Coordination and Trust

The Dutch Welfare State

Coordination and the Welfare State

The Dutch welfare state was peculiar in several aspects. It developed rather late, then became very generous, but it was thoroughly reformed (and its cost strictly curbed) in the period after 1980. Interestingly, these reforms started with careful adjustments that were cost-effective but not particularly radical—Visser and Hemerijck have termed it ‘the small step approach’. More radical measures (such as reform of the disability scheme) only took place from the end of the 1990s and early 2000s. Concertation at various levels slowed down the process of restructuring. But at the same time the level of social expenditure was continuously and closely watched. This endorses the image of a strongly coordinated economy which at the same time has an international orientation—which means that, in the run-up to the introduction of the euro, reduction of the fiscal deficit was given high priority. In the Dutch cme, neo-corporatist consultation was an important determinant of welfare policy. In addition, the role of confessional parties in the Dutch political system of proportional representation (they were present in almost all coalition cabinets) was very important.

In most cmes, welfare states were more generous than in lmes. Only in some cmes were public welfare provisions less favored, for example in Japan and Switzerland. There seems to be a connection between coordination and welfare states. Generally speaking, we find austere types of welfare state, with limited safety net provisions (as opposed to more generous social provisions and elaborate systems of income-related entitlements) in lmes. This is partly a logical consequence of the fact that lmes prefer to organize social provisions through the market, using private insurance programs. But we need to study the dynamics involved: why, and exactly how, did cmes (which are, after all,

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3 This shows ‘the correspondence between types of political economies and types of welfare states’. Hall and Soskice, ‘Introduction to Varieties of Capitalism’, 50–51.
market economies) develop generous public welfare systems? The historical trajectories also explain why the division is not clear cut. For example, in the United Kingdom, a typical LME, the universalist National Health Service (NHS) has provided public healthcare since 1948. Despite experiments in the prewar and postwar period, coordination in the United Kingdom did not get off the ground. But some public social provisions, such as the NHS, survived from this period. Likewise, in the United States, which is also an LME, Medicare provided healthcare for the elderly and disabled (since 1965) and Medicaid provided healthcare for lower incomes. But as a general principle, in LMES, normal people had to insure themselves privately against sickness or industrial injury, and finance their own pensions.

As a wide range of comparative welfare state studies has shown, there are enormous differences in the degree and organization of public social provisions between countries. However, it should be noted that differences in total (public plus private) spending on social security are much smaller than differences in the degree of public social spending. The desire to ban insecurity is universal, but the ways to organize and finance it differ.

In the following sections, I will first outline the development of the welfare state, then summarize reforms in the Disability Act and pensions, and make an international comparison of the level of social spending. Several typically Dutch characteristics are examined. We will see how they were related to the CME.

**Characteristics of Welfare State Regimes and the Effect of Coordination**

The international comparison of welfare states is not based solely on the level of social spending, although we will closely analyze social spending below. The influential welfare-state typology of Esping-Andersen, which was published

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4 'Contrary to the expectations of some, the National Health Service remained safe in Conservative hands during the 1980s and there were no attempts to introduce widespread privatization'. Michael J. Oliver, 'The retreat of the state in the 1980s and 1990s', in Francesca Carnevali, and Julie-Marie Strange, eds., *20th Century Britain. Economic, cultural and social change* (Harlow: Pearson Longman, 2007), 262–278, esp. 272.