

# Social Quality and the Policy Domain of Employment

## Dutch National Report

Tilburg University

By Dr. T. Korver

*Amsterdam, 29 April 2002*

## Preface

This report is meant to answer several elementary questions on the employment situation in the Netherlands. The focus is on *flexicurity*, i.e. the combination of secure and flexible employment in a life-time perspective. Secure employment, in the end, is tantamount to employability, to an employable worker throughout the length of her career. Such may involve one employer only, but that need not be. Many employers and many functions and jobs may be involved in the framework of one career, depending on the preferences of the workers and the firm. The flexibility aspect of employment is meant to capture just that: the adaptation of employment to the needs of the employing organization. Flexicurity, then, wants the best of three worlds: employability at the level of the employee, adaptive employment at the level of the firm or organization, a system of social security enabling the employee to make the required *transitions*. Employability requires training and development, a quality of work boosting the competence of the employee, *and* a balanced combination of work, care and leisure, enabling the employee *durable participation* in work and in the other walks of life. Social security, by this token, should not merely make *work* pay; it should make *transitions* pay: from one job to another, from one employer to another, from one level of competence to another, from one combination of work and care to another<sup>1</sup>. Instead of only financing the mostly *involuntary* change from employment into unemployment, social security should contribute to the often *voluntary* changes in combining work and care, work and education and work and the phased transition to retirement. These, we believe, are the fundamentals of inserting employment into a design of *social quality*.

At present, we have hardly begun to perceive, let alone to institute, the many and massive changes required. These changes necessitate not just a major reworking of social security arrangements – including their accessibility-, they also point to new divisions and new accents in the occurrence, predictability, and distribution of risks and responsibilities. In the former case, of course, pensions command attention as do activating labour market measures and forms of leave; in the latter, the definition and financing of ‘social drawing rights’<sup>2</sup> and the ultimate responsibility for the upkeep of such rights. Here, again, pensions are in the centre (they could be used as funds and as collateral), but also the form in which claims could be effected (vouchers, for example, or tax advantages, or a one-time grant<sup>3</sup>) and the division of responsibility between public, collective and private bodies<sup>4</sup>. They require new social provisions (child care, for one, and new forms of leave for care and training, for another), and new forms of social dialogue and cooperation, in particular at local and regional levels, between

---

<sup>1</sup> G. Schmid, *Risk Management Through transitional labour markets: from unemployment insurance to employment insurance*. Paper, SASE-congress Amsterdam June 28-July 1 2001. See p. 7: ‘The future world of work requires not only “making work pay” but also- and maybe even more crucially- “making transitions pay”’.

<sup>2</sup> See A. Supiot, 2000.

<sup>3</sup> See B. Ackerman and A. Alstott, *The Stakeholder Society*. Yale, Yale University Press 1999.

<sup>4</sup> See R. Dworkin, *Sovereign Virtue*. Harvard, Harvard University Press 2000.

interested parties. And finally, they require time: to learn, to experiment and to gain force and credibility along the way.

This is a vast terrain, of which we only (begin to) chart a small particle. The emphasis in this paper is on the position of employees. We want to know what confronts the employees in terms of the flexibility their employment relation and the flexibility of their working time arrangements, how they differ in their rate and level of participation and how their careers are –or are not as the case may be- supported by income and care provisions. Small as it is, flexicurity in this sense is new in its insistence on income and care.

The procedure is as follows. Each paragraph starts with a simple question, the answer to which is the provided, at least insofar as the data admit. The first question is how participation and (un-) employment have developed in the past few years (par. 2). This question is followed by one on the chances of employees on regular, part-time and flexible employment relationships (par. 3). Next, the chances on standard and diverging working hours and working time are dealt with (par. 4). In par. 5 the emphasis shifts to the income aspects of being employed: what happens in the case of unemployment and what is the nexus of benefits and the minimum wage? Finally, the question on how employees manage to combine work with education and care is addressed (par. 6), further illustrated by appendix II on forms of leave in the Netherlands.

## 1. Introduction: Employment and Participation

The question to be answered in this paragraph is: how have employment and participation developed in the Netherlands in the years 1998 through 2000?<sup>5</sup> The Dutch employment record since the mid-nineties of last century looks promising. Employment has grown, as has the supply of (female) labour. At the same time, unemployment has diminished. As a consequence the (gross and net) rates of participation have increased.

Table 1: Labour force and participation rate

	1995	1998	1999	2000
x1,000				
Population (age 15-64)	10,498	10,604	10,663	10,717
men	5,329	5,369	5,400	5,429
women	5,169	5,235	5,263	5,289
Labour force (a)	6,596	6,957	7,097	7,187
men	4,067	4,196	4,242	4,288
women	2,529	2,761	2,856	2,898
Employed labour force (b)	6,063	6,609	6,805	6,917
men	3,814	4,047	4,121	4,174
women	2,249	2,562	2,684	2,743
Unemployed labour force	533	348	292	270
men	253	149	121	114
women	281	199	172	156
%				
Gross participation rate	63	66	67	67
men	76	78	79	79
women	49	53	54	55
Net participation rate	58	62	64	65
men	72	75	76	77
women	44	49	51	52

(Source: cbs/EBB)

(a) the age cohort of 15-24 in the labour force is swiftly diminishing in size. In 1990 it was close to one million, by now it is about 25% less. Fewer youngsters and rising educational demands are usually quoted in explanation

(b) the employed labour force consists of persons performing 12 hrs of work per week or more.

<sup>5</sup> For purposes of comparison in most cases the year 1995 is added. Not all data are on this period; where expedient illustrative data, even if for differing years, have been used.

These data<sup>6</sup> reveal some important tendencies. Remarkable is the swift increase in the rate of participation, in particular of women, and in particular in part-time employment. The Dutch rate is now well above the European average and there are no signs that its growth is coming to a standstill. The participation rate of men is on the increase as well, mainly because the efforts to curb early retirement are paying off. Here, again, the Dutch score is above the (declining) European average. On the other hand, unemployment among women is much higher than among men: the female rate of unemployment is twice as high as the male rate.

Participation and unemployment are influenced as well by type and level of education and by age, as the following table goes to show.

*Table 2: Labour force participation, age and education*

	1995		1998		1999		2000	
	%							
Participation rate	gross	net	gross	net	gross	net	gross	net
15-24 years	44	39	45	41	48	44	47	44
25-34 years	80	74	84	80	84	81	85	82
35-44 years	76	70	79	75	79	76	80	77
45-54 years	68	64	72	68	72	69	73	70
55-64 years	27	26	30	29	32	31	35	34
Primary education	38	32	39	35	40	36	41	38
Junior general sec. edu.	42	37	46	43	46	43	48	45
Pre-vocational education	59	53	60	56	61	58	61	58
Senior general sec. edu.	52	46	54	50	58	54	57	54
Senior vocational edu.	75	70	76	74	77	75	78	76
Vocational colleges	78	73	79	77	80	77	81	79
University education	87	81	90	87	90	88	90	88

(Source: cbs/EBB)

From this table we read that level of participation and level of education roughly match. Also we read that the highest participation rates are in the age categories of 25-44 years. These are the years in which families are formed, careers have to be made, expenditures are high, and children are born and grow up (the 'rush hour' of life as they say in the Netherlands). The years which are the most demanding in work are at the same time the most demanding in care, leading to severe and at times excessive demands on time. This, in itself, is a problem and it is aggravated by the limited career

<sup>6</sup> The data differ from the data in the LFS for two reasons. First is the inclusion of the age group 15-24 in the Dutch figures. The second is that in the Dutch employment figures jobs up to 12 hrs per week do not count. They

chances of part-timers<sup>7</sup>. As the future spells more female participation and, by the same token, more part-time jobs this will, in combination with the rising female educational credentials, lead to more and more career strains.

