Dutch incomes policy formation. Government strategy and style of decision-making of trade unions and employers' organisations 1965-2010

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For additional in formation on Dutch corporatism after 1965, see also Woldendorp (2005), Woldendorp and Keman (2006, 2007), Woldendorp and Delsen (2008) and Woldendorp (2011).

Brief elaboration of post war socio-economic policy-making in the Netherlands

Corporatism as a government strategy to restore or create consensus under the conditions of relative autonomy and mutual instrumentalisation of the actors involved, can only be expected to function, if at all, under precisely these circumstances, that is, relative autonomy and mutual instrumentalisation. In order to argue that the period after1965 in the post-war history of Dutch incomes policy best satisfies these requirements, I will give a brief sketch of both the relevant organisations and the history of Dutch incomes policy since 1945.

Post war Dutch incomes policy is usually described as a transition from a centrally guided, statutory incomes policy by the government to a formally free incomes policy, that is, free from government intervention (Fernhout 1980: 151-153, 155; Windmuller and De Galan 1977: 2, 26-27; Dercksen et al 1982: 122-126; de Liagre Böhl et al 1981: 106-109; Fortuyn 1981: 325-329, 373-424; van Ruysseveldt and Visser 1996: 211-214; see also van Waarden 2003).

There are three main periods in Dutch incomes policy after 1945:

- 1945-1963, guided and differentiated statutory incomes policy;
- 1963-1968/70, transition to a formally free incomes policy;
- 1968/70 - present, a formally free incomes policy.

In the period between 1945 and 1963, the Minister of Social Affairs determines incomes policy, after recommendations from the Foundation of Labour (STAR – *Stichting van de Arbeid*). It is also the Minister who formulates the guidelines, which the *College van Rijksbemiddelaars* has to apply when they check collective contracts between employers and unions (Fernhout 1980: 143; Windmuller and De Galan 1977, Vol. 2: 16-21; Fase 1980: 47-51). The Social and Economic Council (SER – *Sociaal Economische Raad*)usually confines itself "to recommendations concerning social security, terms of employment, labour legislation and the main issues of wage policy, if they were specifically asked" to give a recommendation (Windmuller and De Galan 1977, Vol. 2: 29 - translation jjw). The participation of interest groups in government policy in this period, confined to social issues, is restricted to non-binding recommendation with regard to policy formation, and to implementing government policy. Government and parliament (the political parties heading the various pillars) remain the dominant actors and determine the agenda. Interest groups are not meant to take on government tasks (except in the execution of government policy), nor are they invited to determine policies themselves. In the institutionalised relation between government and interest groups in the area of socio-economic policy, it is the government (and parliament) that acts, the interest groups re-act (see also: Teulings 1980: 18; Nobelen 1983: 102 ff). In the last instance it is the 'coercive' or 'statutory powers' of the government (Panitch 1979: 142), which keeps the employers' organisations and unions together in the implementation of the centrally guided statutory incomes policy.

In other words, the coalition governments of christian democratic and social democratic parties in the post-war period both created the framework for macroeconomic planning and policy-making, and integrated the relevant socio-economic actors in that framework 'top-down'. It is clearly party government and parliament that determine the room to manoeuvre for the interest groups.

Between 1963 and 1968/1970, with many conflicts and experiments, the transition from statutory incomes policy to a formally free incomes policy takes effect (van Doorn et al 1976; Windmuller and De Galan 1977; Fase 1980: 300/1, 303-305). The Law on Wage

Formation (1968/70) is the political expression of this transition. However, the government retains the authority to intervene with a six-month wage freeze.
Within the union federations major changes occur. The affiliated branch unions become more powerful vis-à-vis the central federation. Slowly, negotiations on the branch and industry level gain more importance.
Generally, this period is regarded as a time of polarisation and conflict. Consensus within the institutions is on the decline and decentralisation within the union federations has resulted in a less co-operative inclination. From the perspective of corporatism as a government strategy, however, this period is more interesting than the previous one. Unions and employers' organisations take a much more independent stance towards each other and towards the government. The government loses its absolute domination in the area of wage policy, but still retains the power to intervene if they feel the general economic situation calls for intervention. Although party government (and parliament) ultimately can still determine the 'rules' of the game, the conditions for corporatism as a possible government strategy to forge or restore consensus in a situation of both autonomy of the actors and mutual instrumentalisation have been shaped (Keman et al 1985).
Since 1970 incomes policy is formally free, although the government retains the power to intervene. From 1970 tot 1986, the government could intervene with a wage freeze if it felt the general economic situation called for intervention. In 1986 the Law on Wage Formation is amended. Government intervention in wages in the market sector is then only allowed in case of a national emergency, caused by external factors (Korver 1993: 394). Trade unions and employers' organisations have now ample room to manoeuvre to pursue their interests in the market sector, but in case of an emergency, government (and parliament) can still take over. The government's leading role with regard to incomes policy in the (semi-) public sector remains beyond question. The ultimate, deciding responsibility for incomes policy, therefore still rests with party government and parliament.
If there was ever a period in which the interactions between government, unions and employers' organisations with respect to policy-making could be analysed in terms of a neo-corporatist strategy, it is precisely this period. Incomes policy in the market sector is free. Interest groups have ample room to manoeuvre, but in case of an emergency party government (and parliament) can still take over. Economic problems mount as a consequence of the oil shocks in 1973 and 1979/1980. This is precisely the environment in which corporatism, as a possible government strategy to restore consensus and foster economic growth, will have to prove its worth. Consequently, the research is focused on incomes policy after 1965.
In this period the rules governing the annual incomes policy are such that within the market sector trade unions and employers' organisations are ostensibly free to pursue their own agenda's. However, government can still overrule the outcome (provided there is a crisis caused by external factors), and has a leading role with regard to incomes policy in the (semi-) public sector and social security legislation.

Availability and use of data

In this research project the annual negotiations between trade unions and employers' organisations on wages and other terms of employment, and the matching government policies and interventions after 1965 have been studied. For the trade unions and employers' organisations primary sources include their annual notes with which they enter these negotiations. The government's policies and interventions are documented in the annual budget and related government notes and parliamentary discussions. All these documents, plus the accompanying actions, are more or less extensively reported in the *SER Bulletin* (SIB – see references), which has served as the main source for the research.
The extent of the SIB's information on incomes policy varies over the years. Until 1980, annual negotiations and consultations are extensively reported in the weekly *Bulletin*, as are the government's corresponding actions and policies. Early 1981, the SIB changes from a weekly to a bi-weekly, and in autumn 1982 to a monthly *Bulletin*. These editorial changes are accompanied by a marked decrease in useful information on annual negotiations and consultations on incomes policy in 1981, 1982 and 1983. From 1984, the SIB briefly regains its previous high standard in presenting comprehensive information concerning incomes policy. However, in 1988, 1989 and 1990, there is again a sharp decrease in useful reports on negotiations and consultations with regard to annual incomes policy. From 1991 to 1995, the reports on annual incomes policy are more extensive and comprehensive again, although they do not reach the high standards prevalent before 1981 and between 1984 and 1988. From 1996, this information becomes more scarce and haphazard. And from 2001, SIB reports on the annual negotiations and consultations on incomes policy are usually restricted to photoshoots of the participants or interviews about their personal evaluation of the atmosphere in which past negotiations took place that all sadly lack the answers to common questions like who, what, where, when, how much and why? In September 2009 the SIB is renamed in *SERmagazine*, but this change of name has had no positive effect for the information provided.
For the periods in which the SIB is not a reliable source, additional sources have been used, including the annual reports and notes on incomes policy of trade unions and employers' organisations as well as the STAR, the annual government budgets, policy agreements (*Regeeraccoorden*) and government declarations of incoming governments, and other relevant information as reported in the records of parliament (*Handelingen van de Tweede Kamer der Staten-Generaal*), and the official government gazette (*Nederlandse Staatscourant)*. Regrettably, with the digitalisation of the *Staatscourant* in 2009 the only function that remains is that of official government gazette data base. All independent, and very helpful news reports on the annual budget are terminated.
Digitalisation also has had an adverse effect on the content of the annual reports of the employers' and trade union organisations. After 2005 these organisations either stop producing annual reports (trade unions) or issue only very short, financial annual reports (employers' organisations). The evaluations of the past year in terms of demands and negotiations between social partners and between them and the government are terminated or have to be gleaned from their respective websites. Newspaper reports on the annual government budget and the reactions of social partners after 2005 are much easier accessed in digital format than on paper, but also quite often lack in factual content. It seems as if increased digitalisation also

increases the efforts needed to get the answers to basic questions like who, what, where, when, how much and why?
The information from the above sources has been supplemented with other sources. These include Windmuller et al (1977, 1983), van Doorn et al (1976), Fase (1980), STAR (1985), and Akkermans (1999). These sources extensively report the annual negotiations between trade unions and employers' organisations and the matching government interventions until 1985. Similar sources for the later period that focus specifically and with great detail on these annual negotiations and related government interventions do not exist. But Korver (1993), van Bottenburg (1995), STAR (1995), van den Toren (1996), van Heertum-Lemmen and Wilthagen (1996), Visser and Hemerijck (1997, 1998), Roebroek and Hertogh (1998), Akkermans (1999), Visser (1999), Hemerijck and Visser (2000), Hemerijck et al (2000), Hemerijck (2002, 2003), Slomp (2002), van Waarden (2002, 2003) and Bruggeman and van der Houwen (2005) do provide additional information on a number of years. Other sources used are referenced in the text.

Government strategies and styles of decision-making

Government strategies:
- I = Passive
- II = Co-operative
- III = Congruent
- IV = Guiding

Styles of decision-making of trade unions and employers' organisations:
- A = Confrontation
- B = Bargaining
- C = Problem solving

The focus is on both the effects of different government strategies on the styles of decision making between trade unions and employers' organisations, and the effect of different styles of decision making between trade unions and employers' organisations on government strategies.

Combinations of styles of decision-making of trade unions and employers' organisations

Combinations of styles of decision-making	Classification	Resulting combined style of decision-making
AA	Both trade unions and employers' organisations opt for confrontation	A = Confrontation (Chicken game)
AB, BA	One of the parties opts for confrontation, the other for bargaining	A = Confrontation (Chicken game)
AC, CA	One of the parties opts for confrontation, the other for problem solving	A = Confrontation (Chicken game)
BB	Both trade unions and employers' organisations opt for bargaining	B = Bargaining (Prisoners' Dilemma)
BC, CB	One of the parties opts for bargaining, the other for problem solving	B = Bargaining (Prisoners' Dilemma)
CC	Both trade unions and employers' organisations opt for problem solving	C = Problem solving (Battle of the Sexes)

1965[1]

For 1965 the government Marijnen (KVP, ARP, CHU, VVD) wants to limit the rise of wages to 4-5%, including 1.5% compensation for the rise in social security premiums for old age and disability pensions.
If necessary, the government announces it will intervene in collective contracts through the Board of Government Mediators (College van Rijksbemiddelaars). The goal of government policy is to redress the slight economic dip by reducing real income; maintaining a balanced budget and issuing higher interest rates on credit (SIB 36, 1964: 12-15).
The government gives the trade unions and employers' organisation a choice between various packages:

- a binding wage measure across the board of 1.5% compensation per 01-01-1965 for rising social security premiums (old age and widow's pensions), plus a maximum of 3.2% wage increase;
- a binding wage measure across the board above 1.5% accompanied by a correspondingly lower maximum for wage increases;
- a binding wage measure across the board which prescribes both compensation and total wage increase in detail (SIB 47, 1964: 15-18).

The agendas of trade unions and employers' organisations are determined by their different views on economic prospects. Unions feel that the forecast for 1965 made by the Central Planning Bureau (CPB) is too pessimistic, like it was in the previous years (SIB 41, 1964: 2, 3). They reject the calculations, based on this forecast, which indicate that a wage rise of 2% in real terms is the maximum which can be afforded, and prepare for tough negotiations (SIB 38, 1964: 19). The government's alternative, tax reductions instead of wage rises, is rejected. Unions feel that better wages in 1965 are both desirable and unavoidable. The government's other proposals, in a letter to the Foundation of Labour (STAR), for a small wage rise (in combination with tax reductions), are rejected as well. And in response, the unions up their demands (SIB 48, 1964: 7-9).
Employers' organisations refuse to negotiate over these demands (SIB, 39: 1964: 21, 32; SIB 42, 1964: 6, 7). Their main objection is that wage rises can not be incorporated in prices, because government has capped prices. A, in their view, too high a rise in wages, as the unions demand, will lead to a deterioration in competitiveness of Dutch firms (SIB 48, 1964: 7). Eventually, employers' organisations agree to a (small) general wage rise. Unions, however, want both a general wage rise, and to continue negotiations on the branch and company level (SIB 44, 1964: 2, 3).
When the negotiations in the SER and the STAR grind to a halt, the government intervenes through the minister of Social Affairs with a new proposal. The proposal includes a slightly higher wage rise than in the previous packages (3.5% instead of 3.2%), a rise of the minimum wage, the possibility of paying special bonuses, and extra child allowances for larger families. With this package, the government

[1] Since 1965, after the so-called 'wage explosions' of 1963, 1964 and 1965, the search for a new system of wage negotiations is on. The main problems of the existing system are the fact that government beforehand determines the maximum allowed wage rise, and also severely limits the freedom of negotiations on other issues. Between 1963 and 1968/1970, the system changes from an almost completely government led system to a formally free system (van Doorn et al, 1976; Windmuller et al1983: 152-161).

succeeds in getting the chairmen of the peak organisations to close a deal in informal talks. The ‘wage agreement 1965’ (loonakkoord 1965) includes:

- a wage increase as of January 1st, 1965;
- an acceptable wage cost increase of 3%;
- a continuation with wage differentiation in those companies that have applied that in 1964 as well;
- a minimum wage of 110.= guilders per week;
- the introduction or improvement of wage systems linked to performance;
- a bonus payment, subject to renewed talks between STAR and government, if and when economic growth turns out to be better than expected (SIB 49, 1964: 2-4; SIB 50, 1964: 2; STAR 1985: 45, 46).

To facilitate agreement, government takes over part of the employers’ premiums for child allowances (SIB 49, 1964: 2-4). Notwithstanding disagreement over the exact contents of this Central Agreement, it is later elaborated in the STAR and, reluctantly, accepted by both parties (SIB 50, 1964: 2). Neither party is content with the agreement, but, apparently, both parties view it as the best possible result. Despite larger wage rises at the branch level than allowed for in the agreed package, the STAR approves the collective contracts concluded, without any subsequent interference by the government (Windmuller et al 1983: 197). In June 1965 the government even authorises the payment of a 2% bonus, which was part of the agreed package.

1965		
Government strategy	III	III
Trade unions style	A	B
Employers’ organisations style	A	B
Combined styles social partners	A	B
Outcome	IIIB	

The government actively intervenes in the negotiations by offering various packages to trade unions and employers’ organisations. When negotiations bog down in a deadlock, it is the government that resolves the deadlock with a new proposal that is grudgingly accepted by both parties.

1966

The agenda of the government Cals (KVP, ARP, PvdA) concerning the wage negotiations for 1966 is heavily influenced by the massive evasion of the maximum wage rise allowed by the government Marijnen (KVP, ARP, CHU, VVD) in 1965 (Windmuller et al 1983: 197, 199/200). The government decides to authorise the Board of Government Mediators again to check the wage agreements in the collective contracts, instead of the STAR.
During the negotiations for 1966, both trade unions and employers' organisations show a declining willingness to compromise. They have great difficulties with the way wages are determined. Consequently, pressure on the government to come up with a new system for wage and incomes policy increases (van Doorn et al 1976: 226-247).
Trade unions and employers' organisations fail to reach an agreement on wages in the STAR. The main obstacles are the demands of the unions for a wage rise in real terms and the level of a minimum wage. Unions demand 125 guilders per week (SIB 46, 1965: 23; 47, 1965: 17, 18). Employers feel that a minimum wage goes against the freedom of wage formation, as it diminishes the flexibility in wage structure in companies. Nevertheless, they are willing to agree to a raise amounting to 110 guilders per week (SIB 46, 1965: 23; SIB 47, 1965: 17-19; SIB 48, 1965: 20). In response, unions accuse the employers of taking out their previous defeat on this issue on the lowest paid and demand that the government changes the provisional legislation on the minimum wage into a proper law (SIB 48, 1965: 24).
Employers' organisations and trade unions do reach agreement on other aspects of terms of employment:
- equal pay for men and women (for equal jobs) – the STAR will judge collective contracts on this issue;
- a gradual reduction of working hours without a timetable (the government wanted to set July 1st, 1967 as the starting date) (STAR 1985: 46).

