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Explaining Miracles: Third Ways and Work and Welfare

HANS KEMAN

The emergence of the Dutch miracle – often seen as a result of the famous Polder model – has not only resulted in drastic changes as regards the labour market policy, but also in a performance that is considered superior to most other OECD economies. In addition, it is often suggested that this development may well be considered a prototype of the Third Way politics of contemporary social democracy. Both views are scrutinised and discussed by means of a cross-national and cross-time analysis of 19 liberal democracies within the OECD world. The comparative analysis of the labour market performance, also by means of demographic categories, demonstrates that the performance of the Dutch labour market is neither outstanding nor exceptional. It appears mainly to have been caused by the growth of part-time labour. Hence, one may well doubt whether a Dutch miracle exists at all. The analysis also demonstrates that the Dutch labour market performance is neither optimal nor beneficial to all concerned. Finally, it is observed that the social democratic Third Way turns out to be a trade-off in the Netherlands: welfare is becoming less generous and work comes first.

Since the 1980s socio-economic policy-making in most West European countries has been changing. Governments tend to pursue policies that aim at welfare state retrenchment.¹ In addition neo-liberalist ideas consider traditional policy instruments like public intervention by means of subsidies, government employment and state ownership no longer effective in a global economy. In this perspective, governments appear as prisoners of a harsh global economic environment in which generous social models are no longer sustainable. In addition, the electoral success during the 1980s of parties favouring neo-liberal policies reinforced these developments.² Similarly, the impact of European integration, and particularly the introduction of the monetary union, has also severely constrained the room for manoeuvre of European governments, particularly after 1992.³ A final moral blow to the extant ideas of state-induced socio-economic policy-

making was the collapse of the Soviet regime, which undermined the ideology of economic planning and interventionism by means of public goods. The 'winning team' clearly became capitalism and democracy.

From this perspective the development of traditional social democracy towards the so-called Third Way ideology is particularly important. This set of ideas can be summarised as the abandonment of a generous welfare state with a high degree of state intervention in favour of a social investment state favouring work and market regulation. The Third Way challenges traditional social democratic policy views. It is argued that increases in social expenditure will not automatically lead to a reduction in socio-economic inequality. Instead, social justice became a synonym of more spending.⁴ The traditional welfare state, rooted primarily in the logic of industrial modernity, has proved too inflexible in the face of post-industrial problems. The existing welfare programmes no longer seem to meet the extant individual needs and social challenges of a heterogeneous society at the end of the twentieth century.⁵ Conversely, in terms of Third Way democratic socialism, social justice will no longer be achieved by an ex-post reduction of socio-economic inequalities, but by providing equality of opportunities: 'employability' is the new catch-word. Third Way policies are based upon the idea to move *from welfare to work*. The access to employment should be facilitated through the provision of active labour market policies (for example, focusing on education and reintegration), thereby establishing equality of opportunity, and should avoid too much state-financed employment. Welfare in a 'social investment state' presupposes a correct balance between incentives, opportunities and obligations for its citizens: the assertion of no rights without responsibilities. In fact, the traditional welfare state hinders the responsibility of citizens to participate in and benefit from this learning process.⁶

This agenda regarding what we can call the 'neo-liberalisation of the Left' is now prominent in most West European countries in the OECD world. However, for all the claims to novelty and originality, it is worth recalling those similar ideas and policy initiatives that preceded this shift. First, the New Zealand experiment in the 1980s was applauded by OECD experts.⁷ And, second, early 1990s Netherlands, where the path of recovery from the 'Dutch disease' also won praise from the OECD.⁸ Yet, as the OECD analysis of the Netherlands went on to point out, this positive development did not solve all problems: first, that of the unequal distribution of access to the labour market in terms of demographic groups (like women and youth); second, the fact that a large part of the unemployed were made redundant by means of disability programmes and early retirement schemes.⁹ Both factors negatively influenced the active/inactive ratio (that is, those working/not working, which include also those under 16

and over 65), which in turn would imply that the generous levels of social security could not be afforded. This situation has become known as the 'Dutch disease'.¹⁰

The 'Dutch disease' is considered the result of a fast growing welfare state where the number of beneficiaries have outgrown the necessary means of state revenues (like taxes, the sale of natural gas and so on). Due to the worldwide stagflation crisis – no trade-off between inflation pressure and employment growth under conditions of sluggish economic growth, a situation that worsened in the 1970s and 1980s – the level of unemployment in the Netherlands rose to a higher level than ever before. This created a huge public deficit, one that was at least partially due to increasing expenditures on social security benefits, and to related measures to combat unemployment and fewer revenues. The 'standard operating procedures' to remedy these negative effects did not pay off: higher taxation did not decrease the budget deficit, wage moderation did not create sufficient jobs, and cuts in the welfare expenditures proved politically unfeasible or hardly effective. In part this development is considered a consequence of the working of Dutch corporatism, on the one hand, and the behaviour of centre-right government coalitions, on the other. For, so the argument goes, government and the organised interests had 'captured' each other and this induced political stalemates and policy rigidity: the 'Dutch disease'.¹¹

The road to recovery has been a long one. According to most observers it all began with the famous 'Wassenaar Accord'.¹² This agreement meant that the trade unions voluntarily accepted wage restraint in return for active labour market policy measures. Furthermore, there was an understanding that the extant levels and duration of social security benefits would remain by and large in place. Within this context the cure had to be implemented with the help of government. Wage moderation and more active labour market policies did indeed help to keep the 'job machine' going. Furthermore, a reorganisation of the tax regulations opened up possibilities for women to find work and for young people to find (mainly) part-time jobs (without losing social security benefits, thus avoiding the 'poverty trap'). Finally, by restructuring the fiscal balance and striving for deregulation and privatisation, the 'market' became the cornerstone of socio-economic policy formation in the Netherlands. The cure, however, was not yet complete, since other elements like state debt and budget deficits were hard to overcome. On the one hand, this had to do with the 'truce' on welfare benefits and, on the other, with the paradox of investing in the future while tax revenues were still below par.

In fact, the path from 'disease' to 'miracle' in the Netherlands has been less smooth and miraculous than is claimed by many.¹³ The core of the Dutch miracle has been the development of a 'job machine' that should be

capable of offsetting the low I/A ratio, thereby reducing the 'passive' labour market expenditures.¹⁴ At the same time, however, 'broad unemployment'¹⁵ remained quite high in the Netherlands: in 1979 the level was 18.6 per cent and in 1999 it was still 19.1 per cent.¹⁶ Finally, it was not until the mid-1990s that the budgetary problems were solved (which was by and large an effect of the EMU criteria introduced in 1992¹⁷).