The metaphor of the 'rush hour' is substantiated if we add a few more data on participation, sex and age resp. participation, sex and education (net figures only as the developments in gross and net rates run parallel):

*Table 3: Net participation, sex and age category, 1990 and 1999*

	<i>Women</i>		<i>Men</i>	
	1990	1999	1990	1999
15-24 years	41	42	43	46
25-34 years	53	71	88	92
35-44 years	43	59	90	92
45-54 years	33	50	82	88
55-64 years	11	18	42	45
Total	39	51	71	76

(Source: SCP, *Emancipation Monitor 2001*: 58)

We see an overall sharp rise in the labour force participation of women, with a high in the age category of 25-34 years and a still, compared to that category and the relevant male age categories, significantly lower participation in the age categories of 35 and over. This, presumably, is a generation effect rather than a mere cohort effect. We may expect, therefore, a continuing rise in female labour participation, specifically in the age categories from thirty five years and on. This rise, moreover, will be strengthened rather than weakened by the effects of education. For here too, education influences participation and the female level of education is on its way to surpass the male level. More precisely, the youngest female age category of women is better educated than its male counterpart, there is an equilibrium in the 25-34 category, a small male advantage in the 35-44 category and a greater male advantage in the 45-54 category (see Table 4 below). Again, a generation rather than cohort effect. Female participation in the labour market is destined to grow.

---

do, however, in the figures of the LFS. The comparable figures from the LFS are given, where available, in the Joint Report, chapters on Working Time, Income Security, Employment Relationship, and Work and Care.

<sup>7</sup> See C. Baaijens, *Deeltijdarbeid in Nederland, Tijdschrift voor Arbeidsvraagstukken* 15/1, 1999: pp. 6-18; SCP, *Sociaal en Cultureel Rapport 1998: 25 jaar sociale verandering in Nederland*. SCP/Elsevier Bedrijfsinformatie: Rijswijk/Den Haag 1998.

Table 4: higher education, age and sex, %, 1999

	Women		Men	
	VC	UN	VC	UN
15-24 years	10	1	8	0
25-34 years	20	9	18	11
35-44 years	18	6	18	11
45-54 years	15	4	18	11

(VC: Vocational Colleges; UN: University Education. Source: SCP *Emancipation Monitor 2001*: 44)

The younger women are, the more they equal and even surpass the educational level of their male counterparts. The expectation that the rising educational level of women will favourably impact on their participation in the labour force is –further- corroborated by the existing data on the influence of education on the incidence of labour participation.

Table 5. Net participation of persons 15-64, in terms of sex and educational level 1990 and 1999 (%)

	Women		Men	
	1990	1999	1990	1999
Primary education	17	22	49	52
Junior general sec. edu.	28	36	44	53
Pre-vocational education	32	37	78	80
Senior general sec. edu.	34	48	42	61
Senior vocational edu.	54	63	84	86
Vocational colleges	63	71	87	83
University education	71	82	86	91

(Source: SCP, *Emancipation Monitor 2001*: 59)

The conclusions from this table are two. One is that higher educational levels lead to higher rates of participation. Two is that higher education leads for both men and women very high rates of participation. The gap between men and women here has nearly disappeared.

Having children has some effect on participation, but the general pattern remains unchanged: men participate more than women, women are catching up and the more so when their educational level is higher. Having children affects the numbers, but not the general picture (see table 6).

Table 6: Net participation of persons 15-64 with children under age, in terms of sex and educational level, 1992 and 1997 (%)

	<i>primary</i>	<i>second.jr</i>	<i>second.sr</i>	<i>vc</i>	<i>un</i>
1992					
Women					
Child under 5	13	20	33	52	66
Child 6-11	23	27	41	59	69
Child 12-17	28	36	48	59	72
Men					
Child under 5	71	91	95	97	96
Child 6-11	73	91	95	97	97
Child 12-17	72	89	93	93	94
1997					
Women					
Child under 5	17	30	48	65	74
Child 6-11	23	33	46	63	71
Child 12-17	29	38	55	65	82
Men					
Child under 5	73	90	96	96	96
Child 6-11	76	91	95	96	96
Child 12-17	71	91	93	95	95

Legend: child means youngest child.

(Source: SCP, *Emancipation Monitor 2001*: 60)

The results of this table are interesting for several reasons. First it corroborates the relationship between a child's age and the rate of female participation: the younger the child, the lesser the participation. Second, it shows that the changes are fast indeed. Between 1992 and 1997 the overall rate of participation of women with children increased considerably. And third, the table shows that having children impacts the rate of participation of lower educated women much more than of their higher educated sisters.

Overall, then, the active population is growing, and will continue to do so for at least the present decade. The main reason that the participation of women is still on the rise and outweighs the greying of the population as a whole. Only in the next decade the latter influence will presumably start to dominate the former. More women in the labour market and more women with full-time or at least sizeable part-time jobs is the likely immediate future. One predictable corollary of this trend is that the pressure on provisions for child care and forms of care leave is bound to augment, adding new strains to an already tight labour market. Nor is this all. The new labour market is not one of employment but

of employability. Next to child care and leave, therefore, permanent education and training, on and off the job, are on the agenda.

## 2. The Employment Relation: regular, part-time, flexible

The employment relation is embedded in law and it is therefore wise to look at the legal requirements needed for a working relation to qualify as an employment relationship. This is important, not merely to gain insight into the rights and duties of employers and employees, but also because an employment relationship determines the access to and claims on social security.

The legal description of the employment relation<sup>8</sup> contains several essential elements. The first is the payment of wages: if no wages need to be paid there is no employment relation. The second is the obligation of the employee to *personally* perform some job (even if such performance amounts to no more than sitting in a dug-out). If an employee can have himself substituted by somebody else we no longer speak of an employment relationship. The third element is that the job must be performed 'in the service' of the employer, meaning that the employer is authorized to instruct and supervise the employee<sup>9</sup>. Combining the second and third elements suffices to conceptualise the employment relation as an *authority* relation or (in the strong phrasing of John Commons) as a "promise to obey commands"<sup>10</sup>. Graphically, an employment relationship can be summarized as follows:

Figure 1: The employment relationship

	<b>Rights</b>	<b>Obligations</b>
<b>Employee</b>	defined	diffuse
<b>Employer</b>	diffuse	defined

This table, derived from Simon (1957) and Streeck (1992)<sup>11</sup>, makes the trade-off between flexibility and security explicit. For the employee, security is a matter of rights, for the employer a matter of duties. Flexibility, for the employee, is a matter of duties, and for the employer a matter of rights. The employee rights are duly specified in law, the employer rights, in contrast, are left unspecified. The security part is described in law: it specifies the payment of wages, the number of hours and the limits and payment of overtime, vacation and other legitimate forms of absence and their payment, and the mode of ending the relationship. The flexibility part, on the other hand, is not described in but merely

<sup>8</sup> Article 7:610 of the Dutch Civil Code: "The employment contract is the contract in which one party, the employee, commits himself to perform, against a wage, work during a certain time in the service of the other party, the employer".

<sup>9</sup> See H.L. Bakels, *Schets van het Nederlands arbeidsrecht*; Kluwer, Deventer 2000: 50-54

<sup>10</sup> J.R. Commons, *Legal Foundations of Capitalism*; Transaction Publishers, New Brunswick and London 1995 (originally 1924): 284

hinted at in law and it defines the employment relationship as an 'incomplete contract'<sup>12</sup>. It gives the employer the possibility to adapt the workforce to the incoming flow of work by distributing tasks as the need arises and assigning employees to these tasks, again as the need arises, i.e. there is no need to specify jobs in advance. In that sense, the contract is incomplete, and the relationship enables flexibility to the extent<sup>13</sup> that it is incomplete. Also, the employer right to monitor employees is legally granted, but the employer is, for the same reasons of adapting to ever changing and not readily predictable circumstances, free to choose the means deemed most appropriate for the purpose at hand.

