



## The end of the Dutch “polder model”?

For the current six-month period the Netherlands is President of the European Union. The Dutch Government acts as if it is making a tremendous effort to further a social Europe, but back home plans to dismantle the social security system. There is not much left of Holland's famous consultation model. In the Autumn of 2003 a long term compromise between social partners and government was sought after. Since the Dutch economy registered its first full-year recession since 1982, social partners agreed to a wage freeze to help the Dutch economy out of recession, provisional on further specific pre-pension arrangements and course of life facilities. However, the inflexibility of the Dutch government in the negotiations concerning 'pre-pension' and early retirement schemes and the non-observance of the earlier agreements concerning the reform of the Disability Act (WAO) caused the Spring negotiations 2004 to fall apart.

Following the break down of the negotiations, the government announced its intention to put an end to the solidarity between generations and abolish the fiscal facilitation of pre-pension schemes, which effectively signifies that employees will have to work till 65 years of age, or suffer a decline in purchasing power of 10%. At the same time the government used the conjectural downturn of the economy and global competitiveness to incite employers to worsen the labour conditions in the field of health and safety, but foremost by inciting employers to install longer working hours without a corresponding increase in wages.

By doing so, the government destroyed the cornerstone of the freeze in wage demands in the collective bargaining process. At the moment that the unions declared their intentions to repair the damage the government is doing not just to the pre-pension scheme but also to the whole social security system, not to mention healthcare and the knowledge economy, the Dutch Social Affairs Minister vowed to break with the common practice of declaring wage deals applicable across whole sectors, if those deals do provide for a wage increase.

Effective from November 2004, provisions of collective labour agreements that provide for any kind of increases in contractual wages will no longer be declared generally binding.<sup>1</sup> This forms a crucial breach with the institutional framework of the Dutch system of labour relations and in particular of the settlement in terms of employment by collective bargaining. The withholding of generally binding declaration from collective agreement provisions that result in contractual wage increases is an indirect, but nevertheless inadmissible intervention in the domain of collective bargaining on terms of employment. Therefore, the Dutch trade union confederations have filed a complaint with the ILO against the government of the Netherlands concerning a breach of its obligations under the ILO Conventions related to freedom of collective bargaining.

The three Dutch trade union confederations FNV, CNV and MHP consider the course of action of the Dutch Government as a declaration of war, and have joined forces to campaign against the government's policy. Under the motto 'Nederland verdient beter' (in Dutch this is a play on words, as 'verdient' can mean both 'earns' and 'deserves') the entire Dutch trade union movement will be pulling out all the stops in this autumn's effort to mobilise the general public against the government's social policies. Because the Dutch trade union movement has lost all hope that consultation with the government will put an end to the destruction of social security in the Netherlands, from September 13<sup>th</sup> till October 2<sup>th</sup> all formal negotiations with delegates of the government and employers have been cancelled at all levels, including the European level. During this period, a national campaign will take place with demonstrations, actions and strikes. The first major target will be the opening of Parliament on the third Tuesday in September, when the new government's policies will be formally made known. This will be followed by a national day of action on October 2<sup>nd</sup>. The demonstration will take place in Amsterdam, from 12.00 till 14.00.

Hereby, the Dutch trade union confederations hope to have enlightened you in sufficient detail of the current state of affairs in the Netherlands. Because of the Dutch Presidency of the European Union, it is well within the possibilities that you will notice some irregularities during the Presidency Conferences, not in the least because of the absence of the Dutch trade union delegates during the campaign period. We hope we can count on your understanding and support. Written declarations of solidarity can be of good use in our Dutch campaign.

---

<sup>1</sup> Under the Extensions Act (Act dealing with generally binding declarations of provisions of collective labour agreements) the Minister of Social Affairs has the authority to expand the scope of a collective labour agreement to cover employers and employees not directly bound by that agreement, if so requested by one or more parties to the agreement.