Due to the lack of agreement between unions and employers' organisations on wages, the STAR does not look unfavourable on government intervention with regard to this issue. The government then sets the level of the minimum wage on 120 guilders. The unions are more content than the employers who warn that this level will have a detrimental effect on general wage formation (SIB 50, 1965: 7-10; SIB 2, 1966: 28).
The government also determines the norm for the maximum allowed wage rise in 1966: 6 - 7% (SIB 46, 1965: 2). And on the issue of a reduction of working hours, it is also the government that takes the decision.
Despite attempts by the Board of Government Mediators to implement government limits in separate collective contracts, these limits are regularly broken. Trade unions profit from the demand for labour (SIB 8, 1966: 6, 7; van Doorn et al 1976: 232).
After several warnings and consultations with trade unions and employers' organisations on a number of collective contracts that had wage rises above the prescribed norm, the government intervenes in these contracts through the Board of Government Mediators. Halfway 1966 the government toughens its control over prices and again declares its determination to strictly enforce the prescribed norm for wage rises (SIB 8, 1966: 6 – 7; SIB 9, 1966: 2, 3; SIB 11, 1966: 21; SIB 15, 1966: 17; SIB 21, 1966: 5 – 8; SIB 23, 1966: 26, 27; STAR 1985: 46, 47). This policy is also vigorously enforced by the interim government Zijlstra (KVP, ARP) (Windmuller et al 1983: 201; SIB 24, 1966: 22).

1966			
Government strategy	I	III	IV
Trade unions style	B	B	B
Employers' organisations style	B	B	B
Combined styles social partners	B	B	B
Outcome	IVB		

As trade unions and employers' organisations cannot agree on the level of the minimum wage, it is the government that breaks the deadlock and fixes that level. The amount chosen is between the offer of employers' organisations and the demand of the trade unions. It is also the government that breaks the deadlock on the wage rise in real terms, sets the norm for the maximum allowed wage rise, and finally enforces that norm in decentral negotiations.

1967

In 1967 the interim government Zijlstra (KVP, ARP) determines beforehand that wage rises should not exceed the expected rise in productivity of 3.5% (SIB 36, 1966: 11-15; SIB 45, 1966: 7 – 8; SIB 46, 1966: 15 – 16).
The agreed goals of central negotiations are to achieve a positive balance of payments and less inflation, and to maintain employment. Therefore, a limitation or reduction of wage costs and prices is necessary. Despite agreement between trade unions and employers' organisations over these goals and means, central negotiations break down. The main breaking point is the demand of the trade unions that, apart from the general wage rise, remaining (financial) possibilities for better terms of employment on the branch and company level may be used for wages in the form of a temporarily blocked savings account. On the amount of the general wage rise, an agreement was almost reached (SIB 37, 1965: 24, 25; SIB 47, 1966: 17, 18).
Eventually, government breaks the dead-lock and determines the whole package:

- a wage rise of 4% in 1967 when collective labour contracts are renewed;
- 1.5% per 01-07-1967;
- a rise in the minimum wage;
- an increase in social security benefits of 5% through indexation beforehand, and the remainder afterwards;
- no reduction in working hours, unless already agreed to in longer term contracts (more than one year);
- no price indexation of wages on 01-07-1967;
- no capping of the rise in the health care premiums above 6.2% (SIB 48, 1966: 14 – 15).

However, all other demands of the trade unions, especially with regard to rising prices, taxes and social security premiums were ignored (Windmuller et al 1983: 201).
The differences with the original demands of the unions are striking. Although the general wage rise is close to their demands, the other conditions imposed by the government make it unacceptable for the unions. Firstly, the government does not allow any indexation of wages to rising prices afterwards. Secondly, the government sets strict limits for total rises in wage costs, which are to be controlled by the STAR. In response, the NVV pulls out of the whole incomes policy system and refuses any further co-operation. And although employers' organisations in the first instance seem to comply with this part of the government package, the main employers' organisation CSWV later also declines to co-operate (SIB 48, 1966: 15-16, 28; SIB 1, 1967: 21).
The government, however, is not moved to further concessions. Because the NVV and the CSWV refuses to co-operate and to check the proposed collective contracts through the STAR on their concurrence with government policy, all responsibilities for wages and related terms of employment are taken from the STAR and placed in the hands of the Board of Government Mediators. The Board is instructed to apply the government's policy package across the board. This means that no differentiation on the branch level are accepted (SIB 48, 1965: 15, 16; SIB 1, 1967: 21; SIB 6, 1967: 12; SIB 14, 1967: 15, 16; van Doorn et al 1976: 243-246).

1967	
Government strategy	IV
Trade unions style	B
Employers’ organisations style	B
Combined styles social partners	B
Outcome	IVB

The government breaks the deadlock in the negotiations between employers’ organisations and trade unions by imposing its own policy package with regard to wages and income. In response, trade unions and employers’ organisations refuse further co-operation with the government

1968

In 1968 the government De Jong (KVP, ARP, CHU, VVD) ostensibly leaves the negotiations on wages to the trade unions and employers' organisations. However, the government does determine beforehand that wage rises should not exceed the expected rise in productivity of 3% (SIB 36, 1967: 2). The government also announces its determination to intervene when wage rises in collective contracts exceed this norm (SIB 40, 1967: 20). In its consultations with the STAR, however, the government retracts on this announcement and agrees to wait for the results of the negotiations between trade unions and employers' organisations (SIB 40, 1967: 21, 22).

Trade unions and employers' organisations at least agree about one thing: both are against binding agreements on the central level. If and when parties agree on the central level, the government should honour these agreements. The Minister of Social Affairs should only intervene if and when collective contracts threaten to destabilise the national economy. However, parties again disagree on the issue of the minimum wage. Trade unions oppose further differentiation in wages between branches and companies and therefore demand a raise of the minimum wage comparable to the average wage and price rises. Employers' organisations do not want to go further than a raise comparable to the average wage rise (SIB 38, 1967: 10-12).

On October 24th, 1967, parties reach an agreement in the STAR about a free incomes policy without a Central Agreement, although the agreement does include the minimum wage. The agreement stipulates that there is to be no Central Agreement or norm, and that the government should only intervene in collective contracts when these threaten to seriously disrupt the economy. If and when the Minister of Social Affairs intervenes, he/she should first seek advice of an independent Committee of Economic Experts in which no civil servants are represented and that can rely on the trust of both unions and employers' organisations. The organisations also reach an agreement on the division of payment of rising social security premiums over employers and employees (SIB 41, 1967: 4, 5; SIB 2, 1968: 17; SIB 4, 1968: 28, 29).

The minister of Social Affairs accepts these agreements. However, the government increasingly worries about the extent of agreed wage rises and reductions in working hours, and, after extensive consultations with the STAR, frequently interferes in concluded collective contracts through the Board of Government Mediators (the recently appointed Committee of Economic Experts is by-passed), much to the resentment of the trade unions. The main focus for intervention is the reduction of working hours. Government wants to preserve some room for heavier taxation resulting from the introduction of the VAT (SIB 7, 1968: 5, 6; SIB 8, 1968: 15-18; SIB 9, 1968: 24; SIB 11, 1968: 24-26; SIB 14, 1968: 22-25; SIB 20, 1968: 24, 25; SIB 21, 1968: 9-13). In the end, however, the government does not ratify merely one clause about a reduction in working hours in the collective agreement in the building trade. And this only after consulting the independent Committee of Economic Experts (SIB 43, 1968: 9).

The government also considers emergency legislation to extend the duration of all collective contracts of 1968 into 1969 with six months. A majority in parliament opposes these proposals and they are eventually dropped (van Doorn et al 1976: 262; SIB 20, 1968: 24 – 25; SIB 21, 1968: 9 – 13; SIB 22, 1968: 9 – 12, 20 – 21).

Notwithstanding these disagreements, in 1968 also the Bill on the Minimum Wage and Minimum Holiday Allowance is passed (SIB: 17, 1968: 28, 29; SIB 18, 1968: 4;

SIB 34, 1968: 28 – 29; SIB 37, 1968: 40 – 42). On 23 February 1969 it becomes law (SIB 9, 1969: 6).

1968				
Government strategy	IV	I	IV	I
Trade unions style	B	B	B	B
Employers' organisations style	B	B	B	B
Combined styles social partners	B	B	B	B
Outcome	IB			

The government starts by setting its own wage norm first, but then agrees to give trade unions and employers' organisations a chance to work out an agreement amongst themselves. The government at first accepts the agreement that there will not be a binding Central Agreement, but then increasingly intervenes in decentral contracts. In the end, however, most interventions are dropped.

1969

In 1969 the same transitional system of wage negotiations as in 1968 is in force. Although wage negotiations are ostensibly free from government intervention, the government De Jong (KVP, ARP, CHU, VVD) again states that wage rises should not exceed the expected rise in productivity (4%) as far as they did in 1968; and that part of those rises should be in the form of special savings accounts that are blocked for a number of years. The government also announces it will intervene (again) in collective contracts if trade unions and employer' organisations do not heed the limits set by the government (SIB 36, 1968: 12 – 14; SIB 37, 1968: 25 – 33; SIB 43, 1968: 9).
In this year also, negotiations are conducted decentrally, on the level of branches and companies. Trade unions take a tougher stand than in the previous year (SIB 28, 1968: 10; SIB 31, 1968: 21, 22; SIB 40, 1968: 9, 10; SIB 41, 1968: 11, 17-19). Partly the Bill on Wage Formation put before parliament in September 1968 is to blame. And partly because of the decisions by parliament regarding the minimum wage (SIB 36, 1968: 20). Also, trade unions feel that government policy aims at changing the distribution of incomes in favour of company profits. On top of that, the internal pressure from individual branch unions on the national federations to take a tougher stand also mounts increasingly.
Employers' organisations keep fairly quiet. They feel that government policy does not go far enough and fear that the proposed growth of the (semi-) public sector will lead to shortages of capital and, consequently, to reduced investments. They remain set against all forms of wage earner funds and blocked savings accounts (SIB 43, 1968: 6, 7; SIB 46, 1968: 6, 7).
The results of the decentralised negotiations widely exceed the government's wage limits (originally a 6.5% rise in wage costs was forecasted for the whole of 1969, but already in June it is expected to exceed 11%). Consequently, the government repeatedly intervenes in collective contracts. The main issues are the reduction in working hours and wage rises that exceed the government's norms. The government prefers some form of a blocked savings account (SIB 2, 1969: 5, 6, 15; SIB 4, 1969: 2-5; SIB 5, 1969: 16, 17; SIB 20, 1969: 32; SIB 21, 1969: 37; SIB 22, 1969: 12; SIB 25, 1969: 8, 9; van Doorn et al 1976: 278, 289-292; Windmuller et al 1983: 223). To curb inflation (and price compensation in wages), and to accommodate the trade unions by compensating policies, the government institutes a temporary (five month) price stop (SIB 15, 1969: 16-18; SIB 21, 1969: 13; SIB 24, 1969: 11; SIB 34, 1969: 22-24; van Doorn et al 1976: 296).

1969			
Government strategy	IV	I	IV
Trade unions style	A	A	A
Employers' organisations style	B	B	B
Combined style social partners	A	A	A
Outcome	IVA		

Trade unions and employers' organisations conclude decentral contracts that widely exceed the government's proclaimed wage limits. Consequently, government repeatedly intervenes in those contracts.

1970

The government De Jong (KVP, ARP, CHU, VVD) refuses to accommodate the trade unions with regard to their demands for wage earner funds (vermogensaanwasdeling - VAD) and special savings accounts in which pay rises can paid but that are also blocked for a number of years. Notwithstanding the offer by the trade unions to lower their wage demands in return. The government also unilaterally imposes a threshold in the indexation of wages. On the other hand, the government follows the recommendation of the SER that new collective contracts can include a maximum wage rise of 5% plus a 1.5% reduction in working hours and postpones rises in VAT and rents (SIB 36, 1969: 7-11; MEV 1970: 9).
Trade unions demand a real rise in wages of 2%, plus concrete government policies to combat unemployment and increase the number of houses (SIB 24, 1969: 2; SIB 36, 1969: 16). Both trade unions and employers' organisations oppose the rise in VAT, because of the consequences for prices. In response, the government not only postpones the proposed rise in VAT, but also issues a number of other measures to get both parties to exercise moderation with regard to wages. Both the employers' organisations and the government agree that wages may rise some 2.5% in real terms. All in all, the differences between parties are minimal as far as wages are concerned (SIB 36, 1969: 17).
Based on the 14th bi-annual report of the SER, a compromise is reached. In return for indexation of the expected 2.5-3% wage rise to compensate for price rises, the trade unions agree to co-operate in wage moderation (SIB 26, 1969: 2-5; SIB 27, 1969: 20). Decentral negotiations on the branch and company levels proceed smoothly. The government does not interfere in the results in an effort not to worsen relations with the trade unions any further.
Despite the ease with which wage negotiations are concluded, trade unions collide head-on with the government on the issue of the Law on Wage Formation, especially clause 8. According to this clause, government is entitled to intervene in individual collective contracts if and when it deems this necessary. When the Bill is eventually passed, NVV and NKV boycott wage negotiations on the central level in both the SER and the STAR (Windmuller et al 1983: 223 ff.; SIB 38, 1969: 12, 13; SIB 38, 1969: 18-20, 23). Consequently, they refuse to participate in the formulation of recommendations by the SER on the institution of a Committee of Economic Experts (which has to advice the government on decentrally concluded contracts) and on the issue of price indexation of wages. In return, the Minister of Social Affairs, Roolvink (ARP), unilaterally decides to implement a 'threshold' of 3.5% in the price indexation (that means that only when prices have risen 3.5% or more, wages will be indexed accordingly). This leads to a further deterioration of the already very strained relations with the trade unions (van Doorn et al 1976: 345). And although employers' organisations are 'disappointed' that unions seem to take out their grudge against government on the system of negotiations in industry (SIB 38, 1969: 13), in the STAR they support the unions in their refusal to have talks with the government as long as clause 8 is in force (SIB 2, 1970: 17).

1970		
Government strategy	II	IV
Trade unions style	C	C
Employers’ organisations style	C	C
Combined style social partners	C	C
Outcome	IVC	

Negotiations on incomes policy proceed fairly smoothly and result in a bipartite compromise based on the 14th bi-annual report of the SER. The conflict between trade unions and the government is about a part of the new system of negotiations on incomes policy as laid down in the Law on Wage Formation (clause 8). Trade unions refuse to participate in any further negotiations on the central level. They are reluctantly supported by employers’ organisations. In response, the government unilaterally intervenes in the price indexation agreement.

