Dutch unions in a time of crisis

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In this chapter we examine the extent to which the economic crisis has affected the position of trade unions in the Netherlands. In the first section we give a brief overview of the Dutch system of industrial relations and the strengths and weaknesses of the unions. In the second section we focus on the effects of the economic crisis for the Netherlands. We describe the main characteristics of economic development since 2008 and examine its consequences for the Dutch corporatist system. The third section addresses the consequences of the crisis for the trade unions. We analyse the crisis that occurred within the largest confederation and discuss some new union strategies that were introduced during the crisis period. The concluding section sums up the main conclusions of this chapter.

1. Unions and the Dutch Polder model

1.1 Overview of the Dutch system of industrial relations

The legal foundation of the Dutch system of industrial relations largely originates from before the Second World War, while the main formal institutions of the consultation model were introduced shortly after the war: the Foundation of Labour (Star) in 1945 and the Social and Economic Council (SER) in 1950. Broadly, these institutions have remained unchanged. Nevertheless, the Wassenaar Agreement of 1982 is often considered to be the starting point of the so-called ‘Polder model’. That is because in the preceding two decades, the relationship between the social partners had been rather tense, culminating in many conflicts and frequent industrial action. Moreover, the government frequently intervened in wage formation in that period.

The economic crisis of the 1980s, in the wake of the second oil price shock of 1979, marked a turning point. This crisis hurt the Netherlands severely, partly due to its strong dependence on natural gas revenues (the so-called ‘Dutch disease’). The unemployment rate rose sharply, reaching 15 per cent in 1984, according to the definition at the time. In addition, there was a large inflow into the disability insurance scheme, which acted as a more generous substitute for unemployment compensation. In 1982, the centre-right coalition government of Ruud Lubbers, which had just come to power, announced that it would intervene in collective bargaining if the social partners did not agree on wage moderation. This threat, the exploding unemployment figures and the low business profit rates encouraged Wim Kok, leader of the largest trade union confederation, the FNV, and Chris van Veen, leader of the largest employers’ association, VNO, to meet at

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1 This section is partly based on de Beer (2013a).
the home of the latter in the small town of Wassenaar and to set their disagreements aside in order to reach an agreement. These so-called ‘Recommendations regarding aspects of an employment policy’ later became known as the famous Wassenaar Agreement (Visser and Hemerijck 1997: 81–83).

In this agreement, the social partners agreed to mitigate wage rises in order to restore profits in return for the introduction of various forms of work-sharing, including a shorter working week and part-time work. The following year, this agreement was implemented in most collective agreements, resulting in a very moderate nominal wage increase and a reduction of the full-time working week from 40 to (mainly) 38 hours.

The historical significance of the Wassenaar Agreement lies not so much in its details as in the fact that it preluded a new phase in Dutch industrial relations, characterised by a more harmonious relationship between the social partners and the government. The main features of Dutch industrial relations in the period since the Wassenaar Agreement are as follows (Visser and Hemerijck 1997: 81ff.; Van der Meer et al. 2003: 62ff; de Beer 2013a):

(i) no government intervention in collective bargaining;
(ii) wage (cost) restraint;
(iii) a willingness to engage in dialogue and seek compromise;
(iv) stable bargaining coverage.

No government intervention in collective bargaining

While wage formation was formally directed by the government between 1945 and 1970 (although actual wage bargaining had been liberalised since 1964) and the government frequently imposed wage freezes or wage ceilings during the 1970s and early 1980s, the government has not directly intervened in wage bargaining since 1982. Even though the current Act on wage formation, which was passed in 1987, still allows the government to intervene in wage formation in extraordinary circumstances – such as a severe economic crisis – the government has not exercised this option once.

However, this does not mean that the government does not interfere with wage formation at all. On the contrary, wage formation has frequently been the subject of consultation between the government and the social partners. A number of times, the Minister of Social Affairs and Employment has threatened to exercise his authority for a wage intervention or to abstain from mandatory extension of collective agreements if the social partners did not agree on wage moderation. Moreover, the Foundation of Labour, in which the peak-level organisations of employers and unions cooperate, has repeatedly agreed on a moderate wage increase.

Wage (cost) restraint

Somewhat paradoxically, the liberalisation of wage formation since 1982 has resulted in a very moderate wage development. Figure 1 shows the annual change of nominal and real contractual wages over 1950–2017. Since 1982, the nominal contractual wage increase has never exceeded 5 per cent, while during the 1960s and 1970s wage increases
between 5 and 15 per cent were quite common. It becomes even more clear that the period since the Wassenaar Agreement can be characterised as an era of wage restraint if one focuses on the real contractual wage increases. Since 1980 these have hovered around the x-axis, which means that, on average, real wage growth has been close to zero. In fact, as a consequence of the sharp decline in real wages in the first half of the 1980s, the level of contractual wages in 2017 was still below their level in 1979. Indeed, the cumulative contractual wage development between 1979 and 2017 was –6.4 per cent!

Note that wage restraint in the Netherlands started in 1980 (with a real wage decrease of 2.8 per cent), just over two years before the Wassenaar Agreement. This means that, rather than the starting-point, the Wassenaar Agreement was actually a formalisation of an existing, albeit tacit agreement between the social partners to mitigate wage increases (de Beer 2013a).

It is remarkable that wage restraint has continued during the 1990s and in the twenty-first century, even though the process of shortening working hours halted already at the end of the 1980s and the unemployment rate dropped sharply in the 1990s. This may be explained by a weakening of the trade unions (see below), but also by a consensus about the desirability of wage restraint as a measure to boost exports and stimulate job growth, persistently advocated by the Netherlands Bureau for Economic Policy Analysis (CPB).

**Willingness to dialogue and compromise**

During the 1970s, the social partners and the government concluded a central agreement or social pact only once (in 1972). However, since the Wassenaar Agreement, central agreements about incomes policies and socio-economic policies have been reached quite frequently. Most were bipartite agreements between the unions and the employers, concluded at the Foundation of Labour. But in particular in times of economic crisis, the
Foundation often conferred with the government to draft a tripartite agreement. These frequent agreements demonstrate the willingness of the social partners to transcend their partial interests and to seek common interests, or at least to compromise.