What is considered by many as the 'Dutch miracle' can be seen therefore – at least in part – as the result of international economic circumstances and EU regulations. Nevertheless, political changes in the Netherlands during the 1990s did also allow for a new 'structure induced equilibrium' in terms of government composition: the so-called 'purple coalition' – an alliance between the social democrats (PvdA) and the progressive (D66) and conservative (VVD) liberals. In retrospect, so it appears, it was this 'coincidence' of political and economic developments that led to a Third Way approach to socio-economic policy-making *avant la lettre*. However, the Dutch miracle has not been a real recovery and did not concern a deliberate change of ideas amongst Dutch social democrats. Added to this, it appears that the effects of curing the Dutch disease were rather a blessing in disguise: broad unemployment levels were not reduced, whereas the levels of welfare benefits were. Finally, there has not been a fair redistribution of 'work and welfare' across demographic segments of the labour force. Why then, one may ask, has there been so much international attention given to this Dutch way of socio-economic policy-making and to the 'Dutch miracle'?

The answer is – on the surface – that the socio-economic performance of the Netherlands is quite good compared with many other West European economies. Second, the transformation appears substantial, in that the Netherlands has apparently been able to 'cure' the supposed 'Dutch disease' from which it suffered since the mid-1970s. Thirdly, and perhaps most importantly, the policy changes introduced by the purple coalition in 1994 were not only supported by organised capital and labour, but seem also to have paid off. Hence, certain policy changes regarding the reorganisation of the labour market (the 'job machine') as well as of the social security system (restricted access and lower levels) could take place without high levels of social unrest and stark political opposition.

In this sense, it is considered a success story because – according to many commentators in the Netherlands and abroad – the performance of the Dutch economy represents a miraculous recovery, particularly since it was produced by a new 'lib-lab' coalition led by a social democratic Prime Minister with the help of a corporatist strategy. This strategy, a powerful combination of left and right in government with parallel representation in the system of industrial relations, has often been called the 'Polder model'.

Moreover, and from this, many infer the argument that *political* change in the Netherlands is directly associated with *policy* change, and this in turn echoes the ideas of the Third Way. The real question is, however, whether this view can be maintained in the face of empirical evidence and comparative data analysis.

The questions this article seek to address are therefore: to what extent is the recovery and performance of the Dutch labour market – considered comparatively rather than as a single case – a *miraculous* achievement? Is the Dutch political-institutional framework of tri-partite socio-economic policy formation – the Polder model – and the related development of labour market policy markedly different from other OECD countries, especially in those West European nations that have a more or less similar institutional design; in other words: do ‘national’ modes of decision-making and policy-concertation matter within a globalising world?¹⁸

If the Dutch way is a miraculous development within a unique institutional setting, then of course it follows that the highly acclaimed Polder model will not be easy for others to follow. Alternatively, if the second question can be answered positively *and* the institutional arrangements elsewhere can indeed be considered equi-functional, then the Polder model could indeed serve as an example for adherents to the Third Way. To push this point further: can the alleged relation between the Polder model and the Dutch miracle be considered a prototype of what is presently labelled the Third Way of social democracy?

A comparative analysis of labour market policy-making and the related performance from 1990 till 2000 will attempt to answer these questions. This involves a comparison between 19 OECD countries (see Table 1 for the countries included), focusing on the impact of governmental policy-making, on the one hand, and the role of corporatist interest intermediation, on the other. Both institutional factors are considered central for assessing the existence and working of the Polder model as well as the acclaimed Dutch miracle.

THE DUTCH LABOUR MARKET AND WELFARE STATISM

As outlined above, the Netherlands appeared to be a victim of a ‘happy’ blend of a highly developed welfare state and a highly internationalised economy during the late 1970s and early 1980s. Yet, equally important has been the changing face of the Dutch labour market since the 1970s. This change concerns, first of all, female participation on the labour market: this rose from 31.7 per cent in 1975 to 57.3 per cent in 1995. Although comparatively speaking still low (the OECD average was 67.8 per cent in 1995), the growth of female labour participation required an increase in job

supply. At the same time youth unemployment reached in the early 1990s a higher level than ever before whereas the active/inactive ratio was the second lowest of the OECD world (the Netherlands: 57 per cent; OECD: 68 per cent). This in effect implied that the demand for labour in the Netherlands, in particular from the young and females, has risen more than the supply. In addition, in terms of total outlays and transfer payments (to households) the Netherlands was among the big spenders within the OECD world.¹⁹ This development, in combination with a very open economy (only Belgium and Ireland are more vulnerable than the Dutch economy in this respect), made the Netherlands less attractive for foreign capital. Hence, the Dutch disease was in part due to the fact that the public economy was crowding out market incentives, and in part because – given the international stagflation crisis – there was precious little room for macro-economic adjustments.²⁰ In short, in political-economic terms the Dutch disease concerned the situation in which welfare appeared to have come *before* work, and was conducive to expensive and unsustainable public expenditures. In the words of Esping-Andersen,²¹ ‘The Netherlands [was] a pathology of a conservative welfare state, in which the de-commodification of labour (i.e. living independent from labour market participation) has crowded out the incentives for job-creation’.

Yet, and seemingly remarkably quickly, this apparent disease was cured. How did this happen and how did the so-called Dutch miracle come about? The literature suggests that three factors in particular were involved: First, the existence of *institutional arrangements* which were conducive to wage moderation and to policy concertation between the ‘social partners’ (capital and labour) and the state. In other words, *corporatism* helped to bring about a turnaround in policy-making.²² Second, the introduction of a *conservative fiscal policy* regarding the public economy and the reorganisation of public *eligibility* for welfare benefits and other public goods were conducive to achieving ‘reasonable’ compromises as regards macro-economic policy formation.²³ Third, the introduction of *active* labour market policies (relaxing legal rigidities and wage protection) helped, and in particular the introduction of targeted employment programmes.²⁴ In addition to wage moderation, the recommodification of labour²⁵ and the creation of labour supply by means of new public regulations are considered the crucial political decisions that eventually led to a cure.

All this is well and good, of course, and it sounds perfectly plausible. But what exactly is being explained by this literature? In fact, as is demonstrated below, the actual performance of the Dutch labour market has not proved much better than that in many other OECD countries.²⁶

In other words, and contrary to many of the prevailing accounts, it can be contended, first, that the Dutch institutional framework relevant for this

development – corporatism and tri-partite consultation – is neither unique nor very different from that developed in other democracies; and, second, that shifts in socio-economic policy-formation in the Netherlands have not been dramatic over time nor are they dramatic in comparison with examples in other West European countries; and, third, that the performance of the Dutch political economy is actually quite comparable to that of other OECD economies but that the economy has, amongst other things, strongly benefited from a favourable international economic climate in recent years.

In short, the policy *performance* is not merely the result of particular political craftsmanship but is also the result of learning by trial and error. Rather than speaking of a miracle or of a unique Polder model it is therefore more appropriate to consider the Dutch labour market performance during the 1990s as a recovery that was quicker than expected and is now in line with the majority of West European economies. This development will be investigated below in order to set the scene for the ensuing comparative analysis of the Dutch political economy. But before presenting the comparative analysis underpinning doubts about the Dutch miracle, the article first describes the changes that have taken place on the labour market in the OECD world since 1990. For these developments are vital for understanding the emerging 'job machine' in the Netherlands.