1971

Wage negotiations in 1971 are completely determined by the effects of the so-called '400 guilders wave' of the second half of 1970. This was the result of a number of originally 'wild-cat strikes' that started in the ports of Rotterdam and were eventually taken over by the trade unions (van Doorn et al 1976: 362-373; Windmuller et al 1983: 225/226). The government De Jong (KVP, ARP, CHU, VVD) announces in its 1971 budget that it aims to neutralise the effects of these wage rises by a binding wage measure. However, the SER gives a negative recommendation and the government retracts its plans (SIB 43, 1970: 19). To better the relations with the trade unions, and to (re)start central negotiations, the government also announces it will 'freeze' clause 8 (i.e. will not make use of it) of the Law on Wage Formation (SIB 40, 1970: 16, 17; Windmuller et al 1983: 223).
Following the '400 guilders wave', in November 1970, trade unions and employers' organisations reach agreement in the form of a recommendation by the SER. They agree that, in order to regain a stable economic development, wages should rise slower than productivity (SIB 43, 1970: 2-7). Trade unions, however, insist that price rises should be included, whilst employers' organisations emphatically disagree. Employers are of the opinion that the demand of the trade unions will mean that the targets set in the recommendation of the SER will not be met. They therefore ask the government to exercise its own responsibility in order to achieve the desired wage moderation in 1971 (SIB 44, 1970: 12-16; SIB 45, 1969: 26, 27).
Negotiations between trade unions and employers' organisations break down. In response, in December 1970, the government imposes a binding wage measure for 1971 based on clause 10 of the Law on Wage Formation. The measure is amended by parliament:

- collective contracts as of 11-12-1970 are extended with a six-month period when they expire;
- wage rises, including the '400 guilders wave', in contracts already accepted by the Board of Government Mediators remain untouched;
- a 3% wage rise per 01-01-1971 for contracts expiring on 31-12-1971, plus another 1% on 01-04-1971;
- the same wage rise apply for the longer term contracts when they expire;
- the '400 guilders' are incorporated in wages immediately after expiration of contracts (SIB 45, 1970: 24-26; SIB 46, 1970: 21-23; SIB 47, 1970: 26; STAR 1985: 48, 49).

At the same time, the government imposes a price measure which states that only some specifically named external costs, plus the effects of the '400 guilders wave' may be included in the recalculation of prices. Employers' organisations object strongly to this part of the package, but acknowledge that government, in the face of insufficient guarantees for a necessary restraint in wage rises by organised labour and employers, has its own responsibility. They support the government's wage measure and blame the trade unions and announce they will loyally co-operate with the government and shall not try to undermine its policy by giving in to 'extreme' demands of unions (SIB 40, 1970: 6, 16, 17; SIB 41, 1970: 6, 10-12; SIB 44, 1970: 15, 16; SIB 45, 1970: 27; SIB 48, 1970: 21). The trade unions, however, organise a national strike of one hour on 15 December 1970, just preceding the parliamentary debate on the government's measures (SIB 45, 1970: 27; SIB 46, 1970: 15-18, 23). Despite the governments appeal to trade unions and employers' organisations to co-operate loyally, the trade unions accuse the government of giving in to employers and announce they will not be silenced and will try to redress the government's policy after expiration where ever possible. After expiry of the wage measure they demand wage rises and organise strikes on the branch and company level to press their argument (SIB 45, 1970: 27; SIB 46, 1970: 23). In practice the effect of the wage measure was limited (Windmuller et al 1983: 226/227).

1971				
Government strategy	IV	II	IV	I
Trade unions style	B	B	A	A
Employers' organisations style	B	B	A	A
Combined style social partners	B	B	A	A
Outcome	IA			

The government starts with taking a firm stand on wages. Then retracts its proposed package to give trade unions and employers' organisations a chance to come to an agreement. To facilitate central negotiations, the government 'freezes' clause 8 of the Law on Wage Formation. Central negotiations break down. Then the government breaks the deadlock with its own (binding) policy package. Employers' organisations support the wage measure in that package. Trade unions announce they will try to redress the government's binding wage measure after expiration. And that is what they do. The new government refrains from intervention (see 1972).

1972

The second provisional recommendation of the SER about wage and price policy in June 1971 suggests the introduction of a new system of formulating and implementing incomes policy. In the first recommendation of October 1970, the SER rejected detailed interventions in wages and prices by the government (clause 8). During 1971, following the binding wage measure after the so-called ‘400 guilders wave’, the notion took shape that a binding general wage measure is equally ineffective (clause 10). The SER proposes that an annual report on economic prospects, prepared by independent ‘crown members’ of the SER, will be discussed in the SER. The results of this discussion shall than form the basis on which the respective points of view of trade unions and employers’ organisations in the STAR will be formulated. The key is that prescriptions or instructions are to be replaced by a situation in which trade unions and employers’ organisation mutually try to influence each others demands (van Doorn et al 1976: 428-433).
Based on this report by the SER, the new government Biesheuvel I (KVP, ARP, CHU, VVD, DS70) abolishes the wage measure of the preceding government De Jong (KVP, ARP, CHU, VVD) retroactively (SIB 28, 1971: 2-3, 31; Windmuller et al 1983: 227). The government also announces it will ‘freeze’ (meaning: not to use) clause 8 of the Law on Wage Formation, which makes it possible for government to intervene in negotiated contracts (SIB 34, 1971: 20-25; SIB 28, 1971: 2, 3). Furthermore, the government announces that wage negotiations should take place in complete freedom from government intervention. The government proposes to come to an effective control of inflation by means of ‘broad’ deliberations (that is, with as many of the relevant parties and institutions as possible) (SIB 24, 1971: 11-20; SIB 28, 1971: 32-35; SIB 34, 1971: 2-6, 20; SIB 35, 1971: 5, 6).
The trade unions’ agenda aims at ‘moderation under conditions’, meaning under the conditions that government policies include the necessary (financial) room for public and social services, direct private investments and see to a more just distribution of income by levelling the range between lower and higher incomes (SIB 38, 1971: 28-32). The NVV originally calculates a total combined wage rise of 13.5%, but, as the others, quickly agrees to the maximum of 12%, which the SER Committee of Economic Experts has set (SIB 40, 1971: 2-7). In effect, this implies that the trade unions agree with combating inflation only, and do not demand a real rise of wages. As it turns out, government refuses to meet the conditions set by the unions (SIB 44, 1971: 5; SIB 45, 1971: 15-17; van Doorn et al 1976: 459, 465, 466).
Employers’ organisations reject any rise in incomes in real terms and strictly keep to their agenda that compensation for rising prices should be maximised to 6% to keep in line with the recommended 12% rise in the combined total wage sum as recommended by the SR. However, the rest of the SER does not share their point of view (SIB 38, 1971: 7, 8; SIB 39, 1971, 2, 3; SIB 43, 1971: 2-7; SIB 44, 1971: 5-7). Growing unemployment, which leads them to the point of view that their bargaining position has improved, may have influenced this position (SIB 39, 1971: 4-6; van Doorn et al 1976: 461). This position, combined with their refusal to discuss the conditions mentioned by the trade unions, means that the failure of wage negotiations in the STAR is settled before they have even properly started (SIB 45, 1971: 17, 18; van Doorn et al 1976: 462).
Although negotiations between trade unions and employers’ organisations on the central level break down and ensuing repeated tripartite discussions on socio-economic policies also do not lead to results, the government does not intervene (SIB

35, 1971: 5-7; SIB 39, 1971: 2-6; SIB 41, 1971: 19, 20; SIB 45, 1971: 15-18; SIB 46, 1971: 19-23). Government squarely puts the blame on trade unions and employers' organisations, but refrains from any concrete intervention to start up the process of negotiations again. The government restricts itself to verbal insistence on wage moderation. As a result, both parties claim that the government supports their point of view (SIB 41, 1971: 19, 20; SIB 45, 1971: 17; van Doorn et al 1976: 467). Negotiations continue on the branch and company level, accompanied by strikes. The government clearly does not wish to alienate trade unions and employers' organisations, but to give the new wage setting system a fair chance. The slight economic dip in 1971 may have alleviated their fear for exorbitant wage rises. And in general, the outcome is a combined total wage rise of some 12%, as recommended by the SER's expert committee (van Doorn et al 1976: 499-500).

1972		
Government strategy	II	I
Trade unions style	B	B
Employers' organisations style	A	A
Combined style social partners	A	A
Outcome	IA	

The government goes to great lengths to remove any obstacles in order to get trade unions and employers' organisations to conclude a central agreement. But negotiations break down. The government does not intervene in order not to aggravate relations with especially the trade unions any further. Decentral negotiations are marked by conflicts.

1973

The need to combat inflation leads the government Biesheuvel II (KVP, ARP, CHU, VVD) to urge the trade unions and employers' organisations to conclude a Central Agreement for 1973. In return, government is prepared to implement a comprehensive policy for incomes and prices (SIB 35, 1972: 28-35).
In the 17th bi-annual report of the SER, both trade unions and employers' organisations recommend a social contract between government and 'social partners' to combat inflation (SIB 20, 1972: 2-5). Expectations rise high, but are sorely tested. As a precondition for their participation in an anti-inflation policy, trade unions demand from government an expansion of the (semi-) public sector and a more levelled distribution of incomes, and from employers' organisations a commitment to central agreements, a positive position regarding the unions' demands from government, and facilities for unions on the plant level (SIB 27, 1972: 15-20; SIB 35, 1972: 43-45). Employers' organisations have quite a different view on how to counter inflation. Their preferred policies are a reduction in the growth of both public and private expenditure by reducing wage and price rises to regain competitiveness on the world market (SIB 20, 1972: 20; SIB 23, 1972: 10-14). In response, trade unions announce a package of minimum demands which government and employers' organisation must meet to make a Central Agreement feasible (SIB 42, 1972: 2-7). Within the NVV, the industrial trade union has difficulties with this minimum package, because it is, in their view, restricted to material demands only. When the peak organisations reach a provisional agreement with the employers' organisations, it takes some time to placate them (SIB 41, 1972: 4-7; SIB 42, 1972: 6).
The outgoing government plays a crucial part in the negotiation process. By making concessions to both parties, an agreement is reached (SIB 42, 1972: 10, 11). Employers' organisations initially refuse to sign the official agreement, because government in the mean time has capped prices in a response to a recent price hike. This puts the result of the laborious process of negotiations in jeopardy (SIB 35, 1972: 36; SIB 41, 1972: 8, 9; SIB 44, 1972: 19-22; SIB 45, 29-31). Only after new concessions by the government regarding price calculations (SIB 45, 1972: 32, 33; SIB 46, 1972: 23), employers' organisations agree to sign. The price paragraph of the agreement is put on hold for as long as the government price cap is in force.
This in turn leads the trade unions to demand compensation as well. The government responds by not implementing its original plans for a franchise in the health care insurance and for a 'freeze' of the amount of child allowance for the second child (SIB 41, 1972: 8, 9).
The resulting Central Agreement concluded on 6 December 1972 is a compromise based on major concessions by government to both parties:

- the price index figure in 1973 may exceed the figure of 1972 with a maximum of 3.75%;
- other improvements of terms of employment in 1973, including wages, may not exceed 3.5%;
- wages will be indexed completely, but with a 'threshold' of 0.75%;
- special attention for the position of the lowest paid;
- a step-by-step reduction in working hours that will not jeopardise the rise in productivity; the aim is to achieve the 40-hour working week and a standard of 20 holidays per annum in 1975 (SIB 41, 1972: 8, 9; SIB 42, 1972: 2-7, 10-13; SIB 46, 1972: 23, 24; STAR 1985: 49).

In the manufacturing industry, the implementation frequently leads to big rows (and strikes) between unions and employers' organisations (and between the general trade unions and the unions for higher paid employees who are not (yet) represented in the neo-corporatist institutions on the central level), especially with regard to wage demands in guilders, instead of percentages. More and more, the unions use that device to give lower paid workers a higher raise than higher paid employees (SIB 47, 1972: 10, 11; SIB 5, 1973: 9-12, 14, 21, 22; SIB 6, 1973: 17-20; SIB 9, 1973: 5, 6). As a result, first the NVV, and later also the NKV do not participate any more in the SER and the STAR. Only with great difficulty are relations patched up (SIB 15, 1973: 23-27; SIB 16, 1973: 21-25; SIB 18, 1973: 13-17; STAR 1985: 49). On the whole, the general trade unions are only marginally successful in pressing their demands (Windmuller et al 1983: 229-231).

1973		
Government strategy	II	II
Trade unions style	B	A
Employers' organisations style	B	A
Combined style social partners	B	A
Outcome	IIA	

Although government policy has significantly facilitated the bipartite Central Agreement, implementation leads to conflicts on the branch and company levels.

1974

The original demands of trade unions and employers' organisations are quite far apart: employers refuse any wage rises except compensation for rising prices; trade unions demand that compensation, plus another 2.5%, and a structural rise in the legal minimum wage on top of that. The employers are set dead against any levelling of incomes. The trade unions are in favour. The employers are against a further increase of the (semi-) public sector. The trade unions support the new Den Uyl (PvdA, KVP, ARP, D66, PPR) government's policy platform: a more just distribution of incomes, power and knowledge, and they want a further expansion of the (semi-) public sector (SIB 27, 1973: 26-31; SIB 33, 1973: 3-5).
From the start it is doubtful whether negotiations between unions and employers will result in an agreement. Nevertheless, due to the insistence of the government, parties remain at the negotiating table, and even reach some sort of a provisional agreement:
- 2.5% wage rise (half in a percentage, the other half in guilders);
- price compensation with a 0.3% 'threshold' (for rising taxes), and a minimum of 160 guilders per per cent for incomes up to 35,000 guilders per year (higher incomes receive progressively less price compensation per percent) (SIB 41, 1973: 25-30).

However, the rank and file of the employers' organisations rejects the agreement, especially on the basis of the levelling effect of the agreed price compensation (SIB 41, 1973: 25-31; SIB 42, 1973: 18-20).
Trade unions refuse to continue the negotiations and return to their position at the start of the negotiations. They do maintain the compromise reached on the compensation of price rises in wages (SIB 42, 1973: 18-20).
The government reacts to the outbreak of the oil crisis in 1973 by preparing special emergency legislation (Machtigingswet) which gives government extraordinary powers for a three month period to enforce socio-economic policies to combat the economic effects of the oil crisis and the oil boycott against the Netherlands. The proposed government measures are based on the original Central Agreement that failed (SIB 42, 1973: 39; SIB 43, 1973: 28-34; SIB 1, 1974: 13-15; STAR 1985: 49, 50):
- workers receive a specified wage rise of 45 guilders per month under the duration of the Machtigingswet;
- price indexation, if agreed in contracts, is permitted;
- no special bonuses are allowed, unless specified in contracts, and should in that case not exceed the amount or level of 1973;
- a reduction of working hours is permitted only when agreed to before 01-12-1973, or included in existing contracts;
- as an interim measure, three months after expiry of contracts, a 3% price compensation will be paid, with a 'floor' of at least 150 guilders per per cent.

The trade unions are not dead set against government intervention and do not object to the government's preparations for emergency legislation, although they have a number of conditions: the measures should be temporary, employment must be safeguarded, all income groups must participate, prices must be kept in check, and there must be a 2.5% wage rise (SIB 43, 1973: 28-32; SIB 46, 1973: 36-38). The point of view of employers' organisations is also clear. Although they appreciate the fact that government has devised its policies in close consultation with 'social partners', they strongly object to the government's 'favouritism' towards the unions. And they feel it is wrong that the government uses the failed agreement as a starting

point of policies. They demand support for ailing industries, no reduction in working hours, less costly labour legislation and a general reduction in government expenditure (SIB 43, 1973: 32-34; SIB 44, 1973: 18, 19, 37, 38; SIB 45, 1973: 34-36).
The resulting emergency legislation (SIB 46, 1973: 15-21; SIB 47, 1973: 2-12) takes into account the demands of both parties, without necessarily honouring all. During the parliamentary debate, both parties appeal to parliament (SIB 47, 1973: 38, 39), but after parliamentary approval, they accept the legislation without much murmur (SIB 46, 1973: 36-38).
Under the Machtigingswet's package, during the first three months of 1974 trade unions and employers' organisations are again granted the opportunity to come to an agreement amongst themselves. The government proposes a new package that includes the expenditure of some 2,000 to 2,500 million guilders to facilitate the realisation of a Central Agreement (SIB 11, 1974: 11-13; SIB 12, 1974: 33-34). Again, trade unions and employers' organisations fail to come to an agreement.
As a result, based on the Machtigingswet, government issues a binding wage measure:

- after expiration of contracts wages and other terms of employment are 'frozen' for three months;
- three months after expiration of contracts a wage rise of 15 guilders per month is allowed;
- three moths after expiration of contracts a price compensation of 3% is allowed as an advance payment;
- the advance payment of the 3% price compensation will be at least 37.50 guilders per month and the minimum price compensation will be 160 guilders on an annual basis;
- the price compensation will have a 'threshold' of 0.3%.