Traditionally, then, security in the employment relationship spelled clarity in the terms of employment, and flexibility spelled the managerial prerogative to divide and assign the flow of work. Security answered the employee's need for predictability, flexibility answered the employer's need to cope with uncertainty and risk. Yet, both had its presuppositions and these have changed rather drastically: the predictability of one's life course has gone down and its format has changed, the uncertainty of the firm has increased. Predictability therefore has to be reconstructed on a new footing (catchphrase: a life-time perspective), while the growth of uncertainty leads to a new division of risks and responsibilities between employers and employees (catchphrase: employability).

Taken together the new need to design security arrangements in a life-time perspective and at the same time to transform flexibility in employability, signals an important trend in the realm of labour law<sup>14</sup>. Whether this is going to lead to a new 'legal order for labour'<sup>15</sup> is an open question. Yet, the turn towards 'reflexive labour law'<sup>16</sup> is unmistakable, and, in its wake, the weakening of the pivotal position of the *employment* relationship to the favour of a *participation* relationship, the latter combining a life-time perspective (including a system of social security geared to the need to make transitions pay)<sup>17</sup> with an emphasis on employability.

The traditional employment relationship is, as figure 1 exemplifies, a relationship in which the employing and the work organization coincide. One's employer and one's boss were members of the same organization. Indeed, they could be one and the same person. The new employment relationship, on the other hand, may well surpass the boundaries of one organization and, indeed, it

---

<sup>11</sup> H.A. Simon,

<sup>12</sup> Masten, . Employment contracts are *in principle* incomplete, contracts for professional services are *in principle* complete, also when the latter assume the shape of a contingency claims contract.

<sup>13</sup> This is termed the 'zone of acceptance' (Simon) or the 'zone of indifference' (Barnard).

<sup>14</sup> More precisely, in both labor and employment law. For the distinction see Selznick, 1969. The habit is, however, to use labor law as shorthand for both types of law. For reasons of convenience we will stick to the habit.

<sup>15</sup> P.F. van der Heijden et al, *Naar een nieuwe rechtsorde van de arbeid? (Towards a new legal order for labour?)*. Den Haag, Sdu 1999.

<sup>16</sup> R. Rogowski and T. Wilthagen, *Reflexive Labour Law*. Deventer, Kluwer 1994.

<sup>17</sup> Schmid, o.c.

may typically involve two or more. Two is the most easy to grasp: in this case the employing organization (say an agency like Randstad) and the work organization are distinct and they are connected through markets, not hierarchies.

It stands to reason, against this background, that the neologism ‘flexicurity’<sup>18</sup> made its appearance. The concept, to be sure, does not denote that a trade-off between flexibility and security is a thing of the past. What it does denote, however, is a new *format* for contracting, a format in which the employment relationship, although of course it will not disappear, no longer occupies the central spot. Participation, its transitions and its durability, will forge new relationships, some among which will have to be constructed beyond the traditional employment relationship.

The new format will have to accommodate the twin developments of individualized arrangements for combining work and care on the one hand, for stimulating employability on the other hand, and both in a life-time perspective. Separately and combined this surpasses the traditional one-to-one relationship of employer and employee, if only to prevent the subjection of social drawing rights to ‘company interest’, or, more to the point, the subjection of transition interests to work interests. Also on a more mundane plane, however, we find indications that the employing organization and the work organization can be separate organizations. A graphical representation may illustrate the point.

Figure 2: The traditional employee-employer relationship

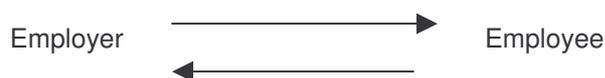
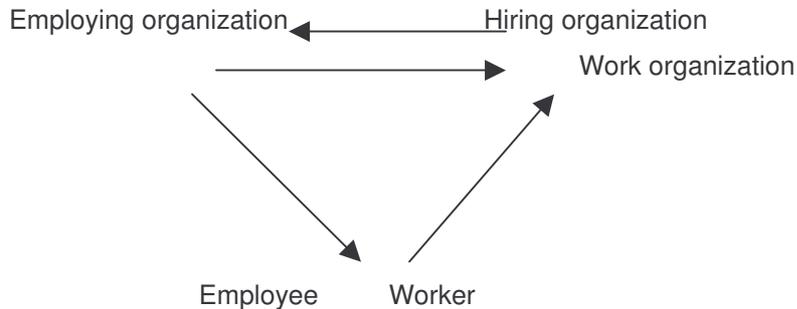


Figure 2 is just a reworking of figure 1. It spells the relation as we know it: the employer hires the worker and puts her to work according to need. The employee promises to obey commands and receives a wage in return. Employing organization and work organization are in one and the same hand. In figure 3, on the other hand, the situation has changed essentially, for the employing organization and the work organization are now separate. What we see here is that the employing organization lends its own employees. The employee, then, remains an *employee* of the lending organization and is a temporary *worker* in the borrowing organization, the actual place of work. To put it succinctly: your employer is not your boss. Private employment agencies fit this type of employment relationship, of course, but the phenomenon is not restricted to them. At the level of branches and sectors we see the same developments, whether by pooling workers, by posting them or by other mechanisms cutting the direct connection of employer and work environment. Data on the number of people processed by employment agencies only partially capture all of these movements and therefore underestimate the actual magnitude of the relevant transfers and transitions.

---

<sup>18</sup> T. Wilthagen, 1998

Figure 3: The flexible employment relationship



So, even if the temp-agency is the classical instance it does not stop there. Other forms of labour exchange (pools, posting and borrowing personnel, etc.) are important as well. In all of these instances we find that the employing and work organization are tending to become distinct entities, connected through markets and contracts, instead of through hierarchy and authority. Nor is this type of flexible employment relationship limited to relatively unskilled workers or to new entrants in the labour market. For training purposes, for example, but also for purposes of recruitment and selection, flexible relationships in which the employing organization may serve a series of client-organizations, for example in a branch or sector as a whole, may prove expedient. For training purposes we find many branch and sectoral funds, often geared to a collective bargaining agreement or, as the case may be, these funds become the subject-matter of a so-called specific collective bargaining agreement. In the case of recruitment and selection it often turns out that the demand for labour is more easily predictable at the sectoral level than at the level of the individual companies within the sector. Then, given that not all companies will need labour at the same time, a rationale exists for pooling resources and even for creating a specialized employing organization, distributing and allocating labour over the member companies. Such an employing organization of course may also try and extend its field of operation into the realm of training and education. And, in fact, they are doing so.

The organizational dissociation<sup>19</sup> of employment and work has advantages of scale and scope. The scale advantages are obvious, in particular in circumstances where labour demand is subject to unpredictable shifts at the company level. What may prove hardly manageable at the company-level may be easy to anticipate at the higher level of aggregate demand. But the scope-advantages may in the end prove of even more significance. Employment is an information intensive-industry and problems of information impactedness –including problems of agency, moral hazard and hold-up- are

<sup>19</sup> One can consider this as a special case of looking upon organizations as networks instead of as unitary actors. It may be argued that forms of contracting out, subcontracting and even internal contracting follow the same logic. These, however, are in a different legal regime, at least in the Netherlands.

always nearby. Forms of consultation, including collective negotiations, are one option to tackle such problems, specialized agencies are another. The need for such agencies is, if only for reasons of life-time employability compared to life-time employment, on the rise. One may speculate on the question in how far agencies of this kind are the appropriate units to organize employability, an activity that they themselves do not eschew<sup>20</sup>. They will assist in search activities, both for companies and for employees, and they will assist in matching demand and supply, training and education explicitly included. And our projection is that arrangements to combine work and care, again, will often surpass the company-level, thereby enlarging the market for intermediary organizations and mechanisms. The scope of such agencies, in the form that we know them, is, indeed, widening. Private employment agencies, for example, initially restricted their activities to the provision of temporary workers but today their activities include posting, recruitment and even selection, training, reintegration and other tasks in the field of managing human resources<sup>21</sup>. Labour pools do likewise, as do the public employment services. Of course, there is no one uniform trend in the identification of the actual employing organization: there is, as yet, an hard to categorize blend of formats rather than the clear and unequivocal emergence of a new format and the consequent waning of the old one<sup>22</sup>.