However, this should not be interpreted as evidence of a consensus about the key issues of socioeconomic policy. Repeatedly, the unions have come into conflict with the government. This is because almost all governments since 1982 have proposed reforms and cuts in social security. The main social security schemes – unemployment insurance, sickness and disability benefits, social assistance and early retirement schemes – have been substantially reformed, which means that they have become less generous. The unions have resisted most of these reforms. This has resulted in some large rallies and demonstrations. Ultimately, most conflicts ended at the negotiating table, where the government and the unions reached an agreement to mitigate and slow down the reform. A few times, the social partners proposed an alternative to the government plan, which was then accepted by the government.

**Stable bargaining coverage**

Despite the low union density rate (see below), bargaining coverage in the Netherlands has been high and stable for a long time. At least since 1980, about 80 per cent of Dutch employees have been covered by collective agreements (see Figure 2). The high bargaining coverage is due to two elements of Dutch collective agreement law. First, collective agreements apply to all employees of the companies that are involved in collective bargaining, irrespective of whether they are a union member. Since about 80 per cent of employees work in a company that is a member of an employers’ association and most of these associations negotiate with the unions about industry-level collective agreements, this guarantees a high coverage rate. Secondly, most industry agreements are declared generally binding by the Minister of Social Affairs and Employment, which is a quasi-automatic procedure if the bargaining coverage in the industry is already 55 per cent or higher.

**Figure 2**  **Bargaining coverage (% of all employees)**

![Bargaining coverage graph](Source: Schilstra and Smit (2005: 57); SZW and DCA (1989); SZW, CBS (Statline); calculations by the authors.)
It is often claimed that underneath this stable bargaining coverage, collective bargaining has undergone profound changes since the 1980s. This is usually characterised as a process of decentralisation. Purportedly, the focus of collective bargaining has shifted from the central and the sectoral level to the company level. However, there is not much evidence for this claim. As Figure 2 shows, there has been no shift from industry-level to company-level bargaining. The share of employees covered by a company agreement has been more or less stable since 1980. Moreover, there is little evidence that the contractual wage development between industries has diverged (Figure 3). The coefficient of variation of industry-level pay rises shows no increasing trend since the early 1990s, although it reached a one-off peak in 2014. The main element of decentralisation has been an increasing number of clauses in industry-level agreements that allow companies to deviate from the conditions in the collective agreement if the works council gives its consent. No information is available about the extent to which companies use these options, however (de Beer 2013a). Consequently, there is reason to qualify the claim that Dutch collective bargaining has undergone profound decentralisation since the Wassenaar Agreement.

To summarise, the Dutch system of industrial relations since the Wassenaar Agreement of 1982 can be characterised in terms of continuity, stability, wage moderation and dialogue.

1.2 The strengths and weaknesses of the Dutch unions

There are two sides to the position of the trade unions in the Dutch system of industrial relations. On one hand, their position is quite strong, because they are fully embedded in the system and, therefore, are among the central actors in the Dutch economy. On the other hand, they are rather weak, due to a low union density rate, the government’s predominantly neoliberal policies and the tilting of the balance of power towards business interests or capital.
Structural power

The so-called historic compromise that was agreed upon between the trade unions, the employers and the government immediately after the Second World War contributed much to the recovery of the Dutch economy in the first three post-war decades. This compromise meant that the unions were accepted as an equal partner of the employers and the government at the industry and national levels, in return for renouncing an active role within companies and accepting a guided wage policy from the government. Although these were serious concessions by the unions, they accepted them because the workers benefited from strong job and economic growth, resulting in nearly full employment and, from the early 1960s, a rapid rise in earnings.

In the early 1970s, in particular after the first oil price shock of 1973, this solid structural base started to crumble. Due to restructuring, a large number of jobs in manufacturing were destroyed and unemployment started to rise. This process was aggravated after the second oil price shock of 1979 and the ensuing economic crisis. Alongside to a record unemployment level, an even larger group of workers was made redundant with a generous disability insurance scheme. In addition, early retirement schemes were created in an attempt to curtail unemployment, but with little success. Many started to believe that the era of full employment was finally over.

However, during the 1990s the Dutch economy recovered from this deep recession remarkably well. The Dutch job miracle resulted in one of the lowest unemployment rates and one of the highest employment rates in Europe. Nevertheless, this favourable economic development did not really strengthen the trade unions’ structural position. One reason was that, simultaneously, the government started to privatise public services, ‘liberalise’ markets and reform the welfare state.

One indicator of the trade unions’ rather weak structural position is the persistent slow rise of contractual wages, as shown in Figure 1. This resulted in a steady decline of the wage share in GDP, from 58 per cent in 1979 to 48 per cent in 2016 (Figure 4).

Figure 4  Wage share in GDP (%)
Organisational labour power

Dutch trade unions have never been able to organise a majority of the Dutch workforce. This may be partly due to the fact the Dutch labour movement has always been divided between the three pillars ('zuilen') that characterised Dutch social relations during much of the twentieth century (see below). The socialist, Catholic and Protestant unions competed with each other for workers’ support. Although pillarisation broke down during the 1960s, three union confederations remain (the general FNV, the Christian CNV and the confederation for professionals VCP) that include a number of affiliates that take part in collective bargaining at the industry and company levels, sometimes together with an independent union.

As in most other European countries, the union density rate has declined steadily in the Netherlands in recent decades. While in the late 1970s one in three employees was a union member, this had declined to less than one in six by 2017 (Figure 5). After a brief recovery in the 1990s – probably due to the success of the Dutch Polder model and the popularity of Johan Stekelenburg, the charismatic leader of the largest trade union confederation the FNV – the union density rate has declined by 1 percentage point every two and a half years.

The causes of this decline of union density are similar to those in many other countries: the shift in the economic structure from manufacturing to (private) services, the increase in non-standard employment (part-time work, flexible work, temp agency work) and the rising share of working women (Boeri et al. 2001: 11–46). Additionally, the decline may be due to a change in the dominant norms – the spirit of the times – related to the replacement of older generations, for whom union membership was fairly natural, by younger generations, who do not want to commit themselves permanently to a social organisation.