In its intervention, government remains quite close to the positions taken by trade unions and employers' organisations during the failed negotiations. Therefore, both parties can and do accept the measures, although employers' organisations are more critical than trade unions (SIB 12, 1974: 32-34; SIB 13, 1974: 20-25; SIB 14, 1974: 15-19; SIB 15, 1974: 10-13).

1974						
Government strategy	II	II	II	IV	II	IV
Trade unions style	A	B	B	B	B	B
Employers' organisations style	A	B	A	B	B	B
Combined style social partners	A	B	A	B	B	B
Outcome	IVB					

Government tries to get trade unions and employers' organisations to strike a deal. Parties conclude an agreement, but that is rejected by the rank and file of one of the parties. Negotiations are in a deadlock. The oil crisis induces the government to implement its own policy package with regard to wages, based on the failed Central Agreement. When parties can again not agree on wages, notwithstanding a government policy package of public expenditure to facilitate negotiations, the government implements a binding wage measure, taking into account the agendas of the other actors. Both parties grudgingly accept this binding wage measure.

1975

To combat inflation, the government Den Uyl (PvdA, KVP, ARP, D66, PPR) aims at the conclusion of a Central Agreement for 1975. The trade unions demand, and are offered, a wage earner fund (VAD) as a pre-condition for agreeing to a Central Agreement (SIB 39, 1974: 26-27), to which employers' organisations strongly object (SIB 38, 1974: 7-8), without, however, rejecting a Central Agreement as such (SIB 39, 1974: 28). The rest of the 3,500 million guilder package of government expenditure proposed is carefully tuned to accommodate both trade unions and employers' organisations. The package aims at boosting production and employment, at an increase in incomes in real terms, and at less inflation (SIB 44, 1974: 2-10):

- a temporarily lower income tax (840 million);
- extra funds for the housing and building sector (915 million);
- an extra 170 million for expenditures by local councils and provinces;
- extra funding to protect and create jobs (200 million);
- extra funding to accommodate demand and supply on the labour market (200 million);
- assorted other measures (1,200 million).

Trade unions and employers' organisations have the same point of view for negotiations: a real increase in wages of 2.5-3% (SIB 26, 1974: 18-21; SIB 40, 1974: 39, 40). They differ in their assessment of price rises (SIB 42, 1974: 24, 25). But the unions also demand some sort of wage earner fund as a precondition for a Central Agreement (SIB 38, 1974: 2-7). The government insists that parties should postpone negotiations, to give government the opportunity to come up with a policy package to make a Central Agreement possible.

When the policy package of 3,500 million guilders is eventually revealed, including the promise of a Bill on wage earner funds (SIB 39, 1974: 26, 27), it does not bring unions and employers' organisations to an agreement, despite all attempts by the government (SIB 44, 1974: 2-10). Differing expectations of economic growth, and the employers' organisations resistance against any form of wage earner funds, are the main stumbling blocks (SIB 39, 1974: 28; SIB 43, 1974: 5-8, 24, 25; SIB 44, 1974: 17). Further elucidation of the government's package also fails to bring the parties to an agreement, despite the relatively minor differences between them. Employers' organisations offer a wage rise of 1.5%, trade unions initially demand 3%, but are later willing to settle for 2%. The breaking point is the levelling character of the price compensation demanded by the trade unions: half as a percentage and the other half in guilders[2] (SIB 38, 1974: 2; SIB 44, 1974: 24, 25; SIB 45, 1974: 2, 6-8, 29; Windmuller et al 1983: 230). The industrial employers' organisation proposes a compromise: a 2% wage rise, provided the unions drop their demands for union facilities on the plant level and the publication of all incomes (SIB 47, 1974: 23). As the retail employers refuse to go along with this proposal, it is eventually dropped and central negotiations break down. The decision on incomes policy is left to government and parliament. Both parties petition parliament, who eventually approves the government's package (SIB 38, 1974: 2-8).

Negotiations are continued on the branch and company level. Government does not intervene in these negotiations for which their policy package serves as the bottom line (SIB 47, 1974: 23-26), notwithstanding the worsening of the economic situation.

[2] Initially, the unions also demanded the wage rise be paid partly as a percentage and partly in guilders (SIB 31, 1974: 9-13).

It does not want to jeopardise its relations with both parties any further, given the strains left by the Machtigingswet applied in 1974. Instead, it keeps topping up its offers: apart from the 3,500 million mentioned above, another 1,000 million of government expenditure is announced (SIB 8, 1975: 15-21).

1975	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

The government's policy package of public expenditure first serves as an attempt to get trade unions and employers' organisations to conclude a central agreement. Negotiations, however, grind to a halt in a deadlock. The subsequently enlarged government's package of public expenditure is nevertheless implemented and serves as the bottom line for decentral negotiations in which government does not intervene.

1976

In 1976, the Den Uyl government ((PvdA, KVP, ARP, D66, PPR) does its utmost to arrive at an agreement with trade unions and employers' organisations for 1976. The government again proposes extra government expenditures up to 3,000 million guilders despite growing budget deficits, to get trade unions and employers' organisations to agree to a Central Agreement:

- VAT increase postponed for 6 months (800 million);
- support for ailing industries (550 million);
- labour market policies (350 million)
- job-creation programmes (400 million)
- social security premiums paid by employers taken over by government via taxes (600 million)
- furthering company investments by fiscal measures (50 million) (SIB 34, 1975: 13-26; 47, 48; SIB 42, 1975: 4).

The agendas of trade unions and employers' organisations differ quite substantially. Employers want real wage costs to lag 2.5% behind productivity. They are also adamantly against any price compensation. Trade unions especially want to preserve price compensation (SIB 38, 1975: 34-36; SIB 39, 1975: 23-25). Therefore, there is no basis for further negotiations on the central level (SIB 41, 1975: 30, 31; SIB 42, 1975: 27-29).

With its policy package to boost the economy, government tries to bring parties to a Central Agreement. However, negotiations between trade unions and employers' organisations break down rapidly, despite several attempts of the government to renew consultations (SIB 41, 1975: 30, 31; SIB 42, 1975: 26-30; SIB 44, 1975: 17-20).

Failing a Central Agreement, government considers a binding wage measure. When sounding out the respective opinions of the parties involved, employers' organisations profess to have 'major', and trade unions even 'insurmountable' objections (Teulings et al 1981: 56-58). Notwithstanding their objections, government decides to use clause 10 of the Law on Wage Formation: a temporary 'freeze' of wages and other terms of employment by extending the duration of collective contracts for a six-month period, excluding the compensation for rising prices. As part of the package the government also 'freezes' the incomes of the professions and high earners. The increase of VAT is postponed, the minimum wage is raised extra, and price rises are capped. Ailing industries receive extra subsidies (SIB 45, 1975: 10-17; STAR 1985: 50). Both employers' organisations and trade unions object to the government's intervention in what should be, in their view, 'free negotiations'.

During the period of the wage freeze, many discussions and negotiations between government, trade unions and employers' organisations take place. The government tries to accommodate the trade unions by announcing it will come with a Bill on the VAD and on a new style Workers' Council (Ondernemingsraad – OR). The government also announces it will delete the infamous clause 8 from the Law on Wage Formation, which gives the government the authority to intervene in individual collective contracts, when deemed necessary. To accommodate employers' organisations, the government promises to come up with Bills enabling a downward adjustment of minimum wages and social security benefits (SIB 14, 1976: 2; SIB 18, 1976: 15; SIB 19, 1976: 74; SIB 22, 1976: 2, 3; SIB 24, 1976: 3-7, 29-33).

Meanwhile, the government is preparing itself for the event that negotiations for the second half of 1976 break down as well. If that is the case, the ‘wage freeze’ will be extended with another six months, including a binding small wage rise as compensation for rising prices (SIB 19, 976: 2, 3; SIB 26, 1976: 28). During the negotiations, the government tries in vain to get trade unions and employers’ organisations to come to an agreement (SIB 25, 1976: 27-30). These cannot agree, not even when the government extends the six-month freeze with another month to give them extra time to conclude their negotiations. Especially the trade unions criticise this extension. As no agreement can be reached, government decides to extend the wage freeze to cover the second half of 1976 as well (SIB 28, 1976: 2-8; SIB 43, 1976: 25; SIB 47, 1976: 4-6). All in all, government policy in 1976 puts quite a strain on relations with both parties. But especially with the trade unions, and more specifically with the FNV, relations have seriously deteriorated (SIB 28, 1976: 17-23; Windmuller et al 1983: 233-235).

1976				
Government strategy	II	IV	II	IV
Trade unions style	A	A	B	B
Employers’ organisations style	A	A	B	B
Combined style social partners	A	A	B	B
Outcome	IVB			

The government tries to facilitate negotiations by introducing a compensatory policy package of public expenditure. However, negotiations break down rapidly and are not resumed despite efforts by the government. Consequently, the government institutes a six-month wage ‘freeze’ and implements its own policy package of public expenditure. Negotiations continue for the period after the wage ‘freeze’. However, negotiations bog down in a deadlock despite all efforts by the government to induce both parties to come to an agreement. Therefore, the government extends the wage ‘freeze’ to cover the rest of 1976 as well.

1977

As a result of both binding wage measures in 1976, relations between the Den Uyl government (PvdA, KVP, ARP, D66, PPR) and the trade unions have reached an all time low. Relations with employers' organisations are strained as well, because of the government's reform programme: wage earner Funds (VAD), Works Councils (OR), rents and land policy (SIB 25, 1976: 22, 23). This has a major impact on the negotiations for 1977. The government decides in advance not to intervene in negotiations between trade unions and employers' organisations (SIB 36, 1976: 32; SIB 40, 1976: 43, 44).
The agendas of trade unions and employers' organisations (again) differ greatly at the end of 1976. Employers still want to end the system of automatic price compensation in wages to keep wage costs below productivity (SIB 18, 1976: 24-30; SIB 43, 1976: 23, 24), and are dead set against the reform programme of the Den Uyl government (see also SIB 3, 1976: 9-12). The trade unions on the other hand, reach the conclusion that the automatic price compensation is their only effective defence against an ineffective government price policy. Nevertheless, they are willing to exclude some price effects from the index, like a rise in VAT (SIB 41, 1976: 3-7). And they support the government's policy programme, which includes a Bill on wage earner Funds (SIB 25, 1976: 20, 21; SIB 45, 1976: 16).
Despite incitements and mediation by the government, accompanied with incentives (lower taxes on wages and profits: SIB 40, 1976: 41, 42), parties are not able to reach a Central Agreement. The main stumbling block is the automatic price compensation. Consequently, negotiations are continued on the branch and company levels (SIB 47, 1976: 13). With the guided incomes policy of 1976 still fresh on everyone's minds, and helped by reasonably good economic prospects, the government does not intervene in these negotiations.
Early 1977 a wave of strikes is organised by the trade unions to defend the system of automatic price compensation. Negotiations on the lower levels grind to a halt completely. The deadlock is broken by active mediation of the government on the central level, at the request of the employers' organisations (SIB 4, 1977: 20, 21; SIB 7, 1977: 14-16; Windmuller et al 1983: 239). In February 1977 parties reach an agreement, the so-called 'Protocol of The Hague' (Haags Protocol). This Protocol is not a detailed Central Agreement, but a basis for further negotiations on the branch and company level. In the Protocol, the demands of the unions are honoured to a large extent. The system of automatic price compensation remains in force that year, and on top of that a wage rise in real terms is agreed. However, trade unions have to agree to a joint study of the whole system of price compensation, and to a joint study on the relation between profits and jobs (SIB 7, 1977: 14-17; SIB 20, 1977: 9; STAR 1985: 50, 51). Based on the Protocol, negotiations on the branch and company levels resume. The government refrains from any direct intervention, but continues with its programme of reform and incentives to prop up collective contracts on the branch and company levels (SIB 5, 1977: 11-13, SIB 7, 1977: 7, 8; SIB 8, 1977: 4-6, 14; SIB 21, 1977: 11; SIB 26, 1977: 21; Windmuller et al 1983: 236, 237).
In the end, trade unions and employers' organisations did not reach agreement on their joint studies (Akkermans 1999: 52-54)

1977			
Government strategy	II	II	II
Trade unions style	B	A	B
Employers’ organisations style	B	A	B
Combined style social partners	B	A	B
Outcome	IIB		

The government facilitates central negotiations between trade unions and employers’ organisations. Central negotiations break down. Negotiations on the decentral level are marked by conflicts over the automatic price compensation. A bipartite Central Agreement, mediated by the government, eventually resolves these conflicts.

1978

Despite the Den Uyl government (PvdA, KVP, ARP, D66, PPR) is outgoing; they actively intervene in negotiations on incomes policy for 1978. Following its involvement in the so-called ‘Protocol of the Hague’ of 1977, both trade unions and employers’ organisations expect a substantial contribution from the government. Government in turn is prepared to come with a policy package of public expenditure of 2,500 million, provided trade unions and employers’ organisations come to a Central Agreement aimed at wage moderation (SIB 40, 1977: 19, 20; SIB 41, 1977: 5, 6; SIB 42, 1977: 3, 4, 15).
Before negotiations even start, the FNV states its support of the policy goals of the government. However, they and the other trade unions do not want to accept a policy of moderation (of wages and government expenditure) for more than one year. There is little confidence in the results of such a policy (SIB 29, 1977: 22).
Employers’ organisations register a large series of complaints against the government’s policy package. Their main objection remains the price compensation, unless more sources of price rises are excluded from the index. On the whole, employers’ organisations feel that the policy package of the government does not sufficiently lower costs for them, despite extra offers by government (SIB 33, 1977: 16-19; SIB 34, 1977:27, 28, 31; SIB, 42, 1977: 14 -18).
The trade unions are strongly opposed to the demand of the employers’ organisations, but remain willing to negotiate. Although their demand for restoration of buying power by means of price compensation is not relinquished, they do not exclude the possibility that some sacrifices will have to be made for a reduction in working hours in order to combat unemployment (SIB 26, 1977: 5, 6; SIB 34, 1977: 27, 28, 30, 31, 36, 37; SIB 36, 1977: 2; SIB 37, 1977: 22, 23; SIB 38, 1977: 9; SIB 41, 1977: 8, 9).
Both parties do agree that the government’s policy package is not sufficient to reach a Central Agreement. Trade unions are indignant at the government’s proposal not to raise wages (SIB 40, 1977: 15; SIB 41, 1977: 5), but blame the employers’ organisations for the failure of the central negotiations (SIB 43, 1977: 24, 30, 31).
Employers’ organisations feel that the package is not sufficient to keep both buying power in tact and enhance the competitiveness of the market sector. They conclude that negotiations will have to be devolved to the branch and company levels. As a consequence, central negotiations break down (SIB 41, 1977: 6; SIB 43, 1977: 20-26).
Due to growing unemployment, the main item in the negotiations on the branch and company level is the unions’ demand for agreements on jobs and job security (Arbeidsplaatsenovereenkomst – APO), in return for moderation of wage demands (including the price compensation) (SIB 43, 1977: 24-26; SIB 3, 1978: 17-19).
Because it is outgoing, the Den Uyl government does not intervene in the ensuing negotiations on the branch and company levels, and neither does the incoming government Van Agt I (CDA, VVD). The new government announces it will honour the policy package devised by the Den Uyl government, and throws in another 50 million to support agreements on jobs and job security concluded on the branch level (the trade unions had demanded 500 million) and an extra 1,000 million to cut costs for employers (SIB 7, 1978: 10, 11; SIB 8, 1978: 24, 25).

1978		
Government strategy	II	II
Trade unions style	A	B
Employers’ organisations style	A	B
Combined style social partners	A	B
Outcome	IIB	

Both governments try in vain to bring trade unions and employers’ organisations to a central agreement by offering compensating policy packages for public expenditure. Both governments refrain from intervention in decentral negotiations.

