

## Contribution Converging toward a European social market economy?

### **The Dutch poldermodel**

The poldermodel is referring to the trend in The Netherlands to seek consensus. The idea is that this consensus is needed because if the dykes do not hold, the polder will be flooded and we are all in danger.

The poldermodel refers to the different institutions in The Netherlands, which have been founded to organize the cooperation between the social partners. Two institutions stand out in this respect: The Labour Foundation and the Social Economic Council.

Established on 17 May 1945, the **Labour Foundation** is a national consultative body organized under private law. Its members are the three peak trade union federations and three peak employers' associations in the Netherlands.

The Foundation provides a forum in which its members discuss relevant issues in the field of labour and industrial relations. Some of these discussions result in memorandums, statements or other documents in which the Foundation recommends courses of action for the employers and trade unions that negotiate collective bargaining agreements in industry or within individual companies.

Upon request, the Foundation also advises the government on labour-related topics.

Their age of fame was the Agreement of Wassenaar of 1982. This was an agreement (actually enforced by the then prime minister Ruurd Lubbers) to act cooperatively in order to reduce unemployment and increase the firm's profitability.

At present the deliberations are difficult due to the fact that the largest trade union (FNV) has internal troubles. There is an intense conflict between the different unions with respect to the increase in pension age.

### **The Social and Economic Council of the Netherlands (SER)**

As an advisory and consultative body of employers' representatives, union representatives and independent experts, the Social and Economic Council of the Netherlands (SER) aims to help create social consensus on national and international socio-economic issues. Its advices have very large range from social economic issues to the position of the Netherlands in the world economy. For example, how to react to the increasing influence of emerging market economies such as China, India and Brazil.

## **The role of churches**

The churches do not have any direct impact or influence on these institutions. The influences of the churches can be summarized in two group of activities, namely 1. Lobby, and 2. Helping out when the government does not help.

### *Lobby activities*

Annually the churches organize a research with respect to poverty. The information is collected from the poor –relief boards of the churches and other organizations relieving the hardships of the poor. This information is used in the churches' lobby activities. An important institution in this respect is the **Social Alliance**. This is an alliance of churches and trade unions, which lobbies on issues related to local and central government's policy with respect to poverty. It tries to influence politicians in such a way that the measures are less harsh for vulnerable people.

### *Helping out.*

Local churches are helping people, who have a lack of income, shelter, find it difficult to find their way in the bureaucracy, etc. The policy is first to investigate whether there are instruments provided by the government, who the applicant does not know, has not investigated, etc. Quiet frequently people are unaware of the possibilities provided by the government or do not understand the documents, An example is the program "schuldmaatje" (debt mate). This is a program organized by the churches in which volunteers help people with reducing their financial debts. This can be that they help in budgeting their expenses, or that they help in organizing a debt reduction. The latter is a possibility provided by Dutch law.

## **What is the influence of the current crisis?**

In order to be able to obtain a fair view on the influence of the crisis, in my view we should make a distinctions between the trends, which were their already and which may have been intensified by the current crisis and the new issues resulting from the crisis. Trends which were there

1. Since the 1990s (purple cabinets) there is a tendency to stress the importance of the **self management and self responsibility** of individuals. This idea was also extended to mentally disabled people. They were stimulated to move from hospitals for mentally diseased to houses with various kinds of supervision in parts of cities and villages. A side effect of this policy was that an increasing number of mentally diseased people could not cope with this freedom (responsibility) and ended as homeless people. The same holds for other persons who are vulnerable. As such this tendency to more individual responsibility has nothing to do with the crisis.
2. Increasingly expenses for paramedical items (such as wheelchairs, etc. were financed by the government. This had unintended consequences: wheelchairs were financed for

relatively rich people, for people who at the end did not dare to use the chair etc. Due to the crisis these expenses are reduced and of course that also hurts people who need these expenses. The same holds for the contribution of the users of medical aid. Their own contribution increases annually and some people with chronic diseases are unevenly hurt by it. A similar argument can be made for the factories workplaces for mentally and physically disabled people. Already from the 1990s these factories are supposed to break even. That is becoming even more impossible in times of crises

3. An in my view new trend which is caused by the crisis, is that more become unemployed. The proposals of the new government to reduce the time period one can obtain a unemployment allowance will certainly hurt particular groups. In particular if we take into account that they also propose to reduce the protection of long-term employed people. I and many others are afraid that this will hurt people in the age-group between 55 and 65. They have worked from 30 – 35 years. After the implementation of the new proposals they can easily be fired and cannot find a descent job. After a short period of time they get an income at the subsistence level with almost no sight for improvement (too old). Hopefully their partners work. Another new vulnerable group consist of young families who bought a house before 2008 and now get fired and cannot obtain a job. A recently released Poverty monitor of the churches also illustrates this new trend; namely a broadening of the group of people who ask for help; working poor, divorced people, unemployed, etc. So due to the crisis the group of vulnerable people extends to those who have bad luck. In my view the challenge of Dutch government and the Dutch civic society is to prevent these people becoming excluded from social economic activities. In addition their present situation should not hamper the future of their children.

### **Note on the likelihood and desirability of a convergence of welfare systems in Europe.**

Quite some people argue in favor of a convergence of welfare systems in Europe. I am skeptical about the possibility and desirability of such a convergence. The national welfare systems are embedded in the social framework of each country. Research has delivered many results stressing this embeddedness of welfare systems and labor markets in national culture. This seminar also illustrates the great variety of welfare systems with the EU. Moreover, comparative research of welfare systems in the United States of America and continental Europe reveals that the welfare system in the USA is less generous than those in continental European countries. An important reason suggested in the literature is that people show less solidarity with people they do not know and groups which are different. The latter could be because of race, religion, country from origin, etc. So by increasing the welfare system to a European level, the level of solidarity is likely to decline.

Eelke de Jong

Radboud University Nijmegen