THE CHANGING FACE OF THE LABOUR MARKET

The labour market is, to put it simply, the place where supply (of work) meets demand (for work). In this section we focus firstly on those who are eligible for jobs (between 16 and 64 years), those who are unemployed (not having a job, but looking for), and the number of jobs available (the supply). Between 1990 and 2000 the total labour force within the OECD world increased on average by 1.0 per cent. The strongest growth of people eligible for a job can be found in Belgium, Ireland and the Netherlands. Unemployment rates remained the same with only 0.3 change across the OECD – in the Netherlands, however, decreasing with -3.4 per cent, as in Spain (-3.8 per cent) and Denmark (-4.2 per cent) – whereas the supply of work increased slightly with 1.0 per cent on average. Here, the Netherlands is quite an outlier, in that between 1990 and 2000 there has been job growth of some 9.8 per cent. This was certainly a remarkable achievement from a comparative perspective (note also the cases of Belgium, Ireland and Norway). The achievement is at least partly attributable to another salient feature of change in the development of the Dutch labour population – the steep increase in female labour participation (by 32.6 per cent between 1975 and 2000), and a simultaneous increase in female part-time labour (growing by 13.8 per cent over the same period).²⁷ Although this growth of jobs,

partly part time, reduced the rise in unemployment,²⁸ the rate of unemployment among the 'newcomers' (youth) and the relative 'latecomers' (female) did not go down, but kept on growing. However, this is not the complete story regarding the labour market. We must also take into account *who* is in need of jobs, and *where* the jobs are supplied.

Between 1975 and 2000 the rate of unemployment among young people and women rose roughly twice as much and ended up respectively three and two times higher than for normal male workers. Although the supply of jobs stagnated in most OECD countries, this was not the case in the Netherlands. However, at the same time the demand for a job (unemployment and eligibility) grew in the Netherlands, in particular amongst women and young people. Hence, although the job growth in the Netherlands is indeed above the OECD and EU averages, it is equally true that its distribution across the demographic segments is quite skewed in favour of adults (that is, over 23 years old), and in particular in favour of males. This is partly a social and cultural inheritance of the past,²⁹ since it used to be

TABLE 1
INDICATORS OF THE LABOUR MARKET (1990–2000)

COUNTRY	TLabF-level	TLabF-change	Empop-level	Empop-change	Unem-level	Unem-change	Ptal-level	Ptal-change
Australia	73.6	0.6	68.2	0.3	7.2	-1.4	26.1	3.5
Austria	71.6	0.1	68.2	-0.2	5.3	0.5	12.3	1.4
Belgium	64.6	7.9	58.9	4.8	9.0	0.4	19.9	5.7
Canada	75.9	-0.7	70.1	-0.2	7.6	-1.8	18.5	1.5
Denmark	80.6	-1.8	76.5	1.1	5.5	-4.2	15.3	-3.9
Finland	73.6	-3.0	66.0	-8.1	10.2	0.3	9.9	2.4
France	67.8	1.8	59.8	-0.1	11.1	-7.7	14.7	2.5
Germany	71.2	2.8	64.9	0.8	9.0	1.4	17.1	3.7
Greece	62.5	3.4	55.6	0.8	10.7	2.1	9.0	2.3
Ireland	66.3	6.1	62.5	10.2	5.5	-9.0	18.3	8.5
Italy	59.6	-0.2	52.5	-1.4	11.5	1.1	11.8	3.0
Netherlands	73.6	7.4	70.9	9.8	3.2	-3.4	30.4	2.2
Norway	80.6	3.5	78.0	4.9	3.2	-1.5	20.7	0.5
Portugal	70.6	-0.3	67.3	-0.2	4.4	-1.6	9.3	2.5
Spain	63.9	3.0	53.8	2.7	15.9	-3.8	7.9	3.3
Sweden	78.5	-6.1	72.9	-10.2	5.6	0.6	14.5	0.0
Switzerland	82.2	1.1	79.9	0.3	3.0	-0.9	24.8	2.7
GB	76.3	-1.5	71.7	-0.7	5.9	-0.3	23.0	2.9
US	77.2	0.7	73.9	1.7	4.2	-0.3	13.3	-0.5
EU average	69.0	1.7	62.6	1.0	9.2	-0.8	16.4	3.1
OECD average	70.4	1.0	65.9	0.7	6.6	0.3	15.8	1.5

Notes: TLabF = Total Labour Force/population; Empop = Employment/pop; Unem = Unemployment/TLabF; PT = Part Time Jobs/TLabF. All values are %; Level = 2000; Change = First differences.

Sources: *OECD Labour Force Statistics 2000* (Paris: OECD 2002).

predominantly the male population which looked for a job in the Netherlands. This is no longer the case, however, for women have increasingly entered the job market. This, in turn, has been partly born of necessity, and the need to supplement the family income, which is, of course, also related to welfare retrenchment.³⁰ Regarding the younger working population the picture is more mixed: in most countries the proportion of younger people eligible for a job decreases (*inter alia* due to an 'education permanente') but still the rate of unemployment amongst younger people has increased (sometimes dramatically, like in Belgium, Finland, France, Greece, Italy and Spain). Yet, whatever way one looks at the figures reported in Table 2, it is quite obvious that adult men – and also to some extent adult women – were better off in terms of employment opportunities during the 1990s, while it is mainly younger people who have more problems. Although less dramatic, this situation also occurs in the Netherlands.

TABLE 2
PATTERNS OF EMPLOYMENT AND UNEMPLOYMENT ACROSS
DEMOGRAPHIC CATEGORIES (2000)

Country	Une- Men	Un- MenY	Fem- Un	Fem- UnY	Empop- M	Empop- YM	Empop- W	Empop YW
Australia	5.7	14.5	5.6	13.2	85.3	62.0	65.6	59.6
Austria	4.5	5.5	4.6	6.4	89.6	59.2	72.8	50.7
Belgium	6.1	22.7	9.0	22.4	86.2	27.5	66.4	23.4
Canada	6.5	15.3	6.3	12.6	85.1	55.4	73.2	53.9
Denmark	3.7	9.5	4.9	10.5	89.3	69.5	79.4	62.8
Finland	7.9	21.0	9.0	22.2	83.4	39.3	77.1	38.2
France	9.0	24.2	12.6	29.7	85.7	24.3	68.5	17.3
Germany	7.3	9.1	8.7	7.7	87.0	50.7	69.2	42.8
Greece	5.7	21.4	13.9	39.3	89.0	34.2	51.6	22.2
Ireland	5.7	8.6	4.8	8.3	86.4	49.7	60.0	42.9
Italy	6.9	28.6	13.6	38.3	84.3	30.3	49.5	20.8
Netherlands	2.1	6.6	4.1	8.2	91.5	62.9	69.4	62.5
Norway	2.6	9.6	2.2	9.5	89.4	60.2	81.4	55.2
Portugal	3.4	7.0	4.6	10.8	89.8	47.6	72.1	38.7
Spain	9.2	21.7	21.0	37.3	84.2	41.3	47.6	26.2
Sweden	6.5	14.8	5.9	13.6	84.5	44.8	80.6	42.8
Switzerland	2.2	5.6	3.2	5.7	95.1	64.1	75.1	65.4
GB	5.4	14.1	4.3	10.2	86.7	63.0	72.6	58.5
US	3.0	10.3	3.4	9.5	89.0	61.0	74.1	57.0
EU average	6.9	16.1	9.8	18.6	86.3	43.4	64.7	35.5
OECD average	4.9	11.7	6.1	11.9	88.5	51.1	63.6	42.3

Notes: Unemen = Unemployed Male; UnemenY = Unemployed young men; FemunY = Unemployed young women; Empop = Employed people - M = Male - W = Women - Y = Young. All values are %.