1979

The policy programme ‘Bestek ‘81’ (Direction ’81) of the government Van Agt I (CDA, VVD) largely determines negotiations on wages and terms of employment for 1979. Because of the worsening economic situation, government plans to cut social security expenditure, health care and wages of civil servants and other (semi-) public sector employees. The government’s aim is to reduce budget deficits and at the same time to increase profitability in the market sector. To win support by the trade unions, the government announces the speedy introduction of the bills regarding the VAD and the OR (SIB 25, 1978: 12-19; Roebroek and Hertogh 1998: 377, 378; Akkermans 1999: 57, 62, 63). Bestek ’81, to a large extent, determines beforehand the room for wage rises. To accommodate the trade unions government pledges to protect the purchasing power of people on minimum wages and benefits, but only if and when the results of negotiations do not exceed the limits set by the government.
Central negotiations break down in a very early stage. Trade unions blame the government: it had nothing to offer (SIB 32, 1978: 23; SIB 42, 1978: 3-9; SIB 43, 1978: 14). Employers are disappointed but stress they were only prepared to strike a cost-effective deal. The government squarely blames the FNV and continues with the implementation of its policy programme (SIB 42, 1978: 6-9; SIB 43, 1978: 7, 8; SIB 45, 1978: 37-39; SIB 3, 1979: 9-11; SIB 24, 1979: 19; SIB 29, 1979: 6).
All trade unions have great difficulties with the government’s policy programme Bestek ’81. They feel that the low-income groups pay for those policies and do not reduce unemployment (SIB 33, 1978: 34-36; SIB 34, 1978: 11-14, 18, 19, 21, 22). The unions are especially indignant at the cuts in social security benefits and wages in the (semi-) public sector which the government announces prior to deliberations on those issues in the SER. Therefore, trade unions decide to counter the government’s policies by including compensatory demands in the negotiations on wages and other terms of employment. They demand compensation for inflation for lower and middle income groups, a reduction in working hours, and agreements on jobs and job security (APO’s). There is, however, a difference between FNV and CNV. The FNV is much more inclined than the CNV to push negotiations to the brink (SIB 34, 1978: 11-14; SIB 37, 1978: 11-13; SIB 38: 1978: 12).
Due to this clash between government and especially the FNV, employers’ organisations can afford to lean back, at the same time, however, insisting that Bestek ’81 should be implemented as quickly and completely as possible (SIB 42, 1978: 3). When central negotiations eventually break down, because the trade unions feel the government package is insufficient, employers’ organisations profess their disappointment and renew their plea for a speedy implementation of Bestek ’81 (SIB 44, 1978: 2).
Both parties then intensely lobby parliament for their demands, but the government succeeds in getting their programme approved without major changes. The final version of Bestek ’81 does include some concessions to the trade unions, but again, these fall far short of what the unions want (SIB 43, 1978: 14, 15; SIB 44, 1978: 2, 7).
Renewed attempts by the government to get parties to conclude a Central Agreement by offering a policy package of public expenditure of 770 million fail as well, because the FNV feels that both the offer of the government and the response of the employers’ organisations beforehand reject all their demands. The CNV, habitually, takes a more positive stance towards negotiations and deliberations between parties and the government (SIB 45, 1978: 37-39; SIB 1, 1979: 11-14; SIB 3, 1979: 9-11).

During the ensuing negotiations on the branch and company levels, only the FNV demands a wage rise above inflation. Half of the workforce receives a modest wage rise on top of the price compensation. In all contracts the number of holidays increases with one or two days. Total wage costs increase with some 6.5%. Government does not intervene in the outcome of the negotiations (Windmuller et al 1983: 241-243; SIB 2, 1979: 4-6). On the central level, talks about extra employment policies, based on Bestek '81, continue (SIB 4, 1979: 22; SIB 5, 1979: 7, 13, 17; SIB 8, 1979: 8; SIB 9, 1979: 17). A joint report of a tripartite working party is, however, in the final instance rejected by the FNV, who in turn come with their own report (SIB 32, 1979: 14, 15; SIB 33, 1979: 17, 18; SIB 34, 1979: 24; SIB 35, 1979: 16).

1979				
Government strategy	IV	II	IV	II
Trade unions style	A	A	A	A
Employers' organisations style	B	B	B	B
Combined style social partners	A	A	A	A
Outcome	IIA			

The government determines beforehand the room for wage rises. At the same time, the government's policy package to facilitate negotiations does include incentives for especially the trade unions to entice them to conclude a central agreement. These incentives, however, fall far short of the unions' demands. The subsequently enlarged government's policy package with extra public expenditure equally fails to bring trade unions and employers' organisations to a central agreement. The enlarged policy package is the framework in which decentral negotiations take place. Government does not intervene in the outcome of these negotiations.

1980

Wage negotiations for 1980 are completely dominated by the effects of the second oil crisis of 1979. Trade unions, especially the FNV, make every effort to get central negotiations going. Finally, they issue a concrete demand of a wage rise of 2% above the price compensation (SIB 37, 1979: 21, 22; SIB 38, 1979: 10, 11). Only then, do employers' organisations take up a clear position (SIB 38, 1979: 12). They regard this demand as 'a slap in the face' as it means a rise in total wage costs of 5%. If unions stick to their demands, employers' organisations announce, they will not negotiate. As the government has announced tax cuts, they feel that any demand above a 0.5% wage rise is unfounded. Employers feel that the unions' demands with respect to both wages and a reduction of working hours miss their mark: keeping buying power in tact and reducing unemployment (SIB 39, 1979: 5).
The Van Agt I government (CDA, VVD) then intervenes with an incomes policy proposal based on wage moderation: price compensation plus 0.5% (SIB 37, 1979: 25).
The FNV counters with a demand for price compensation plus 1%. With this demand employers can agree. However, negotiations break down on a condition of the FNV: an extra payment between 0 and 1% for dirty, dangerous, and disagreeable jobs (SIB 40, 1979: 5, 6; STAR 1985: 52). This became the so-called 'nearly-agreement' (bijna-accoord) of 1980, which was (all but) concluded, partly thanks to government intervention (see also Akkermans 1999: 67, 72-83, 88 on the internal ramifications on the FNV of this 'nearly-agreement').
Early January 1980, the new economic forecasts of the effects of the second oil crisis become public (SIB 1, 1980: 49, 50). In response, government asks both parties to agree to a four-month wage pause, to gain time to devise a policy adjustment and to try and get both parties to a Central Agreement after all. Both parties refuse, and the government imposes a two-month 'freeze' of wages and other terms of employment, excluding the price compensation. In this 'wage pause' of two months the government will decide on appropriate measures to counter the economic downturn. Trade unions and employers' organisations are asked to refrain from general wage rises and to reduce price compensations as well. In return, the government offers a tax cut to protect the purchasing power of people living on minimum wages and social security benefits (SIB 34, 1979: 39; SIB 37, 1979: 25; SIB 38, 1979: 7-9; SIB 2, 1980: 9-20; SIB 7, 1980: 7-11).
Trade unions and employers' organisations eventually fail to reach an agreement, be it amongst themselves or with the government, even after an extension of the 'wage pause' with another month, and repeated threats by the government that it will ask for an extension of its regulatory powers under the Law on Wage Formation and impose a binding wage measure if no Central Agreement is reached (SIB 33, 1979: 29-31; SIB 38, 1979: 7-9; SIB 40, 1979: 5, 6; SIB 4, 1980: 9, 10; SIB 6, 1980: 14, 15, 24-26; SIB 7, 1980: 16, 17).
Consequently, and despite strikes organised by the FNV against the proposed extension of the governments powers (SIB 2, 1980: 14; SIB 4, 1980: 8, 9; SIB 8, 1980: 5-20; SIB 9, 1980: 18, 19), the government imposes a binding wage measure: no real wage increase is allowed and the price compensation is reduced by paying a set amount of 26 guilders per month to all (SIB 7, 1980: 7; Windmuller et al 1983: 245/246). This intervention is followed by extra budget cuts to keep the deficit under 6% (SIB 6, 1980: 16-20; SIB 7, 1980: 7-13; STAR 1985: 52).

Both employers' organisations and trade unions thoroughly disagree with the government's intervention policy, be it from a different perspective. They do agree on 'free' negotiations, without continuous government interference, but disagree on the contents of the government's policy. Employers' organisations feel the government does not go far enough, the FNV feel the government goes much too far. The CNV's position is between the FNV and the employers' organisations (SIB 6, 1980: 26-30). The government in turn, feels that parties can not guarantee that free negotiations will not lead to excessive wage rises, which in turn, through all linking mechanisms between the market and the (semi-) public sector, will lead to even greater budget deficits (SIB 5, 1980: 9).

1980					
Government strategy	II	III	IV	II	IV
Trade unions style	B	B	B	B	B
Employers' organisations style	B	B	B	B	B
Combined style social partners	B	B	B	B	B
Outcome	IVB				

First the government facilitates central negotiations by announcing tax cuts. When negotiations break down, government tries to get them going again by an incomes policy proposal that almost succeeds in getting trade unions and employers' organisations to come to a central agreement. Then the effects of the second oil crisis begin to become clear, and government asks both parties to agree voluntarily to a wage pause. As parties refuse, the government institutes a binding wage pause. As trade unions and employers' organisations still cannot come to an agreement, despite incentives offered by the government, the government finally imposes a binding wage measure. The binding wage measure is heavily opposed by both trade unions and employers' organisations.

1981

In 1981, driven by the steadily worsening economic situation, the Van Agt I government (CDA, VVD) again sets limits to wage negotiations. No binding wage measure will be imposed, if the rise of combined total wages remains below 8%. Moreover, government is prepared to accept a higher budget deficit and offers 500 million to combat unemployment for every per cent that combined total wages rise less than 8% (SIB 24, 1980: 3-6; SIB 25, 1980: 7-9). If, however, trade unions and employers' organisations cannot reach an agreement, the price compensation or the holiday allowance will be capped (SIB 28, 1980: 3, 4).

Again, government urges trade unions and employers' organisations to reach a Central Agreement to exercise wage restraint. To make that possible, the government proposes a policy package of public expenditure (SIB 25, 1980: 7-9; SIB 29, 1980: 17, 18; SIB 32, 1980: 24, 25). The package is, however, rejected by the FNV, because it falls far short of the goals set by the FNV: a clear and working employment policy, the targeted use of natural gas revenues for investment and jobs, and a more fair distribution of the proposed income reductions. In addition, the reductions in the price compensation by reducing its index and the cuts in holiday allowances are non-negotiable for the FNV (SIB 24, 1980: 6; SIB 27, 1980: 11; SIB 29, 1980: 6, 7). For the CNV, the reduction of the price compensation is negotiable, if that money, plus the natural gas revenues, is put into a National Fund for Employment that is to promote investments that provide jobs (SIB 26, 1980: 17, 18; SIB 27, 1980: 11).

Employers' organisations, however, support the government's policies. Their main criticism regards the high level of the budget deficit and insufficient cuts in public expenditure. They do agree with the reduction of the price compensation (SIB 27, 1980: 10, 11; SIB 29, 1980: 7).

During negotiations employers' organisations hold back and do not respond to advances by the trade unions. Instead, they ask the government to implement its projected policy of wage restraint (SIB 30, 1980: 4, 5). The differences between both parties do not pertain as much to the amounts involved in the requested moderation, but rather to the distribution over the different income groups, and the effects on employment and profitability.

When negotiations do break down, government responds with a partial wage measure, based on its previous policy proposals, which affects both new and existing contracts. The price compensation is reduced by 2%, and the holiday allowance with 0.5%. Existing 'floors' in holiday allowances are not to be increased, and the allowances are capped at a maximum of 433.33 guilders per month. The aim is a rise of combined total wages of 4 to 5%. In exchange, taxes are cut as well. The government's package does leave some room for extra payments for dirty, dangerous and disagreeable jobs, but the government immediately warns that 'excessive' wage rises will not be tolerated, that is, will lead to an encompassing wage measure (KHA 1980: 675, 698, 707, 775; SIB 32, 1980: 24-26; SIB 34, 1980: 7, 8; SIB 2, 1981: 42, 43; STAR 1985: 53). Trade unions express their disappointment; especially because existing contracts are broken open (SIB 32, 1980: 26). Employers' organisations feel that the government's intervention is inevitable, because of failing government policy. As long as the government does not solve the problems in the (semi-) public sector, the only way out is to restrain the (parties in the) market sector (SIB 34, 1980: 9-11).

Early 1981, notwithstanding their disagreements on incomes policy, talks between employers' organisations and trade unions on employment and labour market policies continue in the STAR. These talks result in an understanding between trade unions and employers' organisations on three points: to further employment, to redistribute existing employment, and to improve the operation of the labour market. This understanding forms the basis for a series of recommendations for decentralised negotiations on the branch and company levels. On the central level, two working parties are installed to devise policies on employment and on bottlenecks in the labour market (SIB 2, 1981: 36, 37; SIB 3, 1981: 63-65; SIB 4, 1981: 84, 85; SIB 6, 1981: 145-147; STAR 1985: 53).

1981		
Government strategy	III	IV
Trade unions style	A	A
Employers' organisations style	A	A
Combined style social partners	A	A
Outcome	IVA	

The government proposes a policy package of public expenditure to get trade unions and employers' organisations to conclude a central agreement on incomes policy. The package is rejected by trade unions. In response, employers' organisations refuse to negotiate. Consequently, the government imposes its own incomes policy package on trade unions and employers' organisations.
On the issue of employment, trade unions and employers organisations manage to come to an understanding on their own. This understanding forms the basis for decentral negotiations.

1982

Before and in 1982, three governments are involved in wage negotiations: the government Van Agt I (CDA, VVD), Van Agt II (CDA, PvdA, D66) and Van Agt III (CDA, D66). The first Van Agt government continues with Bestek '81: wage moderation and cuts in social security benefits, health care, and wages of civil servants and other (semi-) public sector employees, to prop up company profits and reduce rising budget deficits (SIB 19, 1981: 465).
The Van Agt II government proposes a dual policy package: reduction of the growing budget deficit by continuation of cuts in government expenditure, accompanied by a job creation policy (SIB 24, 1981: 578-79; SIB 25, 1981: 603; SIB 5, 1982: 100, 101). When parties cannot conclude a Central Agreement, government intervenes with a partial wage measure (SIB 25, 1981: 600, 601). Although the government in principle agrees to the contractual freedom of trade unions and employers' organisations, it reserves the right to intervene when deemed necessary, but with a minimum of force, hence the 'partial' wage measure:

- a maximum of 46.50 guilders in compensation for each per cent price rise;
- holiday allowances are again cut with 0.5% and remain capped at 433.33 per month;
- existing 'floors' in holiday allowances may, however, be increased with 5% (SIB 3, 1982: 49, 50; STAR 1985: 54).

The second Van Agt government has a very bad relation with both the trade unions (because of its proposals to reduce payments during sick leave (SIB 1, 1982: 7; SIB 5, 1982: 98, 99; SIB 6, 1982: 119, 120)) and the employers' organisations (due to the levelling effect of capping and reducing the price compensation and the holiday allowance). Due to internal disagreement over the policy of job creation between the PvdA on the one hand, and the CDA and D66 on the other, the government expires after six months (Windmuller et al 1983: 250-51; Roebroek and Hertogh 1998: 379).
The minority government Van Agt III continues the original policy of the Van Agt I government: further wage moderation and budget cuts. For the first time, social security benefits are cut as well (SIB 11, 1982: 241, 242). The government's main task, however, is to organise elections. The partial wage measure remains in force.
Although both trade unions and employers' organisations agree that economic growth is necessary, their opinions on the policy measures required to achieve that goal are wide apart. Both parties object to the package the new Van Agt II government proposes for the realisation of an agreement. Trade unions fear too much moderation and employers' organisations too little budget cuts. Within a matter of weeks, negotiations have broken down and the government announces a partial wage measure. Both parties protest to this intervention, individually and as the STAR. Their main objections are that the intervention does away with contractual freedom, and that it is not in the interest of economic growth. The parties differ on the proposed corrections of the distribution of measures over higher and lower income groups. The trade unions feel that the proposed distribution remains unfair to the lower paid; the employers' organisations are against any kind of 'levelling' measures (Windmuller et al 1983: 250, 251; KHA 1982: 104-108; SIB 25, 1981: 600-602).
Parallel to the wage negotiations, the co-operation between both parties on employment, working hours and the operation of the labour market continues. The two working parties formed in 1981 issue reports which act as a series of recommendations to parties for decentralised negotiations on the branch and company level on issues like part time work, early retirement, job creation,

education, labour exchange, et cetera (SIB 23, 1981: 552; SIB 24, 1981: 572-575). Attempts by the Van Agt II government to prop up this co-operation by issuing an employment package founder on the internal disagreement within the government between the PvdA on the one hand, and the CDA and D66 on the other (SIB 4, 1982: 84; SIB 5, 1982: 100-102; Windmuller et al 1983: 250-51).