In this connection it is worthwhile to take a closer look at the relatively new Act on Flexibility and Security, effective in the Netherlands as of January 1, 1999. The Act follows almost to the letter an unanimous advice of the Dutch Labour Foundation<sup>23</sup>, the very unanimity of which was one important reason for the government to honour the advice *in toto*. The objective of the Act is to contribute to a new equilibrium in the labour market, characterized by a mutual enhancement of company flexibility (read: adaptability) and employee security (read: contractual clarity). The Act includes clauses on employment agencies and forms of labour exchange like pools, lending and borrowing of workers, posting workers, provided these are activities of agencies whose major function is to act as intermediaries in the labour market.

---

<sup>20</sup> Professional Employer Organization is one tag, used for the hiring organization, Professional Agent Relationship, used for the employee, another. Services in the vein of child care provisions, education etc. are explicitly included. See H. Junggebur, *You've got no mail; labor and labor relations in the new economy*. Randstad 2001, pp. 1-35, here: pp. 33-34.

<sup>21</sup> See the press statement of the ABU, the general union of private employment agencies, April 20 2001, in which these wider objectives were made official.

<sup>22</sup> See R. Huiskamp, J. de Leede, J.C. Looise, *Arbeidsrelaties op maat: naar een derde contract?* (Customized employment relations: toward a third contract?). Assen: Van Gorcum/Stichting Management Studies 2002. The three contracts are: the traditional employment relationship, the collective bargaining agreement and the impact of newer developments such as work-and-leave arrangements.

<sup>23</sup> A private Foundation, established since 1945, in which representatives of employer and employee peak organizations meet to prepare the ground for the agenda of negotiations in the collective bargaining arena (for example: wage restraint and shorter working hours, the position of weak categories in the labour market), and to address, coax and inform the government (and be addressed, coaxed and informed by the government of course). The Foundation has few formally public duties (it plays a role for example in the process of making collective bargaining agreements mandatory upon the non-signees). The Foundation is often quoted as the godfather of the 'poldermodel'.

Employment agencies, in the indicated broad sense, are assumed to be employers. That their employees are supposed never to perform any work within the boundaries of their employing organization is of no consequence. Or rather: in order to eradicate any confusion as to the legal status of the workers involved the agency is now legally held to be an employer. Employment organizations as well as employers generally are also confronted with the 'burden of proof', in cases of doubt as to the exact nature of the relationship<sup>24</sup> and of the number of hours involved. On other scores, also, the security of employees, in particular of employees in temporary relationships, is strengthened, the most important among these being clauses that forbid the mechanism of the 'revolving door': an endless chain of temporary, fixed-term, contracts. These gains in employee security are matched by gains in organizational adaptability. Dismissal procedures have become somewhat more lenient—and in particular: faster— in the Netherlands<sup>25</sup>, and, of course, the phenomenon of the private employment agency as such is no longer a legal exception to a state monopoly on the provision of labour but formally recognized as a regular enterprise. An important corollary is that former constraints on a maximum length of a temp-relationship have been lifted<sup>26</sup>.

The Flexibility and Security Act is an uneasy combination of old and new. Old is the simple fact that flexibility is taken to be the prime focus for the employer, with security as the prime employee focus. In times of employability such a view is limited at best. New, on the other hand, is the regularization of the flexible employment relation as such, including the regularization of the private employment agency. The Act, that is, does not prejudice any specific patterning of employment relationships. The Act recognizes that both two- and three-party employment relationships are viable, that flexibility and security are interdependent, and that three-party relationships need, if they are to continue to flourish, need an adequate match of flexibility and security.

The 'spirit' of the Act, then, matters, as it impinges on the interests of a growing number of employers and employees. If we limit ourselves to what is usually called 'external numerical flexibility'<sup>27</sup>, the developments are as follows:

---

<sup>24</sup> For example: if the relationship is intermittently continued, when does it become a regular employment relationship? And for how many hours?

<sup>25</sup> As can be gauged from the OECD, *Employment Outlook 1999* (Paris 1999), pp. 60-61, Chart 2.1, where it shows that between the late '80s and the late '90s the Netherlands hardly changed in terms of employment protection for regular employment and became more flexible for temporary employment, leading to an overall judgment of more flexibility in the late '90s than a decade earlier. As a whole, this conclusion fits the Dutch experience, but the signs—at least in terms of the Flexibility and Security Act— should be reversed: more flexible in terms of regular labour, less so in terms of flexible labour. The decision of the OECD to lump hiring and firing together presumably is responsible for this result.

<sup>26</sup> See T. Wilthagen, *De transitionele arbeidsmarkt en 'flexicurity'*. Pp. 109-129 in: N. van den Heuvel, F. Holderbeke and R. Wielers, eds. *De transitionele arbeidsmarkt*, Den Haag: Elsevier bedrijfsinformatie: 2000. Here: p. 119, figure 2.

<sup>27</sup> Which is only a subset of the forms of flexibility relevant for the argument here. For other forms of flexibility, however, no data can be put forward.

*Table 7: Developments in external numerical flexibility (1992-2000) as a percentage of the number of employees in thousands*

	1992	1993	1994	1995	1996	1997	1998	1999	2000
Flexible empl. relations	7.6%	7.5%	8.1%	8.9%	9.9%	10.0%	10.3%	9.4%	8.7%
Of which :									
Temp workers	1.9%	1.9%	2.2%	2.8%	3.4%	3.7%	3.8%	3.5%	3.2%
Workers on call	1.5%	1.5%	1.7%	2.0%	2.1%	2.1%	2.4%	1.8%	1.4%
Substitute workers	0.7%	0.7%	0.7%	0.6%	0.9%	0.8%	0.8%	0.7%	0.5%
Other	3.4%	3.4%	3.5%	3.5%	3.4%	3.5%	3.3%	3.4%	3.6%
Total employees	5,258	5,261	5,222	5,357	5,459	5,644	5,874	6,072	6,117

(source: cbs/EBB)

The share of flexible employment relations has gone up, then, during the nineties, although at the end of the decade the growth in flexible relationships came to a halt. The reason quoted most often in this respect is that the tightness of the labour market has forced the employers to try and retain their employees, for which, obviously, a flexible relationship is not the first option. It is not unwarranted to suppose that once the labour market will loosen up the external flexible share will return to a level of around 10%. That, in itself, is sizeable enough, but its importance becomes even more outspoken if we consider the situation of part-time workers.

The Netherlands scores high on part-time work. The following table compares net rates of participation and the share of part-time work in several European countries. As different data have been used, and as these data are not readily comparable to the Dutch data below the figures are of illustrative use only. Nevertheless, they do indicate large differences in the incidence of part-time work.