Source: OECD Labour Force Statistics 2000 (Paris: OECD 2002).

The reasons for the cross-national variation in youth unemployment are difficult to trace. To some extent it is dependent on national factors like rising school age, third level education, protective legislation, and so on. But the major factor – as we shall see later – is the development of the general levels of demand and supply of labour. These levels appear to affect ‘newcomers’ most negatively on the labour market (an indication of this trend is, for instance, that youth employment rates are lower than the youth labour force). Finally, it can also be seen from Table 2 that the pattern of demand for work in the Netherlands across most demographic categories is different from the EU and OECD averages in the 1990s. Yet these differences are not exceptional from a cross-national perspective. On the contrary, countries like Austria, Denmark, Germany, Portugal, Switzerland and the USA show a similar performance. If one could speak of a Dutch miracle, it would perhaps concern the quite successful shift in sectoral employment from industrial employment toward the service sector-oriented labour market. For that is where the jobs appear to be.

As is well known, there has been a general shift in the labour market across economic sectors: between 1975 and 1995 employment in the agrarian and industrial sectors grew smaller and smaller everywhere. In the OECD world the average changes in the agrarian sector amounted to a fall of 6.1 per cent (Netherlands: -1.8 per cent) and to a fall of 8.2 per cent in the industrial sector (Netherlands: -9.3 per cent), whereas the service sector has grown by an average of 14.8 per cent (Netherlands: 13.1 per cent). Although these figures suggest a balanced situation, it goes almost without saying that not all those who leave one sector automatically enter the service sector. In the Netherlands the surplus has been 2.0 per cent and is one of the factors why a miracle could be perceived.³¹ In many other countries the shifts across sectors has been much larger and the net result more often positive – but not in Belgium, Germany, Portugal, the UK and the US. Hence, most countries within Europe have been able to cope admirably with the structural changes within the labour market. Actually it is almost a miracle that the negative sums between the sectors are relatively low in most countries. Apparently the whole OECD world has been able to transform itself by means of flexible adjustment. However, one ought to bear in mind that it was during the 1990s that the world economy was growing and that especially trade and services became a boom industry.

In sum, the changing face of the labour market in most OECD countries after 1975 concerns (a) a higher influx of female and young job seekers and fewer ‘older’ workers; (b) shifts between productive sectors that are mainly to the advantage of the service sector; and (c) higher overall rates of labour market participation, in particular by means of part-time jobs. All this also holds true for the Dutch economy, and hence the changes in the labour

market are neither unique nor different in the Netherlands. This still leaves the question of whether the trajectory from 'disease' to 'miracle' has been more successful in the Netherlands than elsewhere among the OECD economies. If this is indeed the case, it would also imply a specific way of 'coping with the crisis' that is significantly better and that would justify the term 'Dutch miracle'. The secret would then be, according to most commentators, that this miracle is achieved by means of a special institutional arrangement, the so-called Polder model, which has been so highly acclaimed elsewhere.

THE DUTCH MIX OF CONSENSUS DEMOCRACY AND CORPORATISM: THE POLDER MODEL

The Polder model is, in fact, a combination of institutional features that are known under the labels of 'consensus democracy' and 'corporatism'. There is little disagreement about the idea that both institutional arrangements are typical of the Dutch political system.³² There is some disagreement, however, about the extent to which both systems of institutionalised interest intermediation are inter-related and about how they affect public policy formation and the subsequent process of policy implementation.³³ According to one school of thought, corporatism is inherent in consociationalism (which is the forerunner of consensus democracy) and is typical for what is seen as the Polder model. Another school of thought sees both systems as interdependent, but whether or not they are more effective as a *combined* 'problem-solving' style of decision-making is subject to political and economic circumstances.³⁴

Consensus politics and corporatist practices are institutional arrangements which may well reinforce policy co-ordination and concertation. Corporatism is an institutional arrangement that allows for policy concertation: that is, all the relevant participants have an influence on the policy direction that is chosen and all are committed to co-operate by implementing public policies designed to remedy a stagnating macro-economic performance. In this view, the Dutch miracle can in part be considered the result of corporatist decision-making and subsequent policy implementation.³⁵ This position is different from the consensus democracy model developed by Arend Lijphart, however. Here the formal rules of the political game can and are used to avoid the exclusion of minorities (in particular in multi-party systems by means of negative or veto-coalitions). Following Lijphart, these rules are designed for and used to prevent simple majorities from exercising power unilaterally: power sharing is the name of the game, and it is believed to be conducive to optimal pay-offs for all participants. Consensus democracy, a typical feature of the Dutch political

system, is then considered the second dimension of the Polder model. In particular, policy consensus is crucial since only parliamentary government is in a position to enforce the results of corporatist agreements by means of public regulation, if not enforcement. Hence, this argument implies that features of corporatism and consensus democracy are considered crucial institutional arrangements that enhance policy co-ordination and concertation and are seen as essential for achieving a well functioning labour market in a mixed economy.

From Table 3 it is clear that the Netherlands belongs to those stronger cases where consensus politics and corporatism go hand in hand. The index of 'institutional co-operation' which is a combination of features representing Lijphart's consensus democracy, on the one hand, and the presence of corporatist intermediation, on the other, shows that Austria, Belgium, Denmark, Finland, Italy, Sweden and Switzerland also belong to this category. It should be noted that the position of the Netherlands has changed over time: since 1982 – after the famous Wassenaar Accord³⁶ – the system of collective bargaining has become decentralised, albeit still within a highly co-ordinated system. In addition, future agreements were to aim at wage moderation and suspending cost-of-living adjustments regarding social security benefits. Finally, wage bargaining would from then on take place within the framework of the public economy, that is, with a guiding role for government.