1982			
Government strategy	I	II	IV
Trade unions style	B	B	B
Employers' organisations style	B	B	B
Combined style social partners	B	B	B
Outcome	IVB		

On the issue of incomes policy, the various governments pursue their own course, as trade unions and employers' organisations cannot come to an agreement. On the employment issue, parties intensify their co-operation, both on the central and the decentral level.

1983

The outgoing minority government Van Agt III (CDA, D66) proposes a tough budget for 1983. The aim is to prevent government finances getting out of control completely. The expected budget deficit over 1982 will be above 10%. Therefore, the government plans some 13,000 million guilders in budget cuts in 1983 by ‘freezing’ social security benefits and salaries in the (semi-) public sector on their July 1st, 1982 levels. And even then the expected deficit for 1983 will reach 12%. Trade unions and employers’ organisations are asked to comply and to exercise a 2% wage moderation, that is, inflation minus 2%. If not, government will intervene to make sure its budget policy is not undermined by agreements between unions and employers. In return, government is prepared to hold the financial finalisation of the budget until after consultations with the STAR over wages and other terms of employment for 1983 (SIB 15, 1982: 329; Roebroek and Hertogh 1998: 379-80).
On 28 October 1982 CDA and VVD reach an agreement over a government policy platform for 1984-1986. This opens the way for the formation of the Lubbers I government. The 1983 budget is largely taken over from the outgoing government. For 1984-1986, the new government proposes wage moderation for the market sector of 2% per year (inflation minus 2%). The (semi-) public sector will face cuts of some 12,000 million guilders in total. Half of this amount is achieved by cutting social security benefits and wages and other terms of employment in the (semi-) public sector. The other half will come out of other government expenditure. Special measures to spare the lowest paid workers are made conditional on the results of consultation with and between trade unions and employers’ organisations (Nederlandse Staatscourant 28-10-1982; Visser and Hemerijck 1997: 100).
The agenda of the trade unions differs radically from the proposed government policies. For both the FNV and the CNV jobs are the main issue. They accept that in view of the severe economic problems income for workers cannot be maintained. FNV and CNV reject, however, that cutting wages only can solve the problems. In their view, that will only increase unemployment as a result of declining internal demand. Instead they argue for a comprehensive policy agreement between the government, the trade unions and the employers’ organisations. The core of that agreement should be an exchange between price compensation and jobs, by a reduction in working hours. The trade unions reject the proposed cuts in the (semi-) public sector. They want to preserve all existing linkages between the market and the (semi-) public sector (SIB 8, 1982: 166, 167; SIB 14, 1982: 307; SIB 15, 1982: 328, 329).
The employers’ organisations on the other hand see the proposed budget for 1983 as only the first step in a programme of even more cuts in the (semi-) public sector to get government finances in balance again. They argue for free negotiations on the decentral level of branches and industries, and reject a comprehensive central package like the unions propose. Only the retail organisations protest against the announced government cuts for fear of reduced internal demand (SIB 15, 1982: 328, 329).
Both trade unions and employers’ organisations agree, however, that further direct government intervention in wages and other terms of employment is undesirable (SIB 15, 1982: 328).
The incoming government Lubbers I puts pressure on trade unions and employers’ organisations by announcing that its government declaration in parliament will include yet again an intervention in wages and other terms of employment (see also

Jones 1999; Andeweg 2000: 706). This induces Van Veen, chairman of the STAR for the employers' organisations, to persuade Kok, chairman of the STAR for the trade unions, to come to an agreement, the so-called 'Akkoord van Wassenaar' of 19 and 24 November 1982, to keep government out of the market sector. Trade unions agree to suspension of the price indexation in 1983 and 1984, and employers agree to a reduction in working hours and the creation of part time jobs in order to redistribute employment. Both acknowledge that in the end it is the profitability and competitiveness of Dutch companies that are the reference points for negotiations. The 'Wassenaar Agreement' is not a Central Agreement with detailed clauses, but a 'recommendation' to parties on the branch and industry level to 'break open' existing contracts in order to effect an exchange of price compensation for a reduction in working hours[3]. In essence, the agreement is the first step of decentralisation of wage negotiations in the market sector (SIB 6, 1985: 114). On the central level, actors start working parties on the redistribution of employment and on youth unemployment (SIB 16, 1982: 353, 354; van Bottenburg 1995: 192-197; SIB 5, 1995: 10-13; SIB 12, 1997: 3-9; Kuipers 1998: 15-21; Bruggeman and Camijn 1999: 265-271; STAR 1985: 54, 55; Visser and Hemerijck 1997: 81, 82; Visser 1999: 288; Hemerijck and Visser 1999: 129-131; Hemerijck 2002: 231-232).
The Wassenaar Agreement regards the market sector. In response to the agreement, the government drops the proposed wage measure from its government declaration on 22 November 1982, but announces even greater cuts in the (semi-) public sector. Instead of 12,000 million over the whole period 1984-1986, it will be 7,000 million annually over those three years, or 21,000 million in toto. And for 1983, on top of the 13,000 million already in the budget, another 1,200 million is added. Reduction of the budget deficit and deregulation of social security legislation to achieve a more flexible job market are the two main points of the government's policy platform (SIB 16, 1982: 359). Strongly opposed by the trade unions, the government introduces the necessary legislation to 'freeze' social security benefits, the minimum wage and wages in the (semi-) public sector. In effect, the (semi-) public sector is de-linked from the market sector (SIB 16, 1982: 359; SIB 17, 1982: 386, 387; Visser and Hemerijck 1997: 101; Akkermans 1999: 38).
In the market sector, the agreement is a great success, initially. On January 18, 1983 more than 75% of workers under collective contracts have their price compensation suspended pending negotiations over where and how to use that money. But not all renegotiations succeed (SIB 1, 1983: 19). The government therefore announces that it will intervene with binding measures if unions and employers fail to agree on a reduction in working hours. Both parties oppose the possibility of intervention (SIB 2, 1983: 49-51). But under pressure of the government, trade unions and employers' organisations on the branch and industry level succeed in reaching more agreements. In April 1983, some two-thirds of workers under collective contracts have their price compensation exchanged for a reduction in working hours, usually in the form of early retirement and more holidays. The collective contracts to this effect are usually for a period of up to two years. They end January 1st, 1985 or after (SIB 9, 1984: 202). About one-third of the workforce eventually receives their price compensation in cash as no deals could be concluded. Trade unions and employers' organisations are content with these results, and so is the government, who refrains from intervention (SIB 4, 1983: 97; SIB 5, 1983: 126, 127).

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[3] The official title of the agreement is 'Centrale aanbevelingen inzake aspecten van een werkgelegenheidsbeleid' which translates roughly as 'Central recommendations with regard to aspects of an employment policy'.

The government, in the mean time, continues and intensifies its programme of budget cuts by announcing a reduction of the minimum wage for the under-23, a reduction of social security benefits with 2%, and a capping of the holiday allowance for (semi-) public sector employees (SIB 3, 1983: 69, 70; SIB 4, 1983: 98; Roebroek and Hertogh 1998: 384-85).

1983					
Government strategy	III	IV	I	IV	I
Trade unions style	C	B	C	B	C
Employers’ organisations style	A	C	C	B	C
Combined style social partners	A	B	C	B	C
Outcome	IC				

Under strong pressure from the incoming government, trade unions and employers’ organisations succeed in striking a deal. The bipartite ‘Wassenaar Agreement’ is an exchange of the automatic price compensation for a reduction in working hours and the creation of part time jobs. Part of the agreement is the continuation of studies and working parties on employment issues. As decentral negotiations on the exchange proceed too slowly to the government’s liking, the government threatens to intervene with a binding measure. This induces trade unions and employers’ organisations to conclude more decentral agreements.

Government policy is targeted on the reduction of the budget deficit by delinking the market and the (semi-) public sector and cutting benefits and wages in the (semi-public) sector. The proposed cuts are not implemented in 1983.

1984

The Lubbers I (CDA-VVD) government's original policy proposals for a 2% cut in minimum wages and social security benefits in October 1982 (see 1983) are shelved. Instead, in May and August 1983, the government seeks official advice by the SER on a new policy proposal for 1984. The new proposal includes:

- no indexation of minimum wages and social security benefits in 1984 (as is prescribed by law);
- a 3.5% cut of all social security benefits and the legal minimum wage as of 1 January 1984;
- a reduction of social security benefits from 80 to 70% of last earned wages (SIB 5, 1983: 113-117; SIB 9, 1983: 197).

In line with these cuts, the salaries of civil servants and other (semi-) public sector employees will also be cut by 3.5% on January 1st, 1984.
The proposals are included in the 1984 budget that aims at a reduction of government spending with some 10,600 million guilders in 1984, including a 2,000 million guilder reduction in costs for employers (SIB 7, 1983: 170; SIB 9, 1983: 205).
Trade unions are opposed to these cuts. They argue that the people hardest hit by the recession will carry the brunt of the budget cuts. Instead, unions propose a lower cut in incomes for everyone, plus an employment programme to combat unemployment, even if that means a higher budget deficit in 1984. They announce actions against the government's 1984 budget (SIB 4, 1983: 98; SIB 6, 1983: 143, 144, 150; SIB 7, 1983: 170; SIB 9, 1983: 205, 206; SIB 10, 1983: 236, 241).
The employers' organisations on the other hand, advocate even tougher cuts and changes in the social security system. They feel that government is not going far enough (SIB 6, 1983: 143). As to the 1984 budget, employers support the government. If the budget is implemented completely, 1984 will be the first year in which public spending and the budget deficit will not rise. The announced reduction in costs for employers in the market sector is welcomed as well (SIB 7, 1983: 170; SIB 9, 1983: 206).
In October 1983, a majority in parliament approves the proposed budget (SIB 10, 1983: 236).
Consultations between the government, trade unions and employers' organisations in the STAR in October and November 1983 do not lead to agreement. Trade unions organise the largest strikes and other actions by (semi-) public sector employees and civil servants since 1945. Government acknowledges that the difference in treatment of (semi-) public sector employees and civil servants compared to workers in the market sector is a problem. In the market sector no wage cuts are implemented, but instead an exchange between price indexation and a reduction in working hours was effected in 1983. However, as trade unions and employers' organisations are not prepared to 'break open' existing collective contracts in the market sector to effect comparable cuts in wages in return for a further reduction in working hours, there is little the government can do to amend this. The trade unions' alternative plans are not acceptable for the government, as they would increase the budget deficit. Employers' associations support the government. In a gesture to the trade unions, the 3.5% cut in wages and benefits in the (semi-) public sector is reduced to 3%, and social security premiums paid by employees are reduced with 1.3% (SIB 10, 1983: 236, 237; SIB 11, 1983: 257-271; STAR 1985: 56, 57; Akkermans 1999: 108-112).
This difference between trade unions and employers' organisations is reflected in the divided recommendation by the SER on the proposed cuts and other changes in the

social security benefit system: trade unions advise against, employers in favour (SIB 10, 1983: 213-218).

The agreement between government and employers' organisations on this issue induces the trade unions to step up their actions. The FNV also temporarily stops its participation in all national advisory bodies until the law countering the 1984 budget has been officially effectuated (SIB 12, 1983: 289, 290). This is the case early December 1983. All actions then cease officially. But the FNV threatens to end its participation in the SER permanently, unless government is prepared to have meaningful consultations, including a discussion of alternative proposals, for future years. Duly, government states that it is well prepared to do so and seeks to include social partners in its deliberations from an early stage. In response, the FNV returns to the SER (SIB 12, 1983: 288, 289; SIB 1, 1984: 12).

In January 1984, government starts a round of separate consultations with trade unions and employers' organisations. On the agenda are the announced cuts in social security benefits from 80 to 70% of last earned wages. Employers' organisations fear extra costs will result from these cuts, because in practice, through collective contracts, benefits are usually - at least temporarily - increased from 80 to 100% of last earnings. Without any accompanying legislation these proposed cuts will effectively mean higher costs for employers. Trade unions on the other hand remain dead set against the proposed cuts. As a result, in March 1984 the SER again delivers a divided recommendation on the proposed cuts in social security benefits as of 1 July 1984: employers are in favour, despite their misgivings on costs, and trade unions are against (SIB 2, 1984: 44).

Nevertheless, government decides to postpone its original plan to reduce benefits from 80 to 70% of last earned wages in 1984. Instead, for 1984 a few less drastic cuts are proposed, plus some changes in the system of bookkeeping of social security funds. This policy change, however, does not pacify trade unions. Employers' organisations still prefer the original plan. But in June 1984, a majority in parliament approves the government's change in policy (SIB 4, 1984: 96; SIB 6, 1984: 159).

As most collective contracts (re)negotiated and concluded in 1983 cover 1984 as well, negotiations in branches and industries in the market sector are minimal.

1984	
Government strategy	I
Trade unions style	C
Employers' organisations style	C
Combined style social partners	C
Outcome	IC

Incomes policy in the market sector is determined by the bipartite Central Agreement and ensuing collective contracts struck in 1983 that cover 1984 as well. Incomes policy in the (semi-) public sector is determined by the government's new policy package that is implemented against heavy opposition by the trade unions.

1985[4]

Agendas and consultations for 1985 are influenced by the April 1984 recommendation of the SER on mid-term socio-economic policy: ‘economic growth and combating unemployment in a comprehensive policy’, both with respect to content and with respect to the organisation of consultations.
Trade unions and employers’ organisations agree on the general goals of the policy: a recovery of the market sector, a reduction of public spending in relation to market income to provide for growth in the market sector, a reduction of the budget deficit, and a continuation of the redistribution of employment. They disagree, however, on ways and means and timetables to reach these goals. Employers’ organisations want a continuation of the reduction of public spending to reduce the budget deficit and costs for employers. In order to reach that goal, incomes in the (semi-) public sector should lag behind those in the market sector.
Trade unions fear for growing unemployment as a result of reduced government spending and cuts in (semi-) public sector incomes. They argue for solidarity between (semi-) public sector and market sector. And they propose to use the announced reduction in costs for employers to create employment. To this end they are prepared to wait with a major reduction in the budget deficit until the economy has sufficiently recovered.
The recommendation of the SER also proposes a reorganisation of consultations between government, trade unions and employers’ organisations. In the beginning of each year, the so-called *spring consultation* should be used to sound out the ideas for next year’s socio-economic policies, in preparation for the coming budget in September. In the *autumn consultation*, government and social partners then can co-ordinate their policies for the coming year (SIB 4, 1984: 65-70). The new system was immediately put in action.

Spring consultation
The Lubbers I (CDA, VVD) government announces it will continue with the implementation of its original policy platform of reducing public spending and the budget deficit. With regard to the projected annual reduction in costs for employers, government is prepared to use that money to support the negotiations between employers’ organisations and trade unions on wages and other terms of employment, but only if and when that may lead to a further reduction in working hours, instead of an increase in wages. If that goal is achieved, government will also reduce working hours in the (semi-) public sector.
Trade unions argue for fewer cuts in public spending to preserve employment in the internal sector of the economy, and propose to use the reduction in costs for employers for investments in the internal sector of the economy in order to boost employment.
Employers’ organisations urge the government to continue its policies to reduce public spending and the budget deficit, but to increase the proposed reduction of

[4] In 1985, new legislation effectively ended any existing links between the market and the (semi-) public sector with regard to wages. Within the (semi-) public sector, trade unions and employers’ organisations are “free to negotiate wages (…) but within limits set by the Cabinet”. In continuous consultations with trade unions, “eight sectoral bargaining jurisdictions” are introduced in 1993, regarding “central government, local government, police, education”, (health) care, social services, and the like (Visser and Hemerijck 1997: 101-102).

costs for employers in 1985, and not to use that money for other purposes (SIB 5, 1984: 117, 118)

Agendas

The government's agenda for 1985 has two priorities: a further reduction in working hours (instead of higher wages) in the market sector, and a continuation of the cuts in the minimum wage and in social security benefits. In 1985, the minimum wage and social security benefits will again not be indexed for higher prices. And the level of benefits will be reduced from 80 tot 70% of last earned wages as of January 1st, 1985. By introducing tax reductions, the buying power of the lowest paid and the people on benefits will be more or less maintained. Employers will receive a reduction in costs of some 1,500 million guilders (SIB 9, 1984: 202, 203,210, 211; SIB 10, 1984: 245; SIB 11, 1984: 254).