Table 8: net participation rates and share of part-time employment by sex, in percentages, 1998

	Net participation			Share part-time employment					
	total	men	women	total		men		women	
				EC*	OECD**	EC	OECD	EC	OECD
Netherlands	68	80	57	39	30	18	12	68	55
Belgium	58	67	48	16	16	4	5	33	32
Germany	62	69	54	18	17	5	5	36	32
UK	71	79	64	25	23	9	8	45	41
Denmark	79	84	73	22	17	11	10	36	25
Finland	65	68	62	12	10	7	7	17	13
Portugal	69	78	60	11	10	6	5	17	16
Spain	50	66	35	8	10	3	3	17	17

\*self-reporting of respondents; data European Commission (E), 1999

\*\*paid work for less than 30 hrs per week; data OECD (O), 1999

Both for men and for women the Netherlands is in first position in terms of part-time employment. Especially the large share of female part-timers is remarkable, reflecting the typical Dutch compromise for working women and the balance they are assumed to strike between working and caring<sup>28</sup>. The developments in the past few years are depicted in the following table:

Table 9: the development of part-time work, 1994-2000

	1994	1995	1996	1997	1998	1999	2000
12-19 hrs p/wk	6.5%	7.0%	6.8%	7.1%	8.0%	8.2%	8.4%
20-34 hrs p/wk	20.0%	20.8%	21.3%	21.8%	22.1%	22.5%	23.7%
35 or more hrs p/wk (full time)	73.5%	72.2%	71.9%	71.1%	69.9%	69.2%	67.9%
Total number employees (x 1,000) <sup>29</sup>	5,920	6,063	6,187	6,400	6,609	6,805	6,916

(Source: cbs/EBB)

This table clearly shows the growth in part-time work. Small jobs (up to twenty hrs. per week) grew very swiftly compared to full-timers, but so did the larger part-time jobs. Most women hold jobs within this category: in 1998 43% of all working women worked between 20 and 34 hrs. per week. Most of part-time work is performed by women. Six out of every ten working women work part-time, compared

<sup>28</sup> The Netherlands has been characterized as the only 'part-time economy' in the world.

<sup>29</sup> in this number the self-employed are included

to just over one man out of ten. With the growth of female participation, in conjunction with rising educational credentials, and the need to combine work and care, a further growth in the larger part-time jobs in particular is predictable.

Most likely, this will impinge on flexible employment as well, if only for the simple reason that part-timers are working under flexible employment relations far more than full-timers are<sup>30</sup>. The other aspects, dealt with in this paragraph, will contribute in their own right to the complexities of finding a workable and fair balance of security and flexibility. But if the further growth of part-time employment will find an echo in the further growth of flexible employment, the true test of the balance of flexibility and security is yet to come.

---

<sup>30</sup> See J. Schippers, C. Remery and J.P. Vosse, Tien jaar flexibilisering in Nederland: tussen onderzoek en beleid. Pp. 19-39 in: P. Ester, R. Muffels and J. Schippers, eds. *Flexibilisering, organisatie en employability*. Bussum : Coutinho 2001. Here : p. 26 and p. 27, table 2.5. It should not be forgotten though that one effect of the Flexibility and Security Act may be a rise in the number of regular employees employed by the employment agencies themselves. In view of the fact that these agencies are extending the scope of their activities and are reaching beyond the traditional temp-jobs, including training and education of employees, such an effect on their employees (i.e. a change from a temporary to a regular status) is bound to occur. Data, however, are lacking, although the general thrust of our remarks here are underscored by an evaluation report on the Act. The research conducted for the evaluation concerned employment agencies. See P.M. de Klaver et al, *Ervaringen met en effecten van de Wet flexibiliteit en zekerheid; tweede meting 2000*. Den Haag, Ministerie van Sociale Zaken en Werkgelegenheid/Elsevier Bedrijfsinformatie 2000. Also, the fact that the average length of service with one employer has been *on the increase* during the nineties could point in the same direction (the average period of service with one employer has between 1992 and 1999 gone up from 8.4 years to 8.9 years. See P. de Beer, *Over werken in de postindustriële samenleving*. SCP: Den Haag 2001, p. 45).

### 3. Time and Working Hours

Legally the maximum number of work hours per week is fixed on 45 hours, excluding overtime, and 48 hours including overtime<sup>31</sup>. The normal length of the workweek, established in collective bargaining agreements, is lower: between 36 and 40 hours<sup>32</sup>. The actual length of the work week considerably deviates from these figures as the following table goes to show:

*Table 10: Number of usual hours worked per week in the main job by occupation and sex, 1998-2000*

	1998	1999	2000
<b>Total</b>			
EU 15	38,5	38,3	38,2
Netherlands	33,9	33,8	33,5
<b>Male</b>			
EU 15	42,2	42,0	41,9
Netherlands	39,4	39,4	39,2
<b>Female</b>			
EU 15	33,4	33,2	33,2
Netherlands	25,9	25,8	25,5

(Source: LFS 1998, 1999, 2000)

The average workweek in the Netherlands is comparatively short, with the greatest gaps appearing in the size of female working hours. A more complete picture arises one we include the average number of hours of part-time work, compared with full-timers:

*Table 11, Number of working hours per week for full-time m/f and part-time workers m/f, 1998-2000*

			1998	1999	2000
Full time	Total	EU 15	42,2	42,1	41,9
		NL	41,2	41,1	41,2
	Male	EU 15	43,3	43,1	43,0
		NL	41,6	41,5	41,5
	Female	EU 15	40,1	40,0	39,8
		NL	39,6	39,5	39,6

<sup>31</sup> The limit is 60 hours. However, when measured over a 13 weeks period, the average number of hours may not exceed 48 hours.

<sup>32</sup> Source: SCP, *Nederland in Europa* (SCP 2000): p. 197, table 7.4; OECD, *Employment Outlook* (Paris 1998): p. 168.

Part time	Total	EU 15	20,1	20,1	20,3
		NL	20,2	20,5	20,6
	Male	EU 15	20,6	20,6	20,9
		NL	23,4	24,0	23,9
	Female	EU 15	20,0	20,1	20,2
		NL	19,4	19,6	19,7

(Source: LFS 1998, 1999, 2000)

The 'average' part-time female, then, works just under 20 hours per week, while her male counterpart works around three full time days, if part-time employed. In view of the very large presence of part-time female employment, then, it stands to reason that the average work week in the Netherlands as a whole contains comparatively few hours. The same holds for computations on a yearly basis: again the Netherlands scores the lowest<sup>33</sup>.

An important issue in the European 'adaptability' pillar is, next to the flexibility in the employment protection legislation, the flexibility in working time. Indices are the (movement in the) irregularity of working hours and, of course, the use of overtime. As to the former, the table below gives some information.

*Table 12, Irregular working hours (1994-2000); number of employees concerned (% of all employees)*

	1994	1995	1996	1997	1998	1999	2000
Irregular working hours	53.6%	53.9%	54.9	55.2%	55.7%	57.6%	64.2%
Of which:							
Night and evening	16.4%	16.4%	16.4%	16.8%	16.6%	17.3%	19.4%
Evening	18.9%	18.9%	19.8%	20.4%	20.3%	23.2%	31.3%
Weekend-day	18.2%	18.6%	18.7%	17.9%	18.7%	17.1%	13.5%
Total number of employees (x 1,000)	5,222	5,357	5,459	5,644	5,847	6,072	6,117

(source: cbs/EBB)

There is a substantial growth in irregular working hours, especially due to more people working in the evening hours. The Netherlands, no doubt, is still a far cry from a 24hrs economy, yet the relaxation of opening hours for example for shopping purposes has made a change.

Many employers prefer, when faced with extra demand, to use the instrument of overtime rather than the hiring of new workers. As the economy flourished in the second half of the nineties, it could be

<sup>33</sup> SCP 2000, *ibid.* p. 195, table 7.3

predicted that the use of overtime would grow. And, indeed, such was the case, as the following table shows:

*Table 12: Overtime, paid and unpaid, in average number of hours per week, 1996 and 1998*

	1996	1998
Average number of hours overtime per week	3 hrs of which paid 40%	3 hrs, 20 minutes of which paid 46%

(source: D. Fouarge et al, 1999, *Tendrapport aanbod van arbeid 1999*, OSA Den Haag 1999)

We find a sizeable increase (of more than 10%) in just two years. Remarkable as well is the share of unpaid overtime: more than half of overtime goes unpaid. Not all employees, though, work overtime, yet about half does. In 1998, for example, the proportion of employees concerned equalled 49%<sup>34</sup>.