Figure 5  Union density rate (% of employees who are union members)

Source: CBS (Statline); authors’ calculation.
The fall in the union density rate is not restricted to particular sectors, as Figure 6 shows. Although union density varies widely between sectors, it declined in all sectors between 1995 and 2011. While in the mid-1990s almost half of the employees in utilities, construction, transport and communication, public administration and education were union members, twenty years later this was less than one in three. In the commercial business sector, in which employment growth was largest, union density is the lowest, at around 10 per cent.

![Figure 6: Union density rate by sector, 1995 and 2011 (% of employees)](image)


**Institutional power**

Although Dutch union density rates are low and steadily declining, the institutional position of the Dutch unions is still rather strong, as illustrated by the high and relatively stable collective bargaining coverage (see Figure 2). The unions are still accepted by the large majority of employers as their main negotiating partner. Partly due to the moderated stance of the trade unions and their willingness to compromise, most employers prefer to bargain with them instead of circumventing them by negotiating with the works council or renouncing a collective agreement altogether. This is also because the legal validity of collective agreements is not dependent on union density or representativeness. Therefore, the decline of union density has no direct impact on the legitimacy of collective agreements.

However, this also points to a potential weakness of the unions’ institutional position. Ultimately, it is the employer who decides whether he wants to negotiate with the unions and with which ones. If the employer (or employers’ association) considers
the demands of one of the unions unacceptable, he can close an agreement with the more moderate unions. This agreement is then still valid for all employees and may even be extended by the Minister of Social Affairs and Employment to all companies in the sector. In recent years, this has occurred a number of times, indicating increasing tensions between the confederations. Although the exclusion of a large union from the collective agreement is still an exception, its possibility puts pressure on the unions to moderate their demands.

For most of the post-war period, the unions also had a strong institutional position due to their representation in a number of semi-public bodies. Union and employers’ representatives constituted the sectoral boards of the social insurance administration, the so-called bedrijfsverenigingen. They were also represented on the boards of the national social security institutions and the health insurance funds. In the early 1990s they also became board members of the public employment service, previously a state institution. In this way, the unions, together with the employers, were directly involved in and partly responsible for the implementation of socioeconomic government policies. Because these policies were also designed in consultation with the social partners (through the Social and Economic Council and the Foundation of Labour), the unions were fully embedded in the Dutch socio-economic system.

This corporatist model came under attack as a consequence of the strong increase in the number of benefit claimants in the 1980s and early 1990s. A parliamentary inquiry in 1993 concluded that the social partners, as board members of the social insurance agencies, were largely responsible for the (ab)use of the disability scheme as a generous redundancy scheme. A few years later, a government committee concluded that the co-responsibility of the social partners for the public employment service was also a failure. This resulted in the gradual ‘expulsion’ of the social partners from most semi-public bodies. Both the social insurance administration and the public employment service became pure governmental bodies (which merged in 2009), controlled by the Minister of Social Affairs and Employment. The role of the social partners was reduced to that of advisors (for example, in the SER and in the so-called dismissal committee of the public employment service). This process was completed with the introduction of a completely new structure for the administration of social insurance and employment services (the so-called SUWI Act) in 2002 (Van Gestel et al. 2009).

For a long time, the unions also held a strong position in public administration, utilities and public transport, especially in the big municipalities which were dominated by social democratic counsellors. Due to the monopoly of the public services and the positive attitude of local politicians towards trade unions, the unions could exert great influence. This diminished strongly in the 1990s when many public enterprises were privatised and more recently when the social democrats lost their dominant position in the big municipalities.

Thus, the institutional embeddedness of trade unions has been weakened considerably in the past 15 years.
Societal power

Until the 1960s, the Dutch unions had strong ties with political parties and other non-governmental organisations, as part of the system of pillarisation. There were a socialist pillar (including the trade union confederation NVV and the Labour Party PvdA), a Catholic pillar (including the union confederation NKV and the Catholic People’s Party KVP) and a Protestant pillar (including the union confederation CNV and the Protestant parties ARP and CHU). These pillars also included housing corporations, health insurance funds, charitable organisations, broadcasting corporations, youth organisations and sports clubs. Many union officials were also a board member or a member of parliament for the political party or some other organisations in the same pillar.

This pillarised system collapsed in the second half of the 1960s, as a consequence of the process of secularisation and loss of ideology. Ultimately, this resulted in the merger of the socialist (NVV) and Catholic (NKV) union confederations into the ‘general’ FNV in 1976 (the official merger took place in 1982), which is now by far the largest union confederation in the Netherlands. This merger also implied that all formal ties between these unions and the related political parties, which had already loosened in the preceding decade, were severed.

However, this does not mean that the bonds between unions and political parties evaporated completely. There is still regular informal contact between the unions and the most kindred political parties (in case of the FNV this is the Labour Party PvdA and in the case of the CNV the merged Christian Democratic Party CDA). This continuing relationship is also illustrated by the numerous union officials who later became politicians or – less frequently – the other way around. Most renowned is Wim Kok, who became party leader of the PvdA (and later prime minister) after having been president of the FNV. The previous FNV president, Ton Heerts, has been a member of the parliament for the PvdA before (and a union official before that).

The societal power of the unions has also diminished due to the change in the dominant political attitudes in society. During the 1960s and 1970s, there was broad public support for the issues that the unions endorsed, such as economic democratisation, strengthening income protection and reducing income disparities. The unions were then seen mainly as a progressive power that represented a widely shared preference to reform society. This changed radically in the 1980s and 1990s, when the dominant views became more neoliberal and became rather critical towards the trade unions. Currently, the unions are confronted with a widely held belief that they are a conservative factor that resists necessary reforms of the labour market and the welfare state.

2. The Dutch corporatist system during the crisis

2.1 Impact of the crisis

Whereas the dot.com crisis of the early 2000s resulted in stagnation in 2002–2003, the 2008 crisis resulted in a sharp drop in GDP in 2009 (by almost 4 per cent) and
more modest drops in 2012 and 2013 (Figure 7). Investment fell continuously during 2009–2010 and again during 2012 and most of 2013. A number of sectors experienced steep declines in production or sales, in particular construction, retail and industry. In the financial sector several banks and insurance companies were hit hard by the crisis. The DSB bank collapsed, ABN-AMRO was split up and nationalised, as was insurer SNS REAAL, and ING needed substantial state support to survive the crisis. In 2009, also imports and exports declined strongly, to recover again in subsequent years. Importantly, though, the Netherlands continuously recorded a large trade surplus, which in 2015 amounted to 47.5 billion euros, although the surplus was also high in 2009, at 35.3 billion euros. Indeed, the crisis in the Netherlands did not affect its traditionally strong international competitive position.