The trade unions' agenda for 1985 gives priority to a combination of maintaining buying power of workers and getting a further reduction in working hours. A 36-hour working week in 1986 is the ultimate goal. The FNV threatens to 'seize' the proposed reduction in costs for employers as well, if government continues its plans to reduce benefits as of January 1st, 1985 (SIB 10, 1984: 243-245; SIB 11, 1984: 269). All trade unions criticise the government's 1985 budget for undermining solidarity between workers in the market sector and in the (semi-) public sector, and between people on wages and people on benefits. In their view the budget is also one-sidedly aimed at a reduction in costs for employers and a reduction in government expenditure. Both of which have a negative bearing on employment (SIB 8, 1984: 190; SIB 9, 1984: 211, 212).

The agenda of employers' organisations for 1985 includes:

- no general collective increase in wages, but a continuation of wage moderation;
- no general collective reduction in working hours;
- special attention for employment measures aimed at young people (SIB 12, 1984: 290).

Employers' organisations are in favour of the government's 1985 budget with respect to the reduction of spending and of the deficit. However, they feel the proposed reduction of costs for employers is both too low and in fact not a reduction at all, due to some of the other government's proposals. These include a reduction of reserves of social security funds, which have been accumulated over the years by contributions from employers. Also the proposed reduction of social security benefits from 80 to 70% of last earnings will have to be 'repaired' by employers through collective contracts which up the legal percentages to 100% of last earned wages. Both these policies will effectively cost employers more than they will get in the form of cost reductions. This aspect of government policy is not helpful in restoring company profitability (SIB 9, 1984: 214, 215; SIB 10, 1984: 244, 245).

Outcome

The SER advises almost unanimously against reducing paid sick leave from 80 to 70% of last earned wages, as that will jeopardise negotiations over the restoration of profitability and the redistribution of paid work (SIB 10, 1984: 217-219). The SER is evenly split between trade unions and employers' organisations with respect to the government's proposal not to index the minimum wage and social security benefits. Employers are in favour; trade unions oppose the proposal (SIB 10, 1984: 219-223). During the *autumn consultation*, the government announces it will implement its budget in 1985, as a majority in parliament has now approved it. Trade unions

reiterate their objections and employers' organisations their support (except with respect to the proposed reduction in costs for them). As no tripartite agreement can be reached, negotiations for 1985 are referred to trade unions and employers' organisations on the level of branches, industries and firms (SIB 10, 1984: 214).
The FNV continues its actions and demonstrations against the government's proposed budget for 1985 (SIB 11, 1984: 270), and, together with the CNV, announce that they will try to redress the effect of the government's cuts in the minimum wage and benefits in the collective contracts. Trade unions want a further reduction in working hours as well.
Employers complain that this is a violation of the 1982 Wassenaar Agreement for 1983. That is based on both restoration of profitability and redistribution of work. Redressing government's policy, as the unions want, has a negative effect on profitability of companies (SIB 10, 1984: 243; SIB 1, 1985: 15).
During decentral negotiations, the FNV organises strikes and other actions in manufacturing industry and the building trade. Government threatens to intervene in collective contracts if cuts in benefits are 'repaired', but does not live up to it. In general, the social security cuts from 80 to 70% of last earned wages are 'repaired' to 100% in collective contracts. And in most agreements either a further reduction in working hours is included, or at least a study into the feasibility thereof. However, most workers will not get a 36-hour week in 1986. Usually, a reduction of working hours is achieved by early retirement, part-time jobs, and more holidays. The average full time working week remains around 38 hours in 1985 (and in 1986 in two-year collective contracts). Most agreements cover one year, as opposed to 1983 when a majority of agreements lasted longer than one year (SIB 3, 1985: 54; SIB 4, 1985: 75; SIB 5, 1985: 105-107).
Employers' organisations and trade unions have a different evaluation of 1985. The employers stress that collective contracts concluded, on the whole support the notion of a combined strategy as agreed in the Wassenaar Agreement: restoration of economic growth (profitability) and of employment. This combined strategy was also the basis of the July 1984 recommendations of the STAR on youth unemployment. Employers also stress that the diversity in collective contracts underlines their preference for decentralised negotiations leading to a differentiation in results, that is, various forms of a reduction in working hours, as opposed to a general, collective reduction.
Trade unions on the other hand state that 1986 will be crucial in their fight for a redistribution of employment by reducing weekly working hours. In 1986, the 36-hour week will have to be effected, including concrete plans for employing new, additional staff to fill the hours relinquished by the original staff. Until now, this has not yet been the case. Further delay may give rise to the (dangerous) idea that a redistribution of work does not lead to more employment. That the reduction in working hours in whatever form had indeed not yet resulted in more employment up till mid 1985, was later borne out by research of the Ministry of Social Affairs and Employment in September 1985 (SIB 7, 1985: 148, 149; SIB 9, 1985: 193; SIB 6, 1986: 18).

1985					
Government strategy	IV	III	I	IV	I
Trade unions style	B	B	A	A	B
Employers' organisations style	B	B	B	B	B
Combined style social partners	B	B	A	A	B
Outcome	IB				

The government implements its own policy with regard to aspects of incomes policy. Central negotiations between the three actors involved do not result in any tripartite agreement. Decentral negotiations are characterised by strikes and other conflicts organised by the trade unions to redress at least part of the government's policy package. Despite repeated threats, the government does not intervene in these negotiations, although trade unions succeed in redressing the effect of part of the government's policy package. On the issue of working hours, however, employers are able to withstand unions' demand for a 36-hour week in 1986.

1986

The Lubbers I (CDA-VVD) government's agenda for 1986 is a continuation of stiff budget cuts to reduce the budget deficit further. Employees in the (semi-) public sector face a reduction of 2,000 million guilders. The minimum wage and social security benefits are again not indexed to price hikes. That saves another 1,800 million. The insetting economic recovery has to be boosted primarily by the continuation of the government's policy to reduce public spending and the budget deficit. Government sees no use for further large reductions in costs for employers. Consequently, some of these subsidies will be terminated. For the government, consultations with trade unions and employers organisations must focus on two issues: labour market bottlenecks and long-term unemployment (SIB 8, 1985: 169; SIB 9, 1985: 182-184; SIB 10, 1985: 209, 219, 220).

Trade unions position their agenda for 1986 in connection with the coming general elections in that year and publish their agendas for the whole period 1986-1990 in which a new government will be in charge. Their main points for the period include a 32-hour working week in 1990 and solidarity between people at work and people living on benefits, and between people working in the market sector and people employed in the (semi-) public sector. The budget deficit has to be reduced, but only in line with economic growth. Government's policy should increase spending in the internal market sector of the economy. And as an employer, government should also reduce working hours in the (semi-) public sector (SIB 2, 1985: 37, 38; SIB 5, 1985: 104).

For 1986 specifically, trade unions go for a 36-hour week in the market sector. In the (semi-) public sector a 37-hour week in 1986 and a 36-hour week in 1987 is demanded. On top of that, the FNV demands a 1.5% wage rise, which can also be utilised for a further reduction in working hours, or can even be increased if employers refuse any further reduction. The CNV refrains from wage demands on the central level. That is left to branch and industry unions (SIB 7, 1985: 148, 149; SIB 11, 1985: 244, 245).

Like the trade unions, employers' organisations position their agenda for 1986 as part of their agenda for the new government's period 1986-1990. Their main points are the continuation of the reduction of the (semi-) public sector to reduce the budget deficit, lower taxes and social security premiums for employers and employees, and a moderate and differentiated development in the costs of wages and other terms of employment. Redistribution of work (Wassenaar) should be left to the branches, industries, and individual firms. It should definitely not be collectively imposed. The same should apply to decentral negotiations on wages and other terms of employment (SIB 5, 1985: 104, 105; SIB 10, 1985: 219, 220; SIB 11, 1985: 244).

For 1986 specifically, employers' organisations demand a 2,000 million guilder reduction of costs for employers, part of which can be used to maintain buying power of employees in the market sector (SIB 4, 1985: 78).

Both trade unions and employers' organisations are disappointed with the government's 1986 budget. Trade unions disagree with the government on all issues regarding unemployment, government investment, reduction of working hours, and the focus of cuts on (semi-) public sector employees and social security benefits. More government investment and a further reduction of working hours in the (semi-) public sector should in their view, tackle unemployment. And again, employees in the (semi-) public sector and people living on social security benefits bear the brunt of most budget cuts (SIB 9, 1985: 183, 184).

Employers organisations are disappointed over the, in their view, meagre reduction of costs for them in 1986 and fear that they will even face an increase in costs in 1987. Employers' organisations do, however, favour the government's general agenda of reducing the (semi-) public sector and the budget deficit (SIB 9, 1985: 182, 183).
For the tripartite consultations on November 29, 1985, the government sets the agenda: furthering employment and combating unemployment. All three parties involved agree that the policy to further economic growth, redistribute employment and solve labour market bottlenecks (Wassenaar) should be continued. To that effect, four working parties will report on possible solutions for education and training within industry, the long-term unemployed, youth unemployment and better information on the actual number of unemployed (SIB 11, 1985: 232)[5].
In the mean time, decentralised negotiations on wages and other terms of employment are taking place in the market sector. Already in an early stage, the FNV announces that the 36-hour week is not an issue for massive labour conflicts (SIB 2, 1986: 17). Consequently, the FNV, but also the CNV, are left out of negotiations in some firms and industries where employers conclude separate contracts with the MHP. These contracts do not include any further reduction in weekly working hours (SIB 3, 1986: 11-14). Also in manufacturing industry, employers refuse a 36-hour working week. They prefer early retirement, part time jobs and on-the-job-training for young people. In response, the FNV initially refuses to sign the reports on education and training, and long-term unemployment on which agreement had been reached in the respective working parties on the central level (SIB 3, 1986: 11, 12). However, in May 1986, government, trade unions and employers' organisations agree in the STAR to set a common goal of less than 500,000 people to be unemployed in 1990. This has to be reached by a variety of measures as mentioned in the final four reports on education and training (bipartite), long-term unemployment (tripartite), youth unemployment (bipartite), and unemployment figures and statistics (tripartite). The national organisations of trade unions and employers call upon their affiliates to use these reports in the negotiations on the branch and industry levels (SIB 4, 1986: 1, 2, 10-14).
Eventually, trade unions have to accept that the 36-hour week will not be reached in 1986, which makes the prospect of a 32-hour week in 1990 unfeasible. Nevertheless, most contracts in manufacturing industry concluded in 1986 cover two years, instead of one (SIB 5, 1986: 18; CNV Annual Report 1987: 24). Employers' organisations conclude that the outcomes of the 1985 and 1986 negotiations are completely in line with the Wassenaar Agreement. Some collective contracts already have recommendations and measures with regard to education and training, youth unemployment and the long-term unemployed (SIB 6, 1986: 18).

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[5] After 'Wassenaar', government has refrained from direct intervention in wages or wage levels in the market sector. In 1986, the 1970 Law on Wage Formation is amended. Only one "legitimate reason for government intervention in the formation of wages" in the market sector remains, and that is "a national emergency, caused by 'external factors' " (Korver 1993: 394).

1986	
Government strategy	I
Trade unions style	A
Employers’ organisations style	A
Combined style social partners	A
Outcome	IA

On the central level, the government succeeds in getting trade unions and employers’ organisations to come to an agreement amongst themselves and with the government on aspects regarding (un)employment. On the decentral level negotiations on incomes policy are characterised by conflicts over working hours. Employers’ organisations determine the outcome. The government determines incomes policy in the (semi-) public sector.

1987

After the general elections early 1986, CDA and VVD continue their coalition government in Lubbers II. The main point of their policy platform 1986-1990 is to combat unemployment. To that effect, the government will further the economic recovery, and continue to reduce government spending and the budget deficit. In this effort, government seeks to work closely together with social partners and aims at a Central Agreement or understanding regarding the main issues of socio-economic policy for the coming period (SIB 7, 1986: 7-9; SIB 9, 1986: 11, 12; Roebroek and Hertogh 1998: 396).

As the Lubbers II government prepares the 1987 budget, it turns out that revenues from natural gas will drop dramatically in 1987. This induces the government to implement further cuts in expenditure, and impose higher taxes and other revenues. Notwithstanding these emergency measures, the budget deficit will rise again in 1987 (SIB 9, 1986: 11, 12). The minimum wage and social security benefits will again not be indexed to higher prices (SIB 8, 1986: 8; SIB 9, 1986: 1; SIB 11, 1986: 9; SIB 12, 1986: 15).

Trade unions agree with the central issue of the government: bringing down unemployment. They are, however, sceptical whether that goal can be reached with the proposed policy platform. And they criticise the government's continuation of cuts in the (semi-) public sector, including benefits, as opposed to the market sector. A general agreement or understanding with the government is only possible if major policy changes are effected (SIB 7, 1986: 8-10; SIB 9, 1986: 12, 13). With regard to the actual budget for 1987, trade unions acknowledge the need for further cuts due to reduced revenues from natural gas. They oppose, however, the proposed cuts for their adverse effects on employment and argue instead for higher taxation and other revenues from companies and citizens (SIB 9, 1986: 12).

Unions' agendas for 1987 differ. The FNV continues its campaign for the 36-hour week. The CNV brings up a new issue: 'investment wages' (investeringsloon), some form of wage rises to be paid into temporarily blocked accounts. This would enable trade unions to differentiate demands according to the profitability of companies, without any negative knock-on effects on benefits, pensions, inflation and the like (SIB 9, 1986: 11, 15).

Employers' organisations also agree with what they see as the central policy issue of the government: a further reduction of government spending to reduce the budget deficit (SIB 7, 1986: 9, 10). But they are critical about the actual budget for 1987, which will bring substantial extra costs for them (SIB 9, 1986: 12). Employers' organisations are also hesitant about the Central Agreement the government proposes. They favour decentralised negotiations and solutions on the basis of the four reports agreed upon in May 1986 (SIB 9, 1986: 13).

Tripartite consultations on October 31, 1986 do not lead to some sort of Central Agreement on jobs before income, as the government had hoped for. However, parties do agree on continuing the measures against unemployment which were proposed in May 1986 (SIB 10, 1986: 1, 2). But even on these issues, agreement is hard to reach. Employers' organisations refuse to discuss terms for part time work as long as the FNV insists on a legal arrangement for trade union activities within companies (SIB 11, 1986: 14; SIB 12, 1986: 14). Trade unions and employers' organisations are also at loggerheads regarding the minimum wage and the holiday

allowance.[6] Employers oppose any extra rise, whilst trade unions want an extra rise (SIB 12, 1986: 1-3). As central negotiations bog down, decentral negotiations continue, both in the market sector and in the (semi-) public sector (SIB 12, 1986: 15; SIB 1, 1987: 15).
Early 1987, the government proposes new talks to resume the consultations which were broken off in October 1986. All parties have their doubts whether renewed talks will lead to results. Trade unions want more jobs and higher social security benefits if they are to accept a ‘moderate’ development of wages and other costs related to terms of employment. Employers’ organisations on the other hand want lower wage costs (SIB 1, 1987: 13).
Finally, in June 1987, central tripartite consultations resume. The outcome is a confirmation of previous agreements in the STAR, and their continued application on the levels of branches, industries and companies. Parties agree to a moderate development of wages and other costs, to facilitate decentral agreements in order to reduce unemployment. No central guidelines as to the appropriate means will be issued. That will be left to the organisations on the decentral level.
In return, government pledges to do its best – within given financial constraints – to ensure that the (semi-) public sector will be treated equal to the market sector with respect to wages and benefits. Government also pledges to ensure that its other policies will further and support the moderate wage and cost development in the market sector as much as possible. Lastly, government pledges to try and boost economic recovery by investment in the infrastructure.
The original working parties – youth unemployment, education and training, long-term unemployment, and employment figures – will continue their work. To show the government’s involvement, all working parties will be tripartite from now on. Their reports will serve as inputs for the 1988 budget (SIB 6, 1987: 1, 2).
Decentral negotiations on collective contracts cover some 40% of the workforce, as many contracts concluded in 1986 cover two years. Negotiations are tough. A redistribution of work by reducing working hours is usually achieved by negotiating an earlier age to qualify for early retirement schemes, and extra days for education and training purposes. Where appropriate, unions do succeed in countering the reduction in social security benefits from 80 to 70% of last earnings (CNV Annual Report 1987: 24, 25; 1988: 31; VNO Sociaal Economische Kroniek 1987: 70, 71).
Visser and Hemerijck conclude “by 1987 the campaign for shorter working hours was dead” (1997: 104).