A different but related issue is the say the employee has over time. Some data on this important question are provided by the survey on working conditions 2000<sup>35</sup>, although not all of them are available on country (as compared to EU15) level. One important question –phrased as a statement– in the survey concerned the influence of employees over their working time (question 26.4). The table below gives the figures:

*Table 13, Employees having influence over their working hours, percentages, by country, 2000*

<i>EU 15</i>	45%
<i>Netherlands</i>	53%
<i>Belgium</i>	47%
<i>Germany</i>	41%
<i>UK</i>	52%
<i>Denmark</i>	58%
<i>Finland</i>	51%
<i>Portugal</i>	42%
<i>Spain</i>	30%

(Source: Paoli and Merllié, o.c. p. 13, figure 15)

<sup>34</sup> Same source as table 12.

<sup>35</sup> P. Paoli and D. Merllié, *Third European Survey on working conditions 2000*. European Foundation For the Improvement of Living and Working Conditons; Dublin 2001.

This question (question 26.4 : 'you can influence your working hours') was new in 2000, so no comparison with earlier years is possible. That does not hold for the questions concerning to take a break when wanted (question 26.2), or the choice of a holiday break (question 26.3). Here, although a comparison with the report on 1995 is possible, a breakdown as to countries is lacking. Only the EU – average is given in a summary table on job control which we reproduce here in part:

Table 14: control over time: breaks and holidays, percentages

Question	all workers	1995	2000
26.2	no break when desired	37	39
26.3	no possibility to choose when to take holidays	41	43

(Source: *ibid.*, table 20)

The data for the Netherlands are limited to the possibility to determine one's own leave (holiday). Dutch workers score favourably here: just over six out of ten workers have such possibilities<sup>36</sup>.

In earlier reports a question was included (for non-shift workers) on whether one could influence the time of beginning and ending the work-day (the question was: 'do you have fixed times for starting and stopping your work every day?'). That question is close to, but definitely not identical with the present question 26.4, as is also evidenced by the results. Overall, just under eight out of ten workers in the EU did have such fixed times, in the Netherlands seven out of ten (figures for 1995)<sup>37</sup>.

All of these figures are hard to read. From the above, the grip on time of employees certainly is not lacking. Yet, if we compare these outcomes with data on the possibilities of workers to control the speed of their work and with data on tight deadlines we may obtain a more realistic picture. Again, not all the data are country-specific, though the data for working at high speed *continuously* are: one out of every four workers in the EU 15 report working at high speed continuously, and 55% of the workers work at high speed for at least one quarter of their time in 2000. In the Netherlands, the outcome for continuously working at high speed is that one out of three workers works under such pressures<sup>38</sup>. More or less the same holds for working with tight deadlines, although here country ratings are lacking. Almost three out of ten workers are *continuously* confronted with tight deadlines, and six out of ten are confronted with tight deadlines for at least one quarter of their time.

<sup>36</sup> Ministerie van SZW/CBS, *Arbeidsomstandigheden 2001*. Elsevier: Den Haag 2001, p. 27, table 3.5.

<sup>37</sup> SCP 2000, o.c.: p. 217, table 7.11. For the possibility to streamline working hours with for example school hours questions such as these are extremely important.

<sup>38</sup> See, next to Paoli and Merli , o.c., Ministerie van SZW/CBS, o.c.: pp. 47-48. Nevertheless, almost six out of ten workers in the Netherlands report that they can influence their speed of work. See *ibid.* p. 27, table 3.5.

*BOX I: we 'd like to know ...*

What one would like to know, of course, is the score on the *balance* of high speed and deadlines on the one hand, control over time on the other<sup>39</sup>. As to the former, an index to this effect has been constructed, taking the numerical average of the percentage high speeders and the percentage of tight deadliners. For 2000 the EU index number is (for those having to do with these constraints for at least one quarter of their time) 58. For the category of people being confronted with these constraints practically continuously the index number is 26 in 2000. The comparable figures for 1995 are 55 and 27. Pace demands, then, has gone up in a few years. The latter can be compared with earlier data, at least for the Netherlands: then we find an index number of 30 for 1995<sup>40</sup>. The other half of the balance is even harder to substantiate. We do have some data on the possibilities of taking a break on one's own initiative (country- and EU-figures for 1995; for 2000 EU-figures only) and the EU- and country- and EU-figures on influencing one's working hours, for 2000 only<sup>41</sup>. If one were to take the numerical average of the possibilities to control the speed of work (question 25.3) and to take a break as a proxy for control over time, we would get an index number for 1995 of 65 for 1995 and 69 for 2000. The control over time, then, went down and the balance for 2000 would be worse in 2000 than in 1995. In 1995 the balance is, taking the constraints pertaining to one fourth of the time or more, -7 for control, and in 2000 -14 for control.

Of course, our arithmetic is crude, to put it mildly. But crudity is not the same as meaningless, in particular where time is among the ultimate units of account of the employment relationship. More detailed, longitudinal and comparable data are badly needed. What we have presented in this paragraph is a skeleton, and not even a complete one at that.

<sup>39</sup> In the vein of the Karasek-model of job demands (here: high speed and tight deadlines) and job control (here: control over time).

<sup>40</sup> Ministerie van SZW, *De Nederlandse verzorgingsstaat; sociaal beleid en economische prestaties in internationaal perspectief*. Den Haag SZW/Sdu: 2000, p. 85

<sup>41</sup> More detailed data are presumably available, but are not included in the report of Paoli and Merllié.

#### 4. Minimum Wages, Unemployment and Disability, and Welfare.

Though it is not true that we're only in it for the money –as the Mothers of Invention once had it– wages nevertheless are among the more prominent aspects of the employment relationship. Indeed, as we saw above, wages are a defining element of the employment relationship.

The question is: what happens in case of unemployment and disability? In order to answer this question we first need data on the minimum wage, for most transfer payments are a percentage of the minimum wage and are pegged to its development. In fact, until deep in the nineties this was its main usage, for most wages actually agreed upon in collective bargaining agreements were above the minimum. Since 1995, however, an attempt has been made (with the cooperation of the trade union federations, represented in the Labour Foundation) to abridge the distance between the lowest contract wages and the minimum wage, by having the former approach the latter. With some success, actually, for in the collective bargaining agreements concluded since then, the minimum wage became the rule for many new employees starting in more or less unskilled jobs<sup>42</sup>.

The Netherlands are (with Belgium, the UK and Spain) among the countries with a minimum wage legislation, and it is the *only* country in which unemployment benefits are legally tied to the minimum wage. There is a minimum wage in three categories<sup>43</sup>: singles, single parents and breadwinners (i.e. where the partner does not work). In 1999, the minimum wage was 1810, 2111, and 2064 guilders per month, respectively (for purposes of comparison: 1 euro= 2.20 guilders)<sup>44</sup>. The development of the minimum wage is, through a rather complex formula, pegged to the development of the contract wages (Act on the minimum wage etc. art. 14<sup>45</sup>). Benefits, then, are twice coupled with economic growth: by means of their link with the minimum wage, and by means of the link of the minimum wage and contract wages.

---

<sup>42</sup> In 1998 6% of all employees were registered as having a minimum wage or a functional equivalent. See Arbeidsinspectie (C.H. Ackerman and C. Klaassen), *De onderkant van de arbeidsmarkt in 1998*. Den Haag, Ministerie van Sociale Zaken en Werkgelegenheid 1998. The use of the minimum wage is actually on the increase, in particular in companies with a growing number of employment opportunities. See D. Fouarge et al, *Tendrapport Vraag naar arbeid 2000*. Den Haag, OSA nr. A 177, 2001, p. 22, table 2.5. This is, once more, an indication that low-skilled jobs are not disappearing from the economic scene.