Figure 7  
**Annual growth of GDP, 1996-2017 (%)**

![Figure 7](image)

Source: CBS (Statline).

The crisis did cause a jump in the public debt of the Netherlands. Whereas public debt had been declining gradually since the 1990s, falling to 42.4 per cent in 2007, from 2008 it started to increase, reaching 68.2 per cent in 2014 (Table 1). This increase was caused by the bank bailouts, declining tax revenues and increasing social expenditure. Private debt, however, continued its long-term increase as a share of net available income during the crisis, from 215.3 per cent in 2006 to over 225.7 per cent in 2014 (Table 1). Close to 90 per cent of private debt is mortgages. Together with Denmark the Netherlands has by far the highest private debt in the EU (Keune 2016), making it a major example of the ironically labelled ‘privatised Keynesianism’ (Crouch 2009).

As regards the labour market, the effects of the crisis were important but also relatively limited compared with most other EU countries. The employment rate had been increasing continuously before the crisis to 75.1 per cent in 2008, to then decline and increase again to reach 75.8 per cent in 2017. The unemployment rate doubled between 2008 and 2014 from 3.7 per cent to 7.5 per cent, to then decrease again by 2.6 percentage points in 2017. With these numbers the Netherlands continues to be one of the best performers in the EU in terms of the quantity of employment.
Table 1  Public and private debt 2006–2017 (% of GDP)

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<tr>
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<th>Public debt</th>
<th>Private debt</th>
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<tbody>
<tr>
<td>2006</td>
<td>44.5</td>
<td>215.3</td>
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<tr>
<td>2007</td>
<td>42.4</td>
<td>214.9</td>
</tr>
<tr>
<td>2008</td>
<td>54.5</td>
<td>216.3</td>
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<tr>
<td>2009</td>
<td>56.5</td>
<td>228.8</td>
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<tr>
<td>2010</td>
<td>59.0</td>
<td>225.8</td>
</tr>
<tr>
<td>2011</td>
<td>61.7</td>
<td>225.0</td>
</tr>
<tr>
<td>2012</td>
<td>66.4</td>
<td>225.9</td>
</tr>
<tr>
<td>2013</td>
<td>67.9</td>
<td>223.4</td>
</tr>
<tr>
<td>2014</td>
<td>68.2</td>
<td>225.7</td>
</tr>
<tr>
<td>2015</td>
<td>64.6</td>
<td>225.1</td>
</tr>
<tr>
<td>2016</td>
<td>62.7</td>
<td>223.2</td>
</tr>
<tr>
<td>2017*</td>
<td>58.4</td>
<td>218.9</td>
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</tbody>
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Note: * First three quarters
Source: CBS.

Table 2  Employment and unemployment rate, 2003–2017 (%)

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<thead>
<tr>
<th></th>
<th>Employment rate</th>
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<tr>
<td>2003</td>
<td>70.8</td>
<td>4.8</td>
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<tr>
<td>2004</td>
<td>70.4</td>
<td>5.7</td>
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<tr>
<td>2005</td>
<td>70.8</td>
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<tr>
<td>2006</td>
<td>71.7</td>
<td>5.0</td>
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<tr>
<td>2007</td>
<td>73.6</td>
<td>4.2</td>
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<tr>
<td>2008</td>
<td>75.1</td>
<td>3.7</td>
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<tr>
<td>2009</td>
<td>74.8</td>
<td>4.4</td>
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<tr>
<td>2010</td>
<td>74.0</td>
<td>5.0</td>
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<tr>
<td>2011</td>
<td>74.2</td>
<td>5.0</td>
</tr>
<tr>
<td>2012</td>
<td>74.4</td>
<td>5.8</td>
</tr>
<tr>
<td>2013</td>
<td>73.6</td>
<td>7.3</td>
</tr>
<tr>
<td>2014</td>
<td>73.1</td>
<td>7.5</td>
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<tr>
<td>2015</td>
<td>74.1</td>
<td>6.9</td>
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<tr>
<td>2016</td>
<td>74.8</td>
<td>6.0</td>
</tr>
<tr>
<td>2017</td>
<td>75.8</td>
<td>4.9</td>
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Note: 15-64 age group.
Source: CBS.

At the same time, the composition of employment has been changing substantially, confirming longer-term trends. The longer-term decline of standard permanent and full-time jobs continued during the crisis. Part-time employment has been growing for many years and during the crisis it reached 48.8 per cent in 2015, including marginal
jobs of less than 12 hours a week (Figure 8), confirming the status of the Netherlands as ‘the first part-time economy in the world’ (Visser 2002). Part-time employment is not necessarily considered to be problematic in the Netherlands, considering that many part-time jobs are of 25–30 hours and many households are based on a one-and-a-half-earner model. However, also the more precarious marginal part-time jobs of fewer than 12 hours per week have been on the increase, reaching to 11.8 per cent in 2015. Also the longer-term growth of temporary and other kinds of flexible employment continued strongly and by 2017 almost one out of four jobs was a temporary job. Finally, the number of self-employed without employees has been growing rapidly, reaching around 1 million by 2017, equal to 12.3 per cent of employment. The self-employed without employees are a heterogeneous group and recent statistical office data suggest that some two-thirds of them have a fairly steady and acceptable income, while one-third are in more precarious situations. All in all, the quality of employment as measured by employment status has been on the decline, or, phrased differently, the Dutch labour market is becoming more and more precarious, which constitutes one of the main worries of the Dutch trade union movement.

![Figure 8 Non-standard types of employment, 2003–2017 (% of total employment)](chart.jpg)

Source: CBS (Statline).