Another important political development in the Netherlands has been the so-called purple coalition government (1994–2002), which was the first government to be formed since 1917 without the Christian Democratic party, and which signified a shift of power towards the liberals (VVD and D66) and Social Democrats (PvdA, who also has held the premiership). This particular coalition, so it is argued, made it possible to introduce policy changes – not in the least in the socio-economic sector. Hence, for the first time in Dutch history the main actors in the corporatist arena (employers' and employee's organisations) and the parliamentary arena (parties of the left and right) dominated the political scene with parallel and complementary socio-economic agendas: parallel in the sense that both parties remain self-interested but do not compete; complementary in the sense that the parties in government have preferences that are overlapping. The importance of this new situation is in the idea that collaboration between adversarial actors is not only possible but also more efficient in terms of decision-making. Compromises tend to be 'bargains' rather than pay-offs with the help of public resources. In other words: negative sum or sub-optimal outcomes could be avoided.³⁷ It is this special mix of societal corporatism and secularised consensus politics that is characteristic of the Polder model, and it is this which also brings us back to the main question:

what type of socio-economic policy has been made in the polder and has it been miraculous in terms of labour market performance?

THE POLDER MODEL AT WORK: LABOUR MARKET POLICY-MAKING

The literature identifies many types of policy instruments that are involved in the structuring of the labour market. First, there are passive and active instruments:³⁸ passive instruments deal with the consequences of a malfunctioning labour market, for example by means of unemployment benefits and transfer payments to households (de-commodification); active instruments involve measures to direct demand and to develop the supply of labour, for example by schooling and training, labour exchange offices, and so on (re-commodification). The passive type is seen as a temporary measure which – if and when the economy slows down – is supposed to prevent the economy as a whole from entering a downward spiral of under-demand and over-unemployment (that is, Keynesian demand-side economics). The active type is intended to support stronger segments of economic activity, on the one hand, and to develop flexible demand for labour, on the other hand (that is, supply-side economics). Promoting active and reducing passive instruments, as well as a limited expansion of the public sector, are considered to contribute to a well-functioning labour market.³⁹ The Dutch miracle is then the outcome of a well-chosen application of these instruments – the adequate policy-mix. This, so the argument goes, has been possible in the Netherlands because consensual policy-making *and* corporatist policy concertation have prevailed since the 1980s (since the Wassenaar Accord, 1982) and have produced an adequate policy mix during the 1990s (especially by the purple coalition government).

Table 3 shows first of all that indeed the Netherlands is among those polities where institutional co-operation prevails (0.79; the average value for the EU is 0.32 and for the OECD -0.11). As we noted, this situation changed in the early 1990s and is considered a part of the development toward the Polder model. In terms of policy-making the Netherlands belongs to the leaders among the OECD countries as regards expenditures on labour market policies and is around the EU average in terms of the size of its public sector and the proportion spent on welfare benefits. At the same time it should be noted that both the size of the public sector and cash benefits from the welfare state are considerably lower than they were. In fact, only Ireland and the Netherlands reduced their welfare-related expenditures in such a drastic fashion: between 1984 and 1997 the total sum of welfare-related cash benefits fell by 3.7 per cent in Ireland and by 5.4 per cent in the Netherlands. However, this does not apply to policy efforts on the labour market, where much of the expenditures still remain within the

TABLE 3
INDICATORS POLITICAL INSTITUTIONS AND LABOUR MARKET POLICIES IN
OECD POLITIES (1990–2000)

Country	Institutional Co-oper-	Complexion Govern-	Lab-Market policy- 2000	Lab-Market policy- 75–2000	Active-LabM policy- 2000	Active-LabM policy- 75–2000	Passive-LabM policy- 2000	Passive-LabM policy- 75–2000
Australia	–0.66	–3.29	1.61	0.96	0.49	0.38	1.12	0.58
Austria	0.88	–0.21	1.72	0.62	0.52	0.11	1.2	0.51
Belgium	0.86	1.73	3.85	0.25	1.34	0.05	2.51	0.20
Canada	–1.83	1.17	1.5	0.42	0.51	0.36	0.99	0.06
Denmark	0.70	1.73	4.9	0.63	1.77	1.39	3.12	–0.76
Finland	1.39	–1.75	3.55	3.91	1.22	0.58	2.33	3.33
France	–0.80	–0.21	3.13	1.44	1.33	0.95	1.8	0.49
Germany	0.30	–0.78	3.42	2.36	1.3	0.63	2.12	1.73
Greece	–0.27	–0.21	0.85	0.38	0.35	0.19	0.5	0.19
Ireland	–0.28	–0.78	4.07	1.14	1.66	0.17	2.42	0.97
Italy	0.85	1.73	1.74	0.96	1.1	0.68	0.64	0.28
Netherlands	0.79	0.19	4.61	2.53	1.8	0.28	2.81	2.35
Norway	0.39	0.19	1.29	1.48	0.82	0.74	0.47	0.74
Portugal	–0.16	1.73	1.74	1.13	0.85	0.48	0.89	0.65
Spain	–0.35	–3.29	2.22	0.92	0.81	0.62	1.41	0.30
Sweden	0.86	–0.21	3.54	3.0	1.84	1.09	1.7	1.91
Switzerland	0.73	–0.78	1.77	1.75	0.7	0.53	1.07	1.22
GB	–1.47	1.73	1.19	0.1	0.37	–0.10	0.82	0.20
US	–1.77	1.17	0.42	–0.25	0.17	0.04	0.25	–0.29
EU average	0.32	0.09	2.79	1.36	1.39	0.52	1.4	0.81
OECD average	–0.11	0.03	2.48	1.24	1.0	0.48	1.48	0.77

Notes: Institutional co-operation and complexion government are based on own computations; it concerns ordinal variables that are transformed into Z-scores (high scores = more institutional co-operation and more impact of left-wing parties in government); LabMarket policy = expenditures on Active and Passive measures re. Labour Market (% of GDP).

Source: H. Keman (ed.), *The Politics of Problem-Solving in Postwar Democracies* (London: Macmillan 1997); P. Pennings, H. Keman and G. Kleinnyhnis, *Doing Research in Political Science* (London: Sage 1999); M.G. Schmidt, 'When Parties Matter', *European Journal of Political Research* 30 (1996), pp.155–83; OECD, *Labour Force Statistics*, 2000.

category of the *passive* policy type. The *active* labour market policy efforts in 1999, on the other hand, are comparable to those in Denmark and Sweden. It seems that the Dutch miracle is not due to measures commonly seen as Third Way democratic socialism but rather results from reducing the social security safety net (that is, the cash benefits to households). This retrenchment of the Dutch welfare state is not counteracted by means of a drastic growth of active labour market policy expenditures in the Netherlands. In actual fact the Dutch growth rate is not more than half of the European average (see Table 3). All in all, it appears that the Netherlands

belongs to those countries now spending more on employment policies and less on welfare than before. However, this pattern is by no means unique within the OECD world. Hence, one could conclude that the policy-making efforts in the Polder model are not that different from elsewhere in the OECD world, and one can see that there is not a substantial growth in expenditures on active labour market policies (only 0.28 per cent since 1975, whereas the EU average is 0.52 per cent). So how did the Dutch miracle then occur?