<sup>43</sup> For four actually, because there is an age threshold for the regular minimum of 23 years. Below the amount is lower. The amounts quoted are for full-timers. Part-timers are remunerated in proportions of the minimum wage according to the number of hours worked.

<sup>44</sup> G. Antonides and F. van Raaij, *Inkomen en de voordelen en nadelen van werk*. Den Haag, Ministerie van Sociale Zaken en Werkgelegenheid/Elsevier Bedrijfsinformatie 2000.

<sup>45</sup> See I. Asscher-Vonk, *Arbeidswetgeving 2000*. Deventer, Kluwer 2000, pp. 143-144.

The nexus of benefit and minimum wage holds for both unemployment and disability<sup>46</sup> compensation, though not in an identical way. In the figure below the respective rules and regulations are summarized:

Figure 4, rules of the game for unemployment and disability benefits

	<b>Unemployment</b>	<b>Disability</b>
Access conditions	1. having worked 26 of last 39 weeks. 2*. in 4 out of 5 years having worked at least 52 days each year	being disabled for at least 15%
Available for work	involuntary unemployed; registered as job seeker; actively looking for a job; accepting suitable job offer	
Benefit period	1. six months. 2*. depending on work history and age, between 9 months and 5 years	1. depending on age 2. follow-up benefit until 65 (pension)
Benefit level	1. 70% of last wage. 2*. 70% of minimum wage. 3. supplement if family income below minimum	1. 70% of last wage (corrected for degree of disability) 2. 70% of minimum wage + age dependent supplement

\* in order, when unemployed, to qualify for a period of more than 6 months benefit and thus for a benefit related to the minimum wage the work antecedents must include access condition 2.

[Source: Ministerie van Sociale Zaken en Werkgelegenheid, *De Nederlandse Verzorgingsstaat*. Den Haag, Sdu 2000, pp. 214 (table B) and 215 (table C)]

<sup>46</sup> If we were to correct the rather favourable Dutch unemployment record for the incidence of disability the picture is gloomy. About 900,000 people are on disability benefits. Since, however, partial disability is included in this number, it is more precise to calculate in 'benefit years'. In 1999 the number of benefit years was 769,000. More than one fourth was deemed able to (partially) work and of this number half indeed did work. (source: SCP, *Nederland in Europa*, o.c.: p. 332, table 10.1, p. 337, table 10.2).

In result the net replacement rates<sup>47</sup> in the Netherlands are relatively high, both at the start of unemployment and in the case of prolonged unemployment. The Netherlands is, at the start, accompanied by Luxemburg, Portugal and the three Scandinavian EU-countries. After 5 years, however, Luxemburg and Portugal have joined the middle ranks, while the Netherlands and Scandinavia are still in the top league, with some losses for the low incomes but remaining on average remarkable stable and high with a ratio of around 80%<sup>48</sup>.

If social security in the shape of wage compensation is lacking and if no other sources of income are available, then only welfare remains<sup>49</sup>. There are three welfare categories, all in the age bracket of 21-65 years (for younger people different rules apply): couples, single parents and singles. Couples receive 100% of the net minimum wage, single parents 70% and singles 50%<sup>50</sup>. These benefits are exclusive of child allowances and other benefits, for example rent subsidies and (local) tax exemptions and subsidies. No robust comparable data exist on this more inclusive level of welfare benefits. If we restrict ourselves to welfare plus child allowance we find the Dutch somewhere in the upper middle of the European distribution. Comparatively, Dutch singles are relatively well-off, single parents are just a little above the average, and couples with children score average<sup>51</sup>.

During the nineties each year around 10 percent (near 650,000) of all households received a minimum income. A long term (4 years or more) minimum income applies to about 4% of households. Both percentages are diminishing slightly, due to the effects of the economic upswing of the second half of the nineties, to the favourable labour market ensuing and to the activating measures of the government. Yet, the differences in income, as between the welfare dependent and the rest of the population, are growing. The median income overall in the Netherlands grew with 7% between 1990 and 1999, for the welfare dependent the median income growth was a mere 2 ½ %<sup>52</sup>.

One parent families are in the highest risk category: all most half of these families have a low income, and your chance of being on low income is, if you are part of a one parent family, three times as high

---

<sup>47</sup> measuring the fraction of net-income that, in case of unemployment, is replaced by social security.

<sup>48</sup> *ibid.*: p. 357, figures 10.4a and 10.4b

<sup>49</sup> welfare, thus, is means-tested. Welfare benefits are not defined in causal but in final terms.

<sup>50</sup> The assumption (in the case of single parents and singles) is that the costs of renting a place are shared with others. If such is not the case a supplement of maximum 20% of the minimum wage can be granted. It is important to note that in discussions on poverty in the Netherlands two low income-definitions are used. The first is the one we just mentioned: welfare level incomes pegged to the minimum wage. The second is the 'low income' concept, in which the welfare level of 1979 is the starting point (1979 being the year in which the purchasing power of a welfare income was the highest so far recorded) and where this level is adjusted each year for rises in the level of prices. This type of income is about one third higher than the former welfare type, reflecting the cuts in benefits of the '80s and the policy to widen the gap between income from wages and income from welfare. About 850,000 families are in the 'low income' category.

<sup>51</sup> *ibid.*: p. 356, figure 10.3

<sup>52</sup> See, for an overall picture of poverty and low income SCP/CBS, *Armoedemonitor 2000*. Den Haag, SCP 2001, pp. 9-24.

as the average. Next in line, independent however of family type, is country of birth. Immigrants (first and second generation) are heavily overrepresented among the low incomes. Four of ten foreign families have a low income (the comparable score for Dutch families is 12%). A further risk category is constituted by single women of 65 and over. They have a one in four chance of being on low income in 1999. Here, however, the developments are favourable, as the chances were still one in three in 1995.

For people without occupational pensions therefore (in large majority the group of women of 65 and over) and for groups with labour market disadvantages (through language, educational deficits and family care obligations) times are hard. For those available –at least in principle and by virtue of their welfare or wage compensation dependency- for the labour market the official answer has been to (re-) insert them in the labour process. The successes of this policy, however, are limited. Unemployment among foreign and migrant workers, for example, is about four times as high as the average, and still 2.5 times as large as among the total group of low-skilled workers. Their net rate of participation, again, is low: where on average two out of three persons in the labour force participate, only one out of every two foreigners/migrants do so<sup>53</sup>.

It is commonplace, by now, to connect the limited success of labour market activation<sup>54</sup> with the activation quality of social security, including welfare. As to the latter, the *poverty trap* is of particular relevance. The idea of the poverty trap is that the income people derive from welfare plus additional benefits may be higher than the income from work, even if work generates more income than the welfare benefit taken by itself. Rent subsidy in particular is often quoted as an obstacle that prevents people from accepting a job.

About one in three families on low income are within the realm of the poverty trap. Most (fifteen out of twenty) of these families are on welfare, a minority (four out of twenty) is on disability compensation and one in twenty on unemployment compensation<sup>55</sup>. That is, they stand to lose on accepting a job, for next to giving up their benefit they may lose extra's, in particular rent subsidy. The question then is: does this loss indeed obstruct the acceptance of a job?

Statistically, the answer is in the affirmative: when unemployed and welfare dependents without rent subsidy are compared with unemployed and welfare dependents with rent subsidy and when we look at their employment situation at point zero and one year later we find that of the former category one

---

<sup>53</sup> The figures are for 1999. See SCP, *Nederland in Europa*, o.c.: p. 285, table 9.4

<sup>54</sup> The Netherlands were traditionally high on passive expenditure. During the nineties, however, the weight has shifted to more active policies (like training, wage cost subsidies etc.). See *ibid.* p. 317, table 9.10 and Ministerie van Sociale Zaken en Werkgelegenheid, *De Nederlandse verzorgingsstaat*, o.c. p. 107, figure 5.6.