2.2 Reaction of the social partners

**Institutional responses: the social pacts of 2009 and 2013**

Much in line with the tradition of the Dutch neo-corporatist system, the trade unions and employers’ organisations, in dialogue also with the government, concluded three social pacts after the crisis hit in 2008. The pacts were concluded in 2009, 2011 and 2013. The 2011 pact, focusing entirely on pension reform, caused a crisis in the largest union confederation, as will be discussed in Section 3. The 2009 pact, concluded in the Labour Foundation, marked the first reaction of the social partners to the crisis. In 2009 the economy shrank suddenly sharply, raising strong concerns about a possible loss of jobs. With this in mind, the pact sets out in a few pages two types of measures. One was
that, in line with the traditional Dutch approach, it explicitly placed work before income and proposed wage moderation to save jobs. This despite the fact that the crisis had really nothing to do with high wage costs or competitiveness deficits. However, the pact states that the available means should rather be used to strengthen employment security and training instead of income improvement. The other set of measures concerned labour market policies aimed at safeguarding existing jobs and improving the allocative functions of the labour market. A key issue was the expansion of existing measures for part-time unemployment, especially in the metal sector, aimed at maintaining the jobs of (often skilled) workers. This was complemented with measures supporting mobility and training. No attention was given to job creation or job quality.

In 2013 a more comprehensive pact was concluded, setting out a long list of issues and measures. A major surprise in the 2013 pact is the absence of the traditional wage moderation paragraph. This does not mean that collectively agreed wages were rising in 2013 or subsequent years, on the contrary, but that the peak-level social partners did not manage or want to reach agreement on wage developments.

In line with the developments on the labour market, flexibility and the quality of employment were high on the political agenda in 2013 and are still so today (Keune et al. 2014). Employers often underline the need for further flexibilisation because of competitive pressures but also recognise the need to limit the social impact of such flexibilisation. The trade unions speak of ‘exaggerated flexibilisation’ and want to reduce it, although they recognise that competitive pressures exist and have to be dealt with. And the liberal-social democratic government has also been struggling with this tension between a demand for flexibility for employers, as well as security for workers. This issue was one of the main subjects of the 2013 pact, as indicated by its title: ‘Prospects for a social and entrepreneurial country: exiting the crisis, with decent work, on our way to 2020.’ The pact identifies the urgent need to improve the rights and protection of people in flexible employment and to combat all improper forms of flexible work, including bogus self-employment, the evasion of social contributions or minimum wages or the non-observance of collective agreements. It also argues that increasingly there is dubious use of flexible types of employment relations to the detriment of the workers who more and more one-sidedly carry the burden of economic and labour market risks. It calls for a new balance between flexibility and security, and an increase in the capacity to adapt to new circumstances. A series of legislative, institutional and policy reforms, which we will not review here, have resulted from the pact. Also, the employers and unions have taken the task upon themselves to find ways to implement the pact, among other things through their collective agreements.

How the social partners should give substance to this commitment in practice remained largely undefined, however. The pact to a large extent stipulates general principles and objectives but few detailed commitments. Also, it does not simply erase the differences of interest between the two sides. Indeed, there are still major debates and controversies both within the two sides of industrial relations, as well as between them concerning the right way to translate the pact into collective agreements and other social partner policies and activities. Moreover, there are major differences between the sectors of the economy, with both the extent and the type of flexibilisation varying substantially.
The 2013 pact includes a series of commitments related to flexibility and job quality that are in line with the viewpoints of the trade unions. Apart from the fact that the developments in the labour market make such measures understandable, this union-friendly character of the pact also results from the support unions have from the then Minister of Labour and Social Affairs, Lodewijk Asscher (2012–2017). Asscher was the first Labour Party Minister of Labour since 2002 and he was probably closer to the trade unions than any Minister of Labour since Joop den Uyl in 1982. He introduced a number of laws and policies to safeguard employment and increase security for workers. They include changes to the dismissal protection legislation, aimed at increasing the use of permanent contracts, and legislation to address chain responsibility and the use of shady employment practices applied by employers to exploit vulnerable workers. Asscher also introduced financial support for so-called sectoral plans, which social partners could jointly present to the Minister and that, when approved, could receive a subsidy of 50 per cent of their costs. The plans had to address specific sectoral labour market challenges related to labour market mobility, retention of skilled workers in the sector, training, improved labour supply of vulnerable groups such as young workers or improving safety and health in the sector. The uptake of the subsidy has been limited, however.

**Increasing tensions and conflicts between unions and employers after 2013**

Trust, cooperation and consensus-seeking attitudes have been key dimensions of the Dutch Polder model (Visser and Hemerijck 1997; Keune 2016). They are important to get the unions and employers (and sometimes the government) to the table in the first place, to get them to not only defend their own interests but to look for common ground or trade-offs, and to be able to reach agreements that are not extremely detailed and foresee all events, but are open and flexible. Since the signing of the Wassenaar Agreement a lot of trust has been built up between the two sides, expressed in a large number of social pacts, collective agreements, continuous interaction in the Labour Foundation and the Socioeconomic Council, and a very low strike rate.

In recent years, however, trust and cooperation between the two sides are no longer automatic (Keune 2016). Since the start of the recent crisis tensions are increasing, especially where collective bargaining is concerned. Employers accuse the unions – and in particular the FNV – of not paying enough attention to the difficult economic circumstances of companies and of defending only their own interests. They criticise the unions for refusing to ‘modernise’, of clinging on to antiquated stipulations in collective agreements (for example, extra holiday days for older workers or age-related remuneration) and of making irresponsible wage demands in times of economic hardship. The employers also reject the growing FNV interest in organising, claiming that this is counter to the traditional deliberation culture of the Polder model. They increasingly argue that the FNV has put itself outside the Polder model and that it is no longer a reliable partner.

At the same time, the unions, and especially the FNV, feel less and less that the employers can be trusted. They claim that the employers are shifting too much of what should be normal business risk onto the shoulders of the workers, especially where wage moderation, excessive flexibility and bogus self-employment are concerned. They also
argue that certain employers continuously invent new types of employment relations that are leading to a further fragmentation of the labour market and the growth of low quality jobs, including payrolling, contracting and posting constructions (Boonstra 2016). Furthermore, they observe that large companies or public sector organisations put undue pressure for cost savings on subcontractors or cleaning companies, resulting in the growth of precarious work. Such practices are not in line with the spirit of the Polder model and according to the unions, employers mainly take but do not give. And when in the 2013 social pact the two sides agreed to reduce excessive labour market flexibilisation, the unions did not see many employers spontaneously fulfilling this commitment, which further undermines trust.