To what extent have the institutional and political changes in the Netherlands – such as the different government complexion (the purple coalition) and the revitalised corporatist system of policy concertation – been conducive to a miraculous improvement of its labour market performance? To this end a regression analysis has been performed in which the main factors mentioned and discussed so far are brought together. The goal is to see whether the Netherlands fares (much) better than the other countries under review here, that is, to see if the Dutch developments can be viewed as a (positive) outlier. In Table 4 a simple model is presented where two conditions are considered as indicators of the Polder model: first, institutional co-operation between the social partners (employers' organisations and trade union federations) and government, and, second, consensual behaviour between parties in government and parliament (complexion of government). The third factor in each model is either efforts relating to labour market policy-making (passive and active) or the rates of part-time labour (see Table 1). These conditions are assumed to have a positive effect on the level and change of unemployment (specified for: total unemployment, men only, women only and youth only; see Table 2). In addition, a second equation is also computed. In this model the *outcome* of labour market regulation is controlled by part-time labour. Most commentators with respect to the Dutch miracle agree on the idea that this factor has a powerful effect in explaining the miraculous performance of the Dutch labour market. The test performed here is then whether the Netherlands not only performed above average, but also was positively different from other countries. To be miraculous, a situation ought also to be unique.

The results of this test to account for the variations in rate of unemployment across OECD economies are quite straightforward. First, it can easily be seen that institutional designs favouring co-operation are indeed relevant. However, this does not imply that such conditions coincide with a beneficial effect on the rate of unemployment. On the contrary, it is only when we are dealing with rates of total and male unemployment that institutional co-operation together with a left-wing complexion of government appears to result in an above average performance. Complexion of government is only significant if it concerns male adult workers. Second,

TABLE 4
INSTITUTIONAL DESIGN AND LABOUR MARKET POLICY PERFORMANCE
(1990–2000): RATES OF UNEMPLOYMENT (%)

Rate of Unemployment:	Total		Male		Female		Youth	
<i>Model:</i>	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Intercept =	2.71	−0.92	4.12	7.97	3.57	4.73	6.85	4.95
Explained Variance =	38.1%	10.8%	22.1%	33.3%	29.4%	37.0%	9.7%	17.3%
(adj. R^2 * 100)								
<i>Independent Variables:</i>								
Institutional Co-operation	.64*	.27*	−.30	−.21	.47*	.20	.36	.32*
Complexion of Government	.19	.15	−.41*	−.40*	−.21	−.23	.03	.01
Labour Market Policy	−.75*	–	−.34	–	−.54*	–	−.17	–
Part Time Labour	–	−.27	–	−.44*	–	−.53*	–	−.40*

Note: Concerns OLS-regressions; * = significant at 0.05 level. All values reported are standardised (Beta-scores). (1) = without Part Time Labour and (2) is without Labour Market Policy in the equations.

Sources: See Tables 1–3 for the data used.

labour market policy formation can be an important instrument for combating unemployment. However, this is a mixed result: it appears effective for total unemployment and for that of female workers. Yet this effect is only relevant if part-time jobs are created. This latter aspect – part-time labour – appears effective for *all* demographic segments of the labour market. In other words, in countries where institutional co-operation is present and active labour market policies are (more likely to be) pursued by government, the eventual performance in terms of job creation (and thus less unemployment) strongly coincides with – or is even arrested without the help of – a rise in part-time labour. This also implies, *inter alia*, that the Dutch ‘job machine’ appears able to create more jobs than before, but that less hours are available for an individual worker to earn an income.

What does the outcome of this analysis mean for the Dutch case? To answer the question as to whether the Dutch case is miraculous and is (thus) performing above the average we can look to Table 5, which reports the residual values of the Netherlands as well as its predicted values (in comparison with the European mean). The residual value shows whether or not the Dutch case is indeed exceptionally positive, whereas the predicted value can be compared with the actual value (that is, the labour market performance). The closer or higher the actual scores of the Dutch labour market are to the predicted value, the stronger is the proof that we have a ‘miracle’ on our hands.

The results of Table 5 give us a clear answer to the questions asked with respect to the exceptional policy-making capabilities of the Netherlands due

TABLE 5
RESIDUAL AND PREDICTED VALUES OF THE NETHERLANDS:
MODEL OF UNEMPLOYMENT RATES

	Total		Male		Female		Youth	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
<i>Residual Value:</i>								
The Netherlands	0.01	0.22	1.90	-0.90	-1.45	0.83	-1.09	0.07
Maximum value	1.84	1.10	1.44	1.35	1.78	1.08	1.71	1.39
Minimum value	-1.83	-1.99	-1.90	-1.74	-1.85	-2.66	-1.80	-1.89
European Av.	0.22	0.20	0.58	0.64	0.22	0.28	-0.15	-0.22
<i>Predicted Value:</i>								
The Netherlands	-1.00	0.65	0.43	-1.70	-0.98	-1.88	0.05	-2.52
European Av.	0.67	0.06	0.26	0.20	0.03	-0.04	0.26	0.34
Actual Value NL	-0.69		-1.21		-1.86		-1.12	

Note: Computations based on models reported in Table 4: all values are standardised.

to its Polder model, and the resulting outstanding labour market performance, the so-called Dutch miracle. As regards the Polder model, or institutional co-operation, it can be observed that there is an effect on labour market performance, but not a markedly different one. At the same time the Dutch performance is *not* outstanding (except for male labour market performance). We contend therefore that the occurrence of part-time labour is the *sole* factor that closes the gap between the actual and predicted level of employment. Hence, the Netherlands is not exceptional, nor does it perform better than many other comparable cases (for example, Belgium, Denmark, Ireland and Sweden are often in the same league). In short, the Netherlands looks better than many other countries, but it is certainly not the best or even a unique performer. This also answers our second question: is the Dutch labour market performance miraculous? The short answer here is no. On only two occasions does the actual value (the real outcome) reported in Table 5 come close to the predicted value: male unemployment (model 2) and female unemployment (model 2). But in both equations the so-called miraculous performance is by and large produced by means of part-time job creation. Hence, it is not a direct result of an active labour market policy *per se*, but is rather the effect created by the relaxation of labour market regulation. Hence, insofar as one can speak of an above average performance by the Netherlands, this is due to the exceptional growth of part-time labour, which – almost by definition – improves the overall scores on labour market performance. And yet this may well imply a perverse effect: it may mean a lower income for many involved, fewer opportunities for individual career development, and – last but not least – a negatively association with the development of welfare benefits. In other

words, active labour market policy formation that is conducive to part-time job creation often leads to lower levels of de-commodification, that is, welfare benefits (Pearsons $r = -.48$). And, as we already observed, the Netherlands is the leader of those countries where welfare retrenchment has taken place during the 1990s. Limited working hours, often implying less income, seem to have replaced generous welfare benefits.