<sup>55</sup> Source: SCP/CBS, *Armoedemonitor 2000*, o.c.: p. 129, table 8.2

out of three is working one year later, and of the latter category only one out of seven<sup>56</sup>. The effect is strongest for the welfare recipients, possibly pointing to the fact that it may not be the rent subsidy but the distance to the labour market that is the decisive influence. It must be remarked, in this context, that there exists a stream of research in which the decision to accept a job does not depend so much on the present pay and its comparison with benefits but, rather, on the prospects a job offers. The perspective of a career, then, and the prospects of learning in one's job may be more important levers to stimulate labour market participation than present pay versus present benefits<sup>57</sup>

---

<sup>56</sup> *ibid.* p. 132, table 8.3

<sup>57</sup> see P. de Beer, *Het onderste kwart*. Den Haag, SCP 1996.

## 5. By Way of Conclusion: Combining Work, Education and Care

In January 2002 the state secretary for emancipation affairs of the Ministry of Social Affairs and Employment issued a document entitled '*Investigating the life cycle*'<sup>58</sup>. The document is an immediate sequel to the Work and Care Act (see appendix II for a more extensive treatment of this act). The main thrust of the document is the attempt "to remove the obstacles standing in the way of the combination of work, care and leisure over the life cycle"<sup>59</sup>. Durable participation in several spheres of life is the object, with participation in the labour market as a central –but not exclusive- reference<sup>60</sup>. The approach is informed by a triple edge: a) a constant presence in the labour market during one's working age, roughly between 20 and 65 years and b) a flexible combination of work, care and education during this period, in which phases with heavy labour market involvement are followed by phases with more time for care and/or education, and vice versa and c) a phased withdrawal from the labour market in the later stages of the life cycle.

This approach is relatively new in the Netherlands. Looking at one's participation in society in a life-time perspective is very different from the present, if only because of the fact that most of the transitions concerned are the result of voluntary decisions and choices. Social security of the old vintage was geared to protecting people from hazards beyond their control or from inevitable occurrences: unemployment, disability, old age. It followed a taken-for-granted framework of a first phase in the life cycle of learning, a second phase (attached to the predominantly male breadwinner) of working, and a third phase of resting. Creating a framework for combining work, care and education, on the other hand, is tantamount to opening up an arena in which people choose out of their own volition and at least partly on their own risk the options and packages they wish to realize. Such involves, then, a major reworking of the links between work and social security, including the distribution of responsibilities (risks) between individuals and families, social partners and other collectivities and the government. Even the simplest of questions will entail complex rearrangements: what social security is available if one becomes ill during an educational or care leave?, what are the consequences for pensions when people take up leave?, should pensions be involved (as collateral, or as a fund) in financing forms of leave and what measures should be taken for people whose employers do not have or have not joined a pension fund?, should options for taking up leave be granted as individual rights or as agreements between employers and employees?, should funds be made available through vouchers, tax credits, a one-time grant at the age of 18 or 21?

---

<sup>58</sup> Ministerie van Sociale Zaken en Werkgelegenheid, *Verkenning Levensloop*. Den Haag, January 22 2002.

<sup>59</sup> *Ibid.* p. 2.

<sup>60</sup> In a sense such begs the question. Is it, now, the goal to blur the boundaries between work and family so as to ease the transitions between these spheres or is it the goal to respect the identity of each sphere by improving the quality of the bridges between them? Teleworking, for example, can result in an intermingling of domestic and work activities. On the other hand, it can result as well in flexible arrangements in which the separation of work and domestics is upheld and even strengthened.

The situation at present is best characterized as one of search and preparation. Traditionally, the Netherlands has been relatively backward in devising and offering provisions for combining work and care. The typically Dutch solution of part-time work is an invention of employers and employees rather than of governmental policy. The slow process of individualizing social security rights, again, is the product of external pressure from the EU rather than the product of conscious policy choices of the Netherlands. In fact, the Netherlands has long been a model of a breadwinner economy. That model is no longer defended today –on that there is a broad consensus- but the building blocks for a new model such as the life cycle model of combining work, care and education are not yet ready, let alone in place. Investigation then is the appropriate first step for ramifying the necessities and obstacles for the new model. What we need to know, therefore, is the number and character of these obstacles, and the measures proposed to remove them.

First the obstacles. These are many and of different vintage. They are most easily classified according to the type of transition<sup>61</sup> involved:

- from non-work to work, in particular concerning taxing rules insofar as these may discourage labour market participation of small earners where a large earner is present; also the obstacles concerning the large labour reserve of those caught in welfare dependency and the poverty-trap, explicitly including the obstacles confronting one parent families in the shape of working hours and insufficient provisions for child care
- combining education and work, relevant in particular for those categories of workers neglected in the current practice of company training and its distribution: older employees, women, the low-skilled
- combining a (part-time) job and entrepreneurship, in particular in view of the obstacles in balancing working times and, especially for women, balancing work and care (insufficient child care provisions and financial protection in times of pregnancy and childbirth); pension consequences and complex administrative rules and regulations
- Combining work and a phased withdrawal from the labour market, in particular if the policy of discouraging massive retreat from the labour market results in higher wage costs for older employees and thus in reduced chances for effective participation and adding to the effect of seniority on wages
- Work and social security, in particular the effects of different presences in the labour market on insurance and insurability for unemployment, illness and disability, and the insurance and financing problems during periods of leave.

These, in shorthand format, are the obstacles as presently defined by the Dutch ministry of social affairs and employment. What, now, are the policy options and the relevant actors identified to work on the removal of the obstacles? The figure below gives the overview:

Figure 5, policy options (left column) and actors responsible (right column)

1. leave options and streamlining of forms of leave by means of a 'leave umbrella'	Government, social partners, EU, ILO, UN
2. sources for financing leave, a choice between: a) collective financing b) life cycle insurance at the sectoral level c) individualized savings account, possibly with pensions as collateral d) combining a, b, c	a) social partners, government b) social partners, government, insurers c) same as b plus pension funds d) as c
3. financing of leave through a new use of pension tax advantages and more flexible pension arrangements	Government, social partners, pension funds and insurers
4. employee saving arrangements geared to financing education and/or leave	Government, social partners
5. introducing individual learning and development accounts for risk categories	Government, social partners
6. educational and support facilities for women re-entering the labour market	Government, social partners, Centres for Work and Income
7. financial incentives for accepting work through targeted tax measures and facilities	Government
8. stimulating participation of the elderly	Government

(Source: *Investigating the life cycle*, o.c. p. 26-27)

This is an impressive list of policy options, and thus of possible new initiatives for combining work, care and education. Pivotal is the place of pensions in most financing schemes, and including the governmental leverage in influencing the tax facilities for pensions and the eventual changes therein. No doubt this reflects the rather advantageous position of the Dutch in the field of old age pensions,

<sup>61</sup> In this we follow the sequence in the *Investigation*, o.c.

just as it reflects the governmental reluctance to burden the collective sector through public financing<sup>62</sup>. Expectations, therefore, that publicly funded or underwritten arrangements for parental leave (such as in Belgium, Denmark, Finland and Germany) are determining the immediate policy agenda seem to be ungrounded. It is legitimate to infer from the above list of options that the Netherlands is planning to set out on a course of combining work and care by having work accompanied by care provisions and having care accompanied by forms of leave. There is in this respect a resemblance with the Scandinavian example in particular. The resemblance ends, however, with finance. Taking pensions as the pivot, the role of non-governmental collectivities such as insurers, pension funds, and –partly in tandem with these funds- the social partners is essential. The life cycle model as it stands now, however preliminary its status and final architecture, is the polder model revisited.

---

<sup>62</sup> Collective financing as under 2, excepted. Though it may be conceptually expedient to differentiate collective from public funding, in the Investigation they are used interchangeably.