One of the effects of the declining trust has been the difficulty of concluding or renewing collective agreements in 2013–2017. For example, in the construction sector it took 18 months to get a renewal of the collective agreement. Also, the employers increasingly conclude collective agreements – for example, the supermarket agreement and the agreement for public servants – without the FNV, by far the largest union, but with the CNV and smaller unions. According to an analysis by the employers’ association AWVN, the FNV lost 30 per cent of its ‘market share’ in the years 2015–2018 due to collective agreements that were not signed by the largest union but only by one or more smaller unions (FD 2018).

In addition, the absence of a wage paragraph in the 2013 social pact may well be the result of this declining trust and consensus, as well as the growing power of employers. Trade union wage demands in the years 2011–2017 have been significantly higher than the wage increases agreed upon in collective agreements (Figure 9). Employers are clearly managing to achieve wage moderation without central coordination at the moment and unions lack the power to impose their demands. Hence, declining trust is undermining one of the pillars of the neo-corporatist model, the system of collective agreements and central wage coordination.

**Figure 9**  **Wage demands of the FNV, contractual wage increases and difference, 1994–2017 (%)**

Source: CBS (Statline); Rojer (2002); FNV.
3. Dutch unions during the crisis

3.1 The crisis in the FNV and the resulting merger of the largest unions

While the Dutch economy struggled to climb out of the economic recession, the largest Dutch union confederation, the FNV, plunged into a crisis itself. The direct cause was an agreement reached in June 2011 between the Dutch trade unions, the employers’ associations and the government on the future of the Dutch pension system. The parties agreed on a radical reform of the fully-funded second pillar of the pension system, which was increasingly under pressure due to the economic crisis and the unexpectedly strong rise in pensioners’ longevity. What first appeared as an historic breakthrough in pension reform and a new proof of the resilience of the Dutch corporatist system, soon turned out to cause a split in the FNV. The two largest affiliates of the FNV – the FNV Bondgenoten (the largest union in the private sector) and ABVAKABO FNV (the largest public sector union) – refused to accept the agreement that was negotiated by the leadership of the confederation. Because these two unions, although representing about two-thirds of the total membership of the FNV, did not have a formal majority in the Federation Council, consisting of the presidents of all affiliated unions, the FNV board stuck to the agreement. In response, the two unions announced that they had no confidence in the president of the confederation, Agnes Jongerius. Because the two unions refused to cooperate with the confederation any longer, the FNV became paralysed and was in danger of disintegrating.

In order to break this deadlock, the FNV board and the affiliates agreed to appoint two conciliators, who succeeded in bringing the affiliate unions together to agree on a joint declaration in December 2011. The FNV confederation was to be replaced by a new organisation, which was to consist of a large number of smaller unions. To elaborate this decision, five so-called ‘kwartiermakers’ were appointed. After surviving many debates, quarrels and impending crises, the kwartiermakers presented their final report on 23 June 2012, a full year after the pension agreement that started the crisis. Because their report met with a lot of criticism from almost all parties in the conflict, a separate declaration was formulated by a committee of representatives of the main unions and the confederation, which was adopted by all affiliates, except two. At the same meeting, the FNV president Jongerius stepped down to make room for the leadership of Mr Ton Heerts, former MP of the Labour Party and former vice president of the FNV.

Although this change in the leadership marked the end of the personal fight between the union leaders, it did not mean that there now was full agreement on the future governance structure of the confederation. One and a half years and many internal working groups, reports and debates later, the affiliates finally agreed upon a new hybrid structure of the FNV. At the end of 2014, the three largest affiliates and a small affiliate (the FNV Sport) merged with the confederation to form one big union with around 900,000 members. Later, two other unions joined them. This undivided union includes fourteen sectors. At the same time, twelve smaller affiliates, comprising 200,000 members or so, remained

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2 This section is largely based on de Beer (2013b).
independent. As a consequence, the FNV now has both individual members and corporate members. A parliament of elected (unpaid) union members from both the undivided union and the independent affiliates has become the main decision-making body within the new structure.

The ultimate cause of the crisis in the FNV is probably related to the well-known tension – introduced by Philip Schmitter and Wolfgang Streeck (1981) – between the ‘logic of membership’ and the ‘logic of influence’. The former refers to the representation of trade union members’ immediate interests, while the latter refers to the influence that unions exert on political decisions. The Dutch unions have always been willing to negotiate with both the employers and the government at national level to find compromises on socio-economic policies. On one hand, this has enhanced the influence of the trade unions on national policies; on the other hand, it has also made them jointly responsible for policy measures and reforms that a large part of their membership do not endorse. As long as the dominant political and ideological currents were supportive for many trade union issues – that is, up until the heyday of ‘Keynesianism’ in the 1970s – the logic of influence and the logic of membership seemed to largely reinforce each other. This changed, however, in the 1980s, as the political climate changed and government policies became more neoliberal. As a consequence, the logic of influence became less effective. This was aggravated by the loss of the influence of the unions on the implementation of socio-economic policies due to their expulsion from the administrative bodies, as discussed above. Simultaneously, the union density rate declined steadily, adding to the shift in the balance of power from the unions to the employers. As a consequence of these developments, the logic of membership seems to be gaining weight again within the FNV. This is apparent, for example, from the establishment of the parliament of union members, but also from the introduction of new union strategies in the early 2000s, in particular organising (see below).

Nevertheless, many of the tensions within the FNV that led to the crisis of 2011 are still present. It remains to be seen whether the FNV has really overcome its internal crisis and will be able to regain the ground that it lost in the preceding decades.

3.2 Developments in other unions

Although the crisis in the FNV has attracted by far the most attention in the mass media, the other two union confederations – the Christian CNV and the confederation for middle and senior staff, MHP – have also undergone profound changes in recent years.

