic forecasts anticipate that unemployment will continue to rise.

The actual level of unemployment is masked by the high number of self-employed. About 800,000 people are currently employed as so-called ZZPler, or "self-employed without employees."

This phenomenon of "single person self-employment" is widespread in Europe and is invariably bound up with extreme forms of exploitation. Companies use this business model to reduce labour costs and save on social security contributions such as unemployment insurance, health insurance and pensions.

The Netherlands is currently in its third recession in four years. The country's gross domestic product shrank in the third quarter of 2012 by 1 percent and in the fourth quarter by 0.2 percent.

One of the causes of the recession is the steep decline in home prices, which have been falling sharply for the past four and a half years. Since their peak in August 2008, house prices have fallen by almost 20 percent, in real terms by 30 percent. Prices dropped by 7 percent in 2012 alone. The Dutch Central Bank expects house values to continue to decline by a further 15 percent in the next two to three years.

The drop in the value of real estate has increased average household debt enormously to about 250 percent of disposable income. Rising unemployment, declining incomes and the sharp depreciation in house prices have resulted in turn in a steep fall in consumption.

These trends were exacerbated by the austerity program implemented by the grand coalition of the right-wing Peoples Party for Freedom and Democracy (VVD) of Prime Minister Mark Rutte and the social-democratic Labour Party (PvdA) following their takeover of government in October last year. (See "Dutch grand coalition agrees on austerity programme ")

Following in the footsteps of the German government, the Dutch coalition government has been an uncompromising advocate of the EU's austerity dictates in Greece, Cyprus, Ireland, Spain and Portugal. The Dutch finance minister, Jeroen Dijsselbloem, heads the Eurogroup of nations, although his own country is unable to meet the EU deficit criteria.

In 2012 the Dutch national debt stood at 71 percent (the permissible upper limit stipulated by the EU Stability Pact is 60 percent), and the country is not expected to meet its budget deficit threshold of 3 percent this year. Following public spending cuts totalling €46 billion (US$60 billion), the government recently agreed with trade unions and business representatives further cuts of €4.3 billion in public services and health care, due to come into force in 2014.

The construction industry and health care are particularly affected by the cuts and job losses. Dutch banks are sitting on a mountain of mortgage loans totalling around €650 billion, many of which cannot, or will only be partially repaid. The banks are expected to dismiss thousands of employees in line with their own rationalisation plans.

Seven hundred fifty-five companies went bankrupt in February this year, the highest total since records began in 1981. Export-oriented companies are also facing problems. Eighty percent of the country's exports go to

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its European neighbours Germany, Belgium and France, which are also increasingly affected by the international economic crisis.

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