CONCLUSION AND DISCUSSION

The Netherlands is different from many of the successful OECD economies with respect to the growth of part-time jobs, and the comparative reduction of income transfers. In terms of effects on the labour market *performance*, however, one can observe that the Dutch case is not a deviant or exceptional case, whether positive or negative. Hence, little has genuinely changed in the Netherlands since the era of the Dutch disease in terms of labour market performance. The only new feature in the Dutch context is the exceptional growth of part-time work.⁴⁰ Together with a moderated system of welfare eligibility and a diminished level of social security benefits, one may wonder whether or not the Dutch miracle has created a new disease: namely less access to the labour market for female and in particular younger people and, as a consequence, an uneven (re)distribution of income (apparently favouring male adult employees). It seems that jobs have been traded off against social welfare in the Netherlands, and that the goal of enhancing the material well being of all has been sacrificed to the need to cure the (old) Dutch disease. Where 'new' labour market policies have been introduced, it is with the underlying idea of work instead of welfare, and hence the acclaimed Polder model has not resulted in a positive sum outcome.

The Dutch experience, as it evolved through the 1990s, resembled much of what is now labelled as the Third Way of democratic socialism. In this sense the 'purple coalition' of parties in government and the role of organised interests in the Netherlands also presented an intriguing example of the 'new' direction of social democratic politics in Europe. Yet, with the benefit of hindsight, the voters rather appear to wish for a proper 'safety net' in the future, if and when out of work. This assumption is supported by the elections of 2002.⁴¹ The parties in government lost heavily in 2002, reflecting a major shift away from the purple coalition and the Third Way. It seems that work *without* welfare does not pay off in terms of political capital, and that the Polder model is not capable of bringing about a miracle in terms of both work *and* welfare.

NOTES

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1. See P. Pierson, 'The New Politics of the Welfare State', *World Politics* 48/2 (1996), pp.143–79; P.J.M. Pennings, 'European Democracy between Planning and Market: A Comparative Exploration of Trends and Variations', *Journal of European Public Policy* 6/5 (1999), pp.743–56.
2. See, for instance, G. Esping-Andersen, *Social Foundations of Post-Industrial Economies* (Oxford: Oxford University Press 1999); V.A. Schmidt, 'Values and Discourse in the Politics of Adjustment', in F.W. Scharpf and V.A. Schmidt, *Welfare and Work in the Open Economy, Volume I: From Vulnerability to Competitiveness* (Oxford: Oxford University Press 2000); F.G. Castles, *Comparative Public Policy: Patterns of Postwar Transformation* (Cheltenham: Edward Elgar 1998).
3. D. Cameron, 'Unemployment, Job Creation, and EMU', in N. Bermeo (ed.), *Unemployment in the New Europe* (Cambridge: Cambridge University Press 2000); M. Rhodes, 'Desperately Seeking a Solution', *West European Politics* 23/2 (2000), pp.161–88.
4. See for this A. Giddens, *The Third Way. The Renewal of Social Democracy* (London, Polity Press, 2000); T. Blair and G. Schroeder, *Europe: The Third Way/Die Neue Mitte*, 1999 (www.labour.org.uk/views/items); W. Merkel, 'The Third Ways of Social Democracy', in R. Cuperus, K. Duffek and J. Kandel (eds.), *Multiple Third Ways. European Social Democracy facing the Twin Revolution of Globalisation and the Knowledge Society* (Amsterdam, Berlin, Wien: Colofon 2001), pp.27–62.
5. G. Esping-Andersen, *Changing Classes: Stratification and Mobility in Postindustrial Societies* (London: Sage 1993); idem, *Social Foundations of Post-Industrial Economies* (Oxford: Oxford University Press 1999); D. Swank, *Global Capital, Political Institutions, and Policy Change in Developed welfare States* (New York: Cambridge University Press 2001).
6. A. Giddens, *The Third Way: The Renewal of Social Democracy* (London: Polity 1998), p.65.
7. See F.G. Castles, R. Gerritsen and J. Vowles (eds.), *The Great Experiment. Labour Parties and Public Policy Transformation in Australia and New Zealand* (St. Leonards: Allan & Unwin 1996), and H. Schwartz, 'Internationalization and Two Liberal Welfare States: Australia and New Zealand', in F.W. Scharpf and V.A. Schmidt, *Welfare and Work in the Open Economy. Volume II. Diverse Responses to Common Challenges*, Vol. II (Oxford: Oxford University Press 2000).
8. Economic Outlook (Paris: OECD 1993) p.98; *ibid.*, 1997, p.116; see also R.B. Andeweg and G. Irwin, *Governance and Politics of the Netherlands* (London: MacMillan Press 2002), p.176.
9. H. Keman, 'The Waning of Solidarity? Securing Work and Income and Welfare Statism at Present', in H. Cavanna (ed.), *Challenges to the Welfare State* (Cheltenham: Edward Elgar 1998); R.E. Goodin *et al.*, *The Real Worlds of Welfare Capitalism* (Cambridge: Cambridge University Press 1999), pp.246–52; K. van Kersbergen, 'The Declining Resistance of National Welfare States to Change?' in S. Kuhnle (ed.), *The Survival of the European Welfare State* (London and New York: Routledge 2000).
10. The following section is based on Andeweg and Irwin, *Governance and Politics of the Netherlands*, pp.186–92; L. Delsen, *Exit Poldermodel? Sociaal-economische ontwikkelingen in Nederland* (Assen: Van Gorcum 2000); A. Hemerijck and M. Schludi, 'Sequences of Policy Failures and Effective Policy Responses', in Scharpf and Schmidt (eds.), *Welfare and Work in the Open Economy*; H. Keman, 'Managing the Mixed Economy', in H. Keman, *Comparative Politics* (Amsterdam: VU Press 1993); *Economic Survey: The Netherlands – Assessment and Recommendations* (Paris: OECD 1998).
11. See D. Braun, *Grenzen politischer Regulierung. Der Weg in die Massenarbeitslosigkeit* (Wiesbaden: Deutscher Verlag 1989); G. Therborn, *Why Some People are Unemployed than*

