



Challenges for the Dutch polder model

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The polder model stands for consensus-oriented consultation between the social partners. Mainly due to the increasing flexibility of work and the trade unions' declining level of organisation, this dialogue is losing impact. This is particularly visible in current debates on unemployment benefit duration and a number of recent strike announcements.

Description

In the Netherlands, shifts in the relationship between the social partners can be observed. In 2013, employers' and employee organisations concluded a social agreement, which, among other things, included an arrangement to reverse a previously agreed reduction of the maximum duration of unemployment benefits (from 38 to 24 months) and return to a maximum of 38 months. Although employers' organisations signed this agreement at the time, for a long time they tried to get out of implementing it. Another element observed is the occurrence of strikes. While the level of conflict in the Netherlands is relatively low in general, the highest level of strikes in nine years was recorded in 2015 (CBS 2016). In the last two months (May-June 2017), strikes have been announced in all 13 offices of Holland Casino and the logistic warehouses of DHL Express, Albert Heijn and Jumbo in order to bargain for better collective agreements.

The Dutch polder model is traditionally characterised by an active and constructive dialogue between trade unions and employers' organisations. This social system dates from the period after the oil crisis between 1979 and 1982. In the "Wassenaar Agreement" of 1982, the social partners agreed to moderate wages in exchange for reduced working hours. The Dutch consultative model paid off and resulted in more social peace, improved international competitiveness and a renewed increase in employment. For

good reasons, in the first years, the model was described as "A Dutch Miracle".

In the past fifteen years, the Dutch consultative model has come under increasing pressure. Due to reduced membership numbers, the position of trade unions has dramatically weakened. In 2015, only one in six employees was a trade union member, as opposed to one in approximately three employees in the 1970s (Keune 2016). This has reduced the organisational power of civil society. In addition, support for agreement between the social partners has decreased due to changes that have occurred in the labour market. Meanwhile, 40% of the working population are self-employed without personnel or flexible workers (CPB 2016). Flexible workers (often young) do not always fully identify with the interests and attitudes of traditional employee organisations, which are generally organised around permanent employment contracts. Moreover, over the past decades changes have occurred in the management of social security. Whereas in the 1990s the social partners played an important role in the implementation of employee insurance schemes against unemployment risk, this role has now been completely taken over by the Employee Insurance Agency (UWV). This has also helped to reduce the legitimacy of the polder model.

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Although various agreements are still being concluded between the social partners in the Netherlands, there are strong differences of opinion between employers and employee representatives, for instance with regard to: restoring the maximum duration of unemployment benefits to 38 months, organising the flexibilisation of work, concluding collective bargaining agreements, and negotiating a new social agreement between employers and employees. So, the polder model is far from functioning smoothly. Whereas Dutch employers' organisations currently strongly advocate further relaxation of the rules governing dismissal, trade unions strongly oppose this and threaten action. Furthermore, whereas in the social agreement of 2013, agreement was reached to restore the maximum duration of unemployment benefits to 38 months (as opposed to the proposed maximum duration of 24 months as of 2019), it turned out that employers' organisations opposed this extension for a long time. Although employers eventually agreed to extend the duration of receipt of unemployment benefit, it seems that the Dutch polder model is losing some of its effectiveness. Employers more often conclude collective agreements without the participation of the largest Dutch trade unions (FNV and CNV). Instead, they conclude agreements with smaller unions (such as De Unie and Alternatief voor de

Vakbond), as they are perceived as more flexible in collective bargaining. These examples show that the Dutch polder model is no longer functioning optimally and that it is becoming increasingly difficult to reach widely supported social compromises.

Outlook & commentary

The continuity of the Dutch consultative model is under pressure (Afonso 2017). Over the past decades, the role of the social partners in the social security system has declined, and trade unions are less representative of an increasingly flexible work force. Partially as a result of this, employers are choosing to oppose previous agreements regarding the maximum duration of unemployment benefits and trying to conclude collective bargaining agreements without the participation of the largest union. The latter are responding by announcing strikes in order to regain influence over business decisions. The question is how this will impact on the future of social dialogue and the functioning of the labour market. A report by the Social and Economic Council of the Netherlands, published in 2015, advocated a larger role for employee organisations in regional advice centres set up to help workers made redundant find work. This would enable the social partners to regain a small part of their influence in the area of work and income.

Further reading

Afonso, A. (2017), "Challenges for the Dutch polder model: Performance, populism and political economy", *Beleid en Maatschappij*, 44(1): 70-75.

Centraal Bureau voor de Statistiek [CBS/Statistics Netherlands] (2016), "In 2015 hoogste aantal stakingen in negen jaar" (2015: The highest level of strikes in nine years):

<https://www.cbs.nl/nl-nl/nieuws/2016/17/in-2015-hoogste-aantal-stakingen-in-negen-jaar>

Centraal Planbureau (CPB/Netherlands Bureau for Economic Policy Analysis) (2016), "Lusten en lasten ongelijk verdeeld." (Unequal distribution of advantages and disadvantages) Den Haag: CPB.

Keune, M. (ed.) (2016), "Nog steeds een mirakel?" (Still a miracle?), Amsterdam: Amsterdam University Press.

An English summary of the 2015 Social and Economic Council of the Netherlands advice can be found here:

<https://www.eurofound.europa.eu/observatories/eurwork/articles/lab-our-market-law-and-regulation/netherlands-social-and-economic-council-proposes-changes-to-unemployment-financing>

More information on the recent strike activities in the Netherlands can be found here:

<http://www.logistiek.nl/carriere-mensen/nieuws/2017/4/fnv-dreigt-ook-met-acties-bij-dhl-101154867>

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