The CNV, which currently has a membership of about a quarter of a million, experienced the departure of the ACP, a union for police officers, in 2012. The ACP separated from the CNV due to its dissatisfaction with the course it was taking, which did not allow them to convey a minority view. Recently, some other affiliates of the CNV decided to merge, in order to strengthen their position, in view of declining membership rates. The public sector unions merged into one union – CNV Connectief – and two private sector unions (in manufacturing and construction and in services) also merged. As a consequence, these two merged unions now make up the bulk of CNV’s membership.
The smallest confederation, the MHP, which had around 200,000 members in 2000, included one relatively large union (simply called De Unie or The Union) and a number of smaller unions. In 2013, The Union left the MHP to become an independent union. As a consequence, the membership of the MHP more than halved and was only 70,000 in 2013. In 2015, however, the MHP founded a new confederation with the ACP, which had left the CNV, under the name of Confederation for Professionals (VCP). This new confederation promoted a new union model, which renounces traditional union strategies (including strikes) and focuses on crafts and professions by supporting individual members to boost their employability.

The struggles within the union confederations have also led to an increase in the number of independent unions, which are not affiliated to one of the confederations. The membership of these independent unions has doubled from 125,000 in 2000 to about 230,000 in 2017. This growth was not the result of a significant increase of the membership of separate unions, but due to the increase in the number of unions that left the confederations.

The developments within and between the union confederations can be related to the general trends described above: the fall in union density, the shift in the balance of power from unions to employers and the changes in the dominant government policies. The unions disagree about the best way to tackle these challenges, which has resulted in internal struggles in the confederations and a ‘reshuffling’ of the unions.

3.3 New union strategies

The Dutch unions have developed a series of new strategies in recent years, focussing on two broad and interrelated themes. One has been increased attention, in particular by the FNV, to organising as a way to address the concerns of workers and attract more members and activists. Inspired by experiences in the United States and the United Kingdom with Justice for Janitors and similar campaigns, organising was first massively applied in the industrial cleaning sector, leading to three strikes in the sector in 2010–2014 and to substantial improvements in the rights and employment conditions of cleaners (Keune et al. 2014). The FNV invested a lot of resources in these campaigns and has tried to apply its lessons also in other sectors. This is not to say that the entire union movement favours a move towards organising. Indeed, it is a controversial issue within the FNV as it is seen by many as a departure from unionism based on social partnership and collective bargaining, and indeed as hampering these traditional approaches which for the moment still dominate union activities. Undoubtedly, organising is gaining ground, however.

The other theme that has been receiving growing attention from Dutch unions, as well as from unions in the rest of Europe, is precarious employment (Keune 2013). Inspired by the growth of precarity, addressing the problems of the bottom end of the labour market has become a priority issue, even though the workers in precarious jobs are generally not union members and are often branded as labour market ‘outsiders’. This stems from
two main motives (Keune 2015). One is the Dutch unions’ traditional orientation as societal actors interested in raising workers’ status in society in general and advancing social justice. They see themselves, to an important extent, as champions of social justice and hence as representatives of the entire workforce, not only of their members, but in particular the more vulnerable groups. The other motive is that, as representatives of their members’ interests, they have become aware that with the growth of precarious employment, the position of so-called ‘insiders’ or standard workers is increasingly being put under pressure. The fate of the two groups is interrelated and employers use precarious workers to put pressure on the wages and conditions of standard employees. Reducing precarious employment and/or improving the quality of precarious jobs is therefore seen as a way to uphold labour market standards in general.

These two themes of organising and precarious work have been at the centre of several recent campaigns. One concerns ‘Decent Work’ (Gewoon Goed Werk), later known as ‘Real Jobs’ (Echte Banen). In the second half of the 1990s, the unions concluded an agreement with employers in which they accepted more ‘flexibility’, but in exchange they demanded guarantees of workers’ rights and the extension of social security rights to atypical jobs. Also, part of this flexibility could be reduced or increased through collective agreements. After a little over ten years, however, with the continuing growth of low quality, precarious jobs, the trade unions started to recognise that this had been a miscalculation (Boonstra 2016; Boonstra et al. 2011). Even though the coverage rate of collective agreements remains high, at around 80–85 per cent, it is getting more and more difficult for unions to prevent the growth of precarious jobs.

As a result, just after the start of the crisis, the approach towards precarious jobs was adapted and diversified. Dutch unions joined the International Labour Organization (ILO) in the campaign for ‘decent work’, which is aimed at limiting the number of precarious jobs and at improving the conditions of precarious workers. The motives for this campaign include considerations of social justice and the desire to improve the conditions of the worst off; reducing the pressure precarious jobs exert on the terms and conditions of regular workers; and getting a better membership base among precarious workers and thus strengthening the position of the unions. Within this context, the FNV set the following objectives:

- Limit flexible contracts to ‘sick and peak’, in other words, to the replacement of permanent workers who are ill and to peaks in economic activity. If a person works for 9 months a year, it should be on a normal (permanent) contract.
- Equal pay for equal work. For example, temporary agency workers should be paid according to the normal collective agreement valid at the company where they work from the very first day.
- Work should lead to economic independence and not to low pay and working poverty.

Also, the FNV has identified a number of sectors which it deems particularly problematic in terms of the Decent Work Agenda, including postal services, cleaning, meat processing, supermarkets, domestic help, construction, education, taxis and temporary agency work. The unions have started organising campaigns to attract members in these sectors and to put pressure on employers. They are also involved in
court cases to try and get a ban on exploitative payrolling and contracting practices. In addition, given that trade unions’ bargaining position in quite a few sectors is simply not strong enough and that collective agreements on a number of occasions are used to further flexibilise the regulations on fixed-term contracts, they are pushing for changes in the legislation to make it tighter and to reduce possibilities for flexibilisation through collective agreements. They have also put employers’ practice of dismissing workers on open-ended contracts and replacing them by fixed-term contracts or (bogus) self-employment on the political agenda. The 2013 social pact and its attention to excessive flexibilisation and shady employment practices, as well as a number of recent legislative changes can be considered results of this campaign.