- Others* (London: Verso 1986); J. Visser and A. Hemerijck, *A Dutch Miracle. Job Growth, Welfare Reform and Corporatism in the Netherlands* (Amsterdam: Amsterdam University Press 1997).
12. J. Woldendorp, 'Neo-Corporatism and Macroeconomic Performance', *Acta Politica* 32 (1997), pp.49–79; Hemerijck and Schludi, 'Sequences of Policy Failures and Effective Policy Responses', pp.157–62.
 13. E.g. Visser and Hemerijck, *A Dutch Miracle*; P. de Beer, 'Geen wonder voor langdurig werklozen', *Economisch Statistische Berichten*, 23 April 1997, p.328.
 14. Like public expenditures re. transfer payments to households. See for this F.G. Castles, 'Developing New Measures of Welfare State Change and Reform', *European Journal of Political Research* 41/5 (2002), pp.622–3.
 15. Broad unemployment also includes all persons between 16 and 65 years of age – the gross amount of active labour population – but who are dependent on welfare benefits regardless whether they want this or not. The standardised rate of unemployment used by the OECD and other agencies ignores this altogether.
 16. Reported in *Sociaal en Cultureel Planrapport* (Rijswijk: SCP 2000), p.284.
 17. See Note 3
 18. K. Armingeon, 'Politische Reaktionen auf steigende Arbeitslosigkeit', in A. Busch and T. Plumper (eds.), *Nationaler Staat und internationale Wirtschaft* (Baden-Baden: Nomos 1999); K.H. Goetz, 'European Integration and National Executives', *West European Politics* 23/4 (2000), pp.211–31; van Kersbergen, 'The Declining Resistance of National Welfare States to Change?'
 19. Broad unemployment also includes all persons between 16 and 65 years of age – the gross amount of active labour population – but who are dependent on welfare benefits regardless whether they want this or not. The standardised rate of unemployment used by the OECD and other agencies ignores this altogether. Total outlays in the Netherlands was 49.9 per cent (OECD average: 38.8 per cent of GDP) and transfer payments were 27.6 per cent (OECD average: 18.8 per cent); see *Historical Statistics* (Paris: OECD 1999).
 20. Nevertheless, one may well wonder whether the term 'Dutch disease' is, with the help of hindsight, not exaggerated. Perhaps it is more appropriate to suggest that a number of economists considered the growth of the Dutch welfare state as a threat to the economic development in other mixed economies, if and when the Dutch example would be followed. See for this e.g. R. Layard, S. Nickell and R. Jackmann, *The Unemployment Crisis* (Oxford: Oxford University Press 1994).
 21. Quoted from Esping-Andersen, *Social Foundations of Post-Industrial Economies*, p.37.
 22. A. Hemerijck and K. van Kersbergen, 'A Miraculous Model? Explaining the New Politics of the Welfare State in the Netherlands', *Acta Politica* 32 (1997), pp.258–80; Keman, 'The Waning of Solidarity?'; F.W. Scharpf, 'Political Institutions, Decision Styles and Policy Choices', in R.M. Czada, H. Keman and A. Windhoff-Héritier (eds.), *Political Choice, Institutions, Rules and the Limits of Rationality* (Amsterdam: VU-Press 1998).
 23. Public goods like health and education. See in general on this point: Delsen, *Exit Poldermodel?*; Castles, 'Developing New Measures of Welfare State Change and Reform'; and H. Obinger and U. Wagschal, 'Families of Nations and Public Policy', *West European Politics* 24/1 (2001), pp.98–114.
 24. See, e.g. H. Compston (ed.), *The New Politics of Unemployment. Radical Policy Initiatives in Western Europe* (London: Routledge 1997); Visser and Hemerijck, *A Dutch Miracle*; Scharpf, 'Economic Changes, Vulnerabilities, and Institutional Capabilities', in Scharpf and Schmidt (eds.), *Welfare and Work in the Open Economy*, pp.110–12.
 25. De-commodification of labour is a concept derived from the idea developed by Esping-Andersen, *Social Foundations of Post-Industrial Economies* regarding the function of income maintenance through the welfare state. This denotes the level and extent of income related social security benefits that allow individuals to be(come) more or less independent from the market regarding their income. Re-commodification is the opposite development, mainly as a result of the so-called retrenchment of the welfare state. See also Pierson, 'The New Politics of the Welfare State'.

26. See for this e.g. Castles, *Comparative Public Policy*; Keman, 'The Waning of Solidarity?'; Cameron, 'Unemployment, Job Creation, and EMU'; Delsen, *Exit Poldermodel?*.
27. See M.G. Schmidt, 'Gendered Labour Force Participation', in F.G. Castles (ed.), *Families of Nations* (Aldershot: Dartmouth 1993); OECD *Labour Force Statistics* (Paris: OECD 2002).
28. The Pearson correlation between change in female unemployment and female part-time labour is $-.44$, and with female employment rate over the same period it is $.62$.
29. G. von Rhein-Kress, 'Coping with Economic Crisis: Labour Supply as a Policy Instrument', in Castles (ed.), *Families of Nations*; Schmidt, 'Gendered Labour Force Participation'; Castles, *Comparative Public Policy*; Keman, 'The Waning of Solidarity?'.
30. Van Kersbergen, 'The Declining Resistance of National Welfare States to Change?'; E. Huber and J.D. Stephens, *Development and Crisis of the Welfare State. Parties and Policies in Global Markets* (Chicago and London: University of Chicago Press 2001).
31. However, it should be borne in mind that simultaneously the rates of early retirement have risen and the infamous disability scheme explain a substantial part of this balance between supply and demand for labour; see Schmidt, 'Economic Changes, Vulnerabilities, and Institutional Capabilities', pp.286–8; Andeweg and Irwin, *Governance and Politics of the Netherlands*, pp.184–7. Both policy instruments account for a substantial part of maintaining the level of employment in the Netherlands.
32. See A. Lijphart, *Patterns of Democracy: Government Form and Performance in Thirty-Six Countries* (New Haven: Yale University Press 1999); Andeweg and Irwin, *Governance and Politics of the Netherlands*; H. Keman, 'Political Stability in Divided Societies: A Rational-Institutional Explanation', *Australian Journal of Political Science* 34/2 (1999), pp.249–68.
33. See P.J. Katzenstein, *Small States in World Markets. Industrial Policy in Europe* (Ithaca, NJ: Cornell University Press 1985); H. Keman and P. Pennings, 'Do Consensus Democracy and Corporatism Matter?', *British Journal of Political Science* 25 (1995), pp.271–81; Visser and Hemerijck, *A Dutch Miracle*; Scharpf and Schmidt (eds.), *Welfare and Work in the Open Economy*.
34. See Scharpf, 'Political Institutions, Decision Styles and Policy Choices', pp.54–7.
35. See also Visser and Hemerijck, *A Dutch Miracle*; Woldendorp, 'Neo-Corporatism and Macroeconomic Performance'.
36. See Visser and Hemerijck, *A Dutch Miracle*, pp.81–3.
37. See Scharpf, 'Political Institutions, Decision Styles and Policy Choices'; Keman, 'Political Stability in Divided Societies'; H. Keman, 'The Low Countries: Confrontation and Co-operation in Segmented Societies', in J. Colomer (ed.), *Political Institutions in Europe* (London: Routledge, 2nd edn. 2002).
38. See for this also Delsen, *Exit Poldermodel?*, pp.35–43.
39. Layard *et al.*, *The Unemployment Crisis*.
40. See for this also: Visser and Hemerijck, *A Dutch Miracle*, pp.29–32.
41. See also J.M. van Holsteyn and G.A. Irwin, 'Never a Dull Moment: Pim Fortuyn and the Dutch Parliamentary Election of 15 May 2002', *West European Politics* (this issue).