

The Triple-headed Dutch Welfare State

In *The Three Worlds of Welfare Capitalism*, Esping-Andersen outlines the typology commonly used to classify welfare states in western societies. Most western nations fall relatively neatly into one of the three regimes: conservative, liberal and social democratic. However, the Netherlands is one country that has generated some debate and confusion in regard to its typology. Esping-Andersen describes the Dutch welfare regime as “janus-headed;” blending both social democratic and conservative characteristics, but ultimately classifies it as conservative (Esping-Andersen, 1999). Some contend that it more similarly resembles a social democratic state. Moreover, the significant insertion of liberal elements in the last few decades has further complicated its ability to accurately “fit” into one of the three regimes. This paper argues that the Dutch welfare state does not fall into any of the typologies. Though it includes both conservative and social democratic attributes, it differs considerably from the mold of these regimes. The welfare state has undergone such retrenchment that it now shares just as much (if not more) in common with the liberal regime.

There are certainly social democratic characteristics within the Dutch welfare system. The government still intervenes significantly in the categories of health, housing, work and income (Oorschot, 2006). The healthcare system is universal, with a mandatory requirement for adults to cover basic public health insurance (TransferWise, 2017). Moreover, the substantial provision of large stock social housing is one of the defining characteristics of the housing sector (Oorschot, 2006). The public social security system also includes the universal “people’s insurances,” that cover old age, death and disability for all Dutch citizens (Oorschot, 2006). Though universalism and de-commodifying benefits are evident in the Dutch system, the Netherlands differs inherently from the social democratic welfare regimes of Scandinavia.

Pensions in the Netherlands are contribution-based, and the government has encouraged private welfare (seen especially in pensions and care services) (Esping-Andersen, 1999). Furthermore, social-democratic regimes are uniquely de-familiarizing, which is not a characteristic of the Dutch system (Esping-Andersen, 1999).

Most place the Netherlands as a conservative (or corporatist) welfare state. In the years following WWII, social Catholicism had a significant impact on certain European nations, including the Netherlands. Esping-Andersen describes the conservative welfare state's "essence" being in the combination of status segmentation and familialism (Esping-Andersen, 1999). He asserts that the Netherlands' "profound inattention to social services" makes it a prototypical example of Catholic familialism, pointing out that the generosity of Dutch income maintenance is primarily "an expression of the male bread-winner assumption" (Esping-Andersen, 1999). The Dutch system is also corporatist in that the government consults social partners in all major social-economic policy areas (Oorschot, 2006). Certain areas of the social welfare are left to collective agreement between social partners in different industry sectors, such as flexible/part-time work (Oorschot, 2006). However, the corporatist structure of the Dutch welfare state deviates significantly from that of other conservative states. For instance, pensions schemes are more organized around the Beveridge principle of flat rates, company pension schemes play a much more significant role in the labor market, and health and education services are more split along both denominational and nondenominational lines (Esping-Andersen, 1999). Moreover, labor market regulation is strong in most conservative states, whereas it is medium in the Netherlands (Esping-Andersen, 1999). The Dutch welfare state also incorporates more universalist characteristics, and less familial characteristics than corporatist countries like Italy, Spain, Austria, Germany, etc. (Esping-Andersen, 1999).

The evolution of the Dutch welfare state is complex. In the post-war era, the welfare state expanded at a rapid pace. The system was built on the idea that society was liable for social security and protection for all members, on the principle that they do what is “reasonably” expected of them to maintain such a system (Oorschot, 2006). The people’s insurances were introduced, with highly collective and solidaristic schemes (Oorschot, 2006). The state’s responsibility expanded in a way that created large-scale horizontal and vertical solidarity in the welfare system, and social protections continued to broaden through the 60s (Oorschot, 2006). Essentially, the system could not have differed more from the liberal welfare state. Characterized by a narrow definition of who should be eligible for social guarantees, a narrow definition of what risks should be considered social, and encouragement of the market, the liberal system directly contradicted the Dutch system in the post-war era (Esping-Andersen, 1999). Welfare in the Netherlands today bears far more similarities to this system, and that is because of sustained structural change over time.

In the last 40 years, the Dutch welfare state has undergone dramatic retrenchment. Collectivization and solidarization came to an end with the oil price economic crisis in the late 70s and early 80s (Oorschot, 2006). From the 80s and into the new millennium, Dutch governments on various sides of the political spectrum have “tried to redirect responsibilities” and “emphasize that personal responsibility is the first priority” (Oorschot, 2006). This has been done through risk differentiation, activation, privatization and decentralization (Oorschot, 2006). The government effectively and significantly reduced welfare expenditure in a relatively short period of time. In 1980, the total benefit expenditure in the Netherlands (as a percentage of GDP) was 26.9% (above the EU15 average), compared to 21.8% in 2001 (below EU15 average) (Oorschot, 2006).

In the Netherlands, there are three areas of social security benefits: the people's insurances, the workers insurances and the safety net of social assistance (Oorschot, 2006). Each of these three schemes has undergone significant retrenchment. Means tests have been introduced in the old age and survivor's pensions under the people's insurances (Oorschot, 2006). In 1985, the benefit levels of all worker's insurance schemes was reduced from 80% of previous earnings to 70%, and measures have been taken since to further weaken these schemes (Oorschot, 2006). The safety net of social assistance has changed considerably. Many revisions have reorganized social assistance and narrowed the definition of who is eligible. In 1996, benefit rates were simplified into three rates, municipalities were given more responsibility, and adjustments were made stressing activation on behalf of beneficiaries (Oorschot, 2006). In 2004, the New Act on Work and Assistance (WWB) replaced the old system, and municipalities were made to carry the full cost of benefits (Oorschot, 2006). This gave them "a strong incentive to 'activate' claimants effectively," and ended exceptions to job-seeking obligations for groups like single parents and older unemployed citizens (Oorschot, 2006). Moreover, some corporatist elements of the Dutch system have been changed in favor of liberal traits. Social partners used to be far more involved in welfare administration, but this was removed in order to create more of an "incentive structure" (Oorschot, 2006).

The reforms have limited covered populations and benefits, and privatized many aspects of welfare. They have weakened both vertical and horizontal ties of solidarity. All in all, there was been a shift from collective responsibility to individual responsibility, and from solidarity to exclusive selectivity (Oorschot, 2006). The Dutch welfare system is increasingly moving toward the liberal model, and this trend will likely continue. In 2013, newly coronated King Willem-Alexander of the Netherlands said in his first annual appearance, "Due to social developments

such as globalization and aging, our labor market and public services are no longer suited to the demands of the times” (Sanandaji, 2013). In the same year, the IMF recommended that the Dutch government continue pushing through structural reforms in the housing and labor markets (*The Economist*, 2013). In light of population aging and globalization it is almost inevitable the reforms will continue to liberalize the Dutch welfare regime, until the system is realistically sustainable for the future.

Works Cited

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