Another noticeable campaign is ‘Young and United’, launched by the FNV and a series of partners. Young and United was set up in September 2014 and went public as a campaign in March 2015. It is a movement for working youth between 17 and 23 years of age driven by dissatisfaction with the often precarious position of young people on the labour market and with the way unions deal with them. Its aim is to establish a working youth movement to fight for improved conditions and opportunities for young working people. In the first instance, it is supposed to be a movement for and by young workers, not a youth union. At the same time, it is to a large extent run by FNV organisers, several of whom were previously active in the cleaning sector. Young and United is based on the organising approach and can be characterised by such terms as ‘militant’, ‘struggle’, movement’, ‘we will win’ and ‘never again invisible’. It is built on the belief that young people are interested in becoming politically engaged and in solidarity and collective action. The movement aims to activate young people, mobilise discontent and influence public opinion on youth issues. It started by developing a network of young activists through direct personal contacts at the workplace (especially in retail) or on the street or at city meetings, where they encouraged young workers to discuss their problems, views, demands and strategies. It makes extensive use of both social and traditional media, creating hype and a sense of community, and draws on research to support its arguments. Young and United also hopes to interest young workers in becoming members of the FNV.

The first major and ongoing campaign of Young and United is against the youth minimum wage. In the Netherlands the adult minimum wage (€9.26 as of 1 January 2016) applies only to persons aged 23 or older. Young workers between 15 and 22 years of age earn a percentage of this adult minimum wage, ranging from 30 per cent to 85 per cent, whereas for young workers of 18 years of age it is €4.22 or 46 per cent of the adult minimum wage. Young and United has been campaigning for the adult minimum wage for 18 year-olds, arguing that at that age one is an adult in all other senses and that the minimum wage should be enough to live independently. As part of the campaign it has staged a number of events and actions, including the occupation of the Socio-Economic Council and of a McDonald’s, an intervention at the shareholder meeting of the largest supermarket chain at which a 19 year old supermarket worker explained that he would have to work 346 years full-time to earn one annual salary of the chain’s boss, a petition to the Minister of Labour signed by 130,000 persons and so on. The campaign has been successful in getting the issue on the political agenda and most political parties have spoken in favour of their demands. Employers’ organisations have argued against
it, however, claiming that it would lead to a loss of competitiveness and jobs for young workers. In 2016, the Minister of Labour announced that the age limit for the youth minimum wage will be lowered to 21 years and that the rates of youth minimum wages for 18–20 year-olds will be increased.

4. Conclusions

We conclude that the economic crisis that started in 2008 has not led to profound changes in the position of the Dutch trade unions, but that it has nevertheless reinforced particular long-term tendencies in Dutch industrial relations.

Seen from a distance, the Dutch system of industrial relations is characterised by institutional stability and continuity. The main formal institutions of the corporatist system are at least sixty years old and have not undergone radical changes since their origin. Naturally, they have evolved over time, but in the past half century, no important new institution has been introduced and no new collective actor has entered the stage. Over this whole period, about four in five employees have been covered by collective agreements, which were almost all closed by the traditional trade unions and the employers (either individually or represented by an industry association). Moreover, the overwhelming majority of these collective agreements (measured by the number of employees covered) remain industry-level agreements.

The previous deep recession in the 1980s has added some elements to Dutch industrial relations that have since become stable characteristics of the system: absence of government intervention from collective bargaining, wage restraint and a willingness on the part of both the unions and the employers to engage in dialogue and seek compromises. These features were also apparent during the current crisis, as exemplified by the social pacts of 2009, 2011 and 2013, although it was remarkable that wage restraint was not explicitly mentioned in the pact of 2013.

Despite these stable elements, we have also noted some long-term trends that gradually changed the position of the trade unions vis-à-vis the employers and the government. This change can be summarised as a tilting of the balance of power from the unions to the employers. The most obvious indicators of this change are the gradual but steady decline of the union density rate and the fall in the share of wages in GDP. However, the growth of precarious or flexible work – in particular, fixed-term contracts and self-employed, but to a lesser extent also part-time work – also points to a loss of trade union power, because it undermines their traditional base of permanent and full-time workers.

The economic crisis has not introduced completely new changes but has reinforced some of the forces that weaken the position of the unions. Although the crisis has not accelerated the downward trend in union density, it has not slowed it down either, as might be expected if workers were seeking refuge with the unions to shield them from hardship. Between 2008 and 2017, the unions lost almost 200,000 members – 10 per cent of their membership – and the union density rate fell by 4 percentage points.
Even though wage restraint has been a permanent characteristic of the Polder model since 1980, during the crisis the gap between the central wage demands of the FNV and the contractual pay rise that was agreed on has grown (Figure 9). From 2010 to 2017, contractual pay rises hovered between 0.9 and 1.8 per cent annually, while the wage demands of the FNV increased from 1.25 per cent in 2010 to 3 per cent in 2014, 2015 and 2016. The unions thus have not been able to achieve their higher demands in the past few years.

The continuing growth of flexible jobs during the crisis may also indicate that the position of the unions has further weakened. Even though the unions have shifted their attention from their core constituency, most of whom have a permanent job, to workers in precarious jobs, they have not yet managed to halt the growth of the flexible periphery of the labour market, which now affects about one-third of the labour force. Even the Act on Work and Security (WWZ), that was introduced in 2015 as a result of the social pact of 2013, is already criticised by many because it appears to boost the use of flexible employment instead of discouraging it, as it intended. The new centre-right government that came to power in October 2017 has announced that it will amend the Act in several ways. The public debate about flexibility is dominated by the employers’ claim that a further flexibilisation of the labour market is inevitable.

The economic crisis has also contributed indirectly to trade union restructuring in recent years. Although the crisis of the FNV was mainly the outcome of the skewed internal balance of power, due to the co-existence of a few very large and many smaller unions, and to disagreement about the preferred strategy, the crisis probably triggered the power struggle, because it presented the union with some difficult choices.

To counteract the forces that are weakening their position, the unions have followed two strategies. On one hand, there is the traditional strategy of conferring with the employers and the government in order to find a common approach to the crisis. The social pacts of 2009 and 2013 illustrate this strategy, but also the initiatives to draft so-called sectoral plans together with the employers, which were meant to tackle the consequences of the crisis at the industry level.

The second strategy is the launching of new campaigns to address the problems facing – especially precarious – workers. The focus on organising and the Young and United campaign are good examples. In fact, this strategy is being followed only by the FNV. Although these campaigns have been fairly successful in attracting media attention and have received some popular support, it remains to be seen whether they will contribute to a more structural strengthening of the trade unions’ position.

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All links were checked on 20 April 2018.