1987	
Government strategy	III
Trade unions style	B
Employers’ organisations style	B
Combined style	B
Outcome	IIIB

With some difficulty, government succeeds in getting trade unions and employers’ organisations to participate in a tripartite Central Agreement. The agreement is that parties renew their commitment to previous bipartite and tripartite agreements on

[6] Apart from the bi-annual indexation of the minimum wage and social security benefits required by law (which was stopped since July 1st, 1983), the law on the minimum wage and the minimum holiday allowance also asks for a review every three years to see if there is a need for an extra rise of the minimum wage and the minimum holiday allowance.

employment policies. Decentral negotiations progress with some difficulty. Employers' organisations determine the outcome with respect to working hours, while trade unions succeed in countering the reduction in social security benefits from 80 to 70%.

1988

The Lubbers II (CDA, VVD) government's agenda for 1988 includes the repeal of the law which governs the bi-annual indexation of the minimum wage and social security benefits. Since July 1st, 1983 the law has not been applied in order to achieve sufficient cuts in public spending. And the law will also not be applied in 1988. The government proposes to replace the law with a system in which the government can annually decide whether and how the minimum wage and benefits may be adjusted to the general economic situation. As a concession to the trade unions, government is prepared to up child allowances with 6%, and to increase the minimum holiday allowance for people on minimum wages and benefits from 7.5 to 8%. The people worst off will receive an extra one-off payment on top of that. The government also proposes to end the legal minimum wage for 15 to 17 year-olds, as they are usually enrolled in some sort of education scheme at the workplace (SIB 1, 1987: 11; SIB 7, 1987: 12; SIB 10, 1987: 8; SIB 3, 1988: 1, 2, 5-7). The 1988 budget also includes lower taxes on wages and lower social security premiums in order to keep wage costs down. However, investment premiums for companies will be stopped. All in all, government plans to reduce expenditure in 1988 with an additional 4,000 million, on top of the 3,000 million in the policy programme (CNV Annual Report 1988: 28, 29; Queen's Speech 1987; Miljoenennota 1988)

The trade unions' agendas for 1988 differ slightly. Both FNV and CNV want to reduce unemployment, to have equal treatment of workers in the market sector and in the (semi-) public sector, to get extra money for the lowest incomes and for (massive) government investment to create jobs. If those demands can be met, the CNV is prepared to exercise wage moderation. The FNV, however, also want wage rises to increase real buying power of all employees. The FNV especially argues for an active, anti-cyclical government investment policy in infrastructure and the environment, instead of a continuation of budget cuts. Both trade unions criticise the government for not living up to its promise made during the spring consultations in 1987 to try and achieve a comparable development of terms of employment in both the market and the (semi-) public sector – within given financial constraints (FNV Annual Report 1987: 5, 6; 1988: 5, 7, 9; CNV Annual Report 1988: 31, 32).

Trade unions also oppose the government's plans to shelve the law on the minimum wage and the proposal to end the minimum wage for 15 to 17 year-olds (SIB 9, 1987: 11, 12; SIB 10, 1987: 8).

The agenda for 1988 of the employers' organisations aims at a continuation of the reduction of the government's budget deficit, even if that requires additional budget cuts, and at a continuation of the reduction of wage and other costs to support the continuation of wage moderation by the unions. Employers' organisations reject any Central Agreement for 1988 as that will, in their view, only serve as a minimum, and thus create an upward effect on wage costs. Differentiation is the keyword for them. From this perspective, employers are critical of the government's budget. Although the proposed cuts in taxation are welcomed, employers feel that expenditure is still not under control. And while buying power for employees will remain stable or even slightly increase, profitability will decrease because of higher wage costs for companies. In 1988 moderation of wages and other terms of employment is required, and government should reduce spending. Employers' organisations do support the government plans with regard to the minimum wage, but only grudgingly agree to the increase in child and holiday allowances, as that will increase their wage costs (SIB 9, 1987: 11; SIB 10, 1987: 8; VNO Annual Report 1987: 6, 12, 16).

The autumn consultations in September 1987 reveal the grave differences of opinion between trade unions and employers' organisations. The issue is the relation between a moderation in wage costs and boosting employment. Parties can not reach an agreement. Intervention by the government ensures that the four working parties will continue their work and issue their final reports. These reports will serve as recommendations for the organisations on the decentral levels. The object is to further employment by taking measures on the company level. This decentralised policy should also include a 'sensible' redistribution of work and a moderate development of wages. In November 1987, the STAR (SIB 9, 1987: 11; SIB 1, 1988: 9) issues the four reports. And in February 1988 the government and the STAR come to an agreement with respect to the law on paid sick leave. Trade unions and employers' organisations get greater responsibilities in the implementation of that law than was originally planned by the government (SIB 2, 1988: 7; SIB 4, 1989: 11).
The negotiations in branches and industries cover some 60% of the workforce in the market sector. The outcome is a minimal rise in wages, no further collective reductions in working hours, and although early retirement schemes are maintained, they are not expanded. Education and training will be intensified, flexible wage systems are introduced in some contracts, but the number of clauses covering the re-employment of the long-term unemployed has not increased (VNO Annual Report 1988: 11, 12; CNV Annual Report 1988: 31, 32).

1988			
Government strategy	II	II	II
Trade unions style	A	C	A
Employers' organisations style	A	C	A
Combined style social partners	A	C	A
Outcome	IIA		

Trade unions and employers' organisations cannot come to a central agreement. The four working parties on employment policies continue their work and issue their reports thanks to government intervention. These reports serve as a basis for decentral negotiations. Decentral contracts are largely determined by employers and only marginally feature aspects of employment policies recommended by the working parties.

1989

The Lubbers II (CDA, VVD) government's agenda for 1989 again includes the delinkage of prices and the minimum wage and benefits. The government also again announces its intention to replace the law governing this indexation with a new law that would allow a more flexible annual adjustment of minimum wage and benefits (SIB 10, 1988: 1, 2). For the autumn consultations with trade unions and employers' organisations the government focuses on (un)employment. Government grants and subsidies are earmarked to create jobs and to get the unemployed back to work. A host of policies is proposed. Ranging from (wage) subsidies for companies employing long-term unemployed to grants for taking on young people in training schemes; from (wage) subsidies for employers taking on people for unskilled labour paying the minimum wage to a modest increase in income for families living on one minimum benefit. Taxes will be cut, and child allowances will increase, to increase or maintain real buying power of workers. And there is some extra money to improve terms of employment for civil servants (SIB 11, 1988: 15, 16; Hoofdpunten van het regeringsbeleid 1989).
The trade union's agenda includes equal treatment of employees in the market and the (semi-) public sector, and an equal division of the available financial room for terms of employment over wages, employment, and labour market policies (FNV Annual Report 1988: 5, 7). Trade unions oppose the continuation of the government's policy of de-linking wages and benefits in the (semi-) public sector from wages in the market sector (SIB 10, 1988: 1, 2).
The employers' organisations criticise the government for its growing expenditure and rising budget deficit (VNO Annual Report 1989: 9). Employers' organisations support the government's policy of de-linking the (semi-) public sector from the market sector (SIB 10, 1988: 1, 2).
In October 1988, the government, trade unions and employers' organisations meet to discuss government's proposals to further employment and reduce unemployment. Parties agree to refer these proposals to the new tripartite Central Board for Employment (Centraal Bestuur Arbeidsvoorzieningen – CBA), heading the new organisation of employment agencies[7]. The aim is to arrive at a concrete plan for action, with recommendations (and financial support by the government) for the affiliates of trade unions and employers' organisations to get the long-term unemployed back into paid work (SIB 11, 1988: 15, 16; SIB 6, 1989: 8).
In a response to a majority SER recommendation to reinstate the linkage between the minimum wage and benefits and wages in the market sector in 1989, the government announces that it plans to use an extra 200 million to prop up buying power of people on minimum wages and benefits in 1989. Employers see this as a concession to trade unions. They themselves had argued for a reduction of the gross minimum wage instead (FNV Annual Report 1988: 7; 1989: 20; CNV Annual Report 1988: 30; VNO Annual Report 1988: 10).
In January 1989, the three parties meet again. This time the issue on the agenda is the fast growing number of people on sick leave and disability benefits. All parties agree that it is indeed an important social problem, that concrete steps have to be taken to stem the inflow of people in these benefits and to further the outflow of people from these benefits into paid jobs. To devise these concrete policies, a tripartite working group is set up. Their brief is to propose measures to reduce absence due to illness, to

[7] For an extensive overview of Dutch labour market and employment policies, see Visser and Hemerijck (1997: 155-179; 1998: 201-226) and Keman and Woldendorp (2000: 219-227).

further the quality of work on the workplace in order to prevent people falling ill, to give employers a financial stake in reducing both the number of people on sick leave and on disability benefits, and to get people on benefits back to paid jobs.
To stress the urgency of the matter, government announces it will introduce compulsory quota if efforts of social partners are not sufficiently successful. The government will also see to it that the proposed law governing the quality of jobs (Arbowet – Arbeidsomstandighedenwet) will come into force in 1990 (SIB 3, 1989: 13, 14).
Eventually, the tripartite talks on the long-term unemployed founder on the demand of the FNV to release people on and just above the minimum wage from the obligation to pay social security premiums (FNV Annual Report 1988: 9).
Decentral negotiations result in more clauses in collective contracts on education and training, childcare, and projects for the long-term unemployed. Wages rise moderately. No further collective reduction in working hours is achieved, early retirement schemes are not expanded (VNO Annual Report 1989: 13, 14; FNV Annual Report 1989: 7).

1989	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

Despite attempts and offers by the government, central negotiations on employment policies do not result in an agreement. On the issue of sick leave and disability a tripartite working group is started. Decentral negotiations show some effect of the recommendations from the previous working parties on employment.

1990

May 2, 1989: the CDA-VVD government breaks up.
September 6, 1989: general elections.
November 7, 1989: start of the new CDA-PvdA government.

The new Lubbers III (CDA, PvdA) government's agenda for 1990 is largely based on the outgoing government's budget. It includes a reinstatement of the linkage between market and (semi-) public sectors, an increase in child allowances, a targeted maximum wage rise of 2.5% for both sectors, and some 4,000 million in tax cuts (SIB 1, 1990: 16; Startbrief).
The government's policy programme for 1990-1994 aims at economic recovery plus 'social renewal' (sociale vernieuwing). That is getting people (married women, partially disabled, long term unemployed, ethnic minorities) into paid jobs by an active labour market policy (Roebroek and Hertogh 1998: 397).
The agenda of the trade unions for 1990 was derived from their programmes covering the next government's reign 1990-1994. The FNV, in its programme: 'It can be done differently, better', stresses that no government can count on their unconditional support. Support is conditional on the government's policies addressing the union's demands. The FNV demands more government expenditure for the environment, for infrastructure and for education, health- and childcare. It also wants to make up for the arrears incurred by the minimum wage and social security benefits since their indexation to wages in the market sector has been halted from July 1st, 1983. Benefit percentages of last earned wages should be increased from 70 to at least 75%. To that effect, the proposed tax reduction for higher incomes should be halved. The FNV also wants a 35-hour working week in 1994.
The CNV, in its programme 'The future in jobs' also argues for a reduction in working time, but has no preference for any of the possible measures: a shorter working week, part time jobs, early retirement, longer holidays, et cetera. That should be left to the preferences on the industry and company level. The CNV wants more support for families living on one income. And the benefit percentages of last earned wages should increase to 75% (SIB 8/9, 1989: 1-3).
For 1990 specifically, the FNV demands a 4% wage increase, plus another 2% for employment measures. The CNV refrains from issuing a central wage demand, but agrees that part of the available 'wage room' should be used for employment (SIB 1, 1990: 16; CNV Annual Report 1990: 49-51; FNV Annual Report 1990: 7).
Employers' organisations also announce their programme for 1990-1994: 'Give employers full play in Europe'. Less government expenditure and lower costs for companies is their main demand. Benefits should not be linked unconditionally to wage rises in the market sector. No further reductions in the working week, lower minimum wages and a continuation of wage moderation are next. Government should spend less on subsidies and grants for rents, housing and social services, in exchange for lower taxes. And disability insurance must be reconsidered to stem the influx of claimants (SIB 8/9, 1989: 1-3)
For 1990 specifically employers criticise the reinstated automatic linkage between the market and the (semi-) public sector, and the government's reluctance to continue with budget cuts at the expense of the deficit. Expected economic growth is basically used to pay for the linkage. The slightest economic downturn will therefore increase government expenditure and the budget deficit. The announced average wage rise of 2.5% is much too high (VNO Annual Report 1989: 4, 5, 11-13).

Despite these differences, the autumn consultations on December 1st, 1989 lead to and agreement. The three parties involved issue the so-called ‘Gemeenschappelijk Beleidskader’ (GBK), or ‘Joint Policy Framework’. Its aims are:

- to institute an ‘activating labour market policy’[8];
- reinstating the linkage between wages and benefits in the (semi-) public sector and wages in the market sector as of January 1st, 1990;
- sustaining competitiveness of companies.

To achieve these aims, parties agree that a moderate development of wage costs is essential. And to support that, government will stabilise government expenditure, social security premiums and continue to reduce the deficit. Parties also agree that on the basis of this policy framework, more efforts are needed. Either in the form of concrete agreements on the decentral level, or by further study and recommendations by joint working parties. Subjects to be covered include the redistribution of work, education and training, the position of women on the labour market, furthering employment, a competitive market sector, good labour relations and satisfactory labour conditions on the workplace (quality of jobs). These recommendations have to be implemented in collective contracts (SIB 1, 1990: 1, 2, 13, 14; Akkermans 1999: 133; Slomp 2002: 242). Only the MHP distances itself form the GBK as it feels itself ‘threatened’ by the sacrifices asked from middle and higher ranking staff with regard to wage moderation (SIB 1, 1990: 16).
Decentral negotiations for collective contracts proceed with some difficulty. Employees in the (semi-) public sector demand more than twice as much (6%) as the government is prepared to offer (2.5%). Also in other industries and companies there are problems. In some industries initial wage rises achieved are so high that central trade union officials feel compelled to warn against high wage demands which may undo the re-established link between the (semi-) public sector and the market sector. In other industries negotiations break down and strikes are organised because of tough demands of employers regarding early retirement, overtime and waiting days when on sick leave. This induces the FNV to accuse the VNO of going directly against the GBK (SIB 1, 1990: 16, 17; SIB 2, 1990: 21; SIB 3, 1990: 14-18). A government investigation in 524 companies released in February 1990 seems to support this view. The great majority of employers have until then done nothing with recommendations by the STAR with regard to employment for ethnic minorities, young people and the long-term unemployment. Government stresses that part of the GBK is the agreement of all three parties to closely monitor decentral agreements. Government reiterates its threat to come with compulsory quota, although it still prefers consultations and voluntary agreements (SIB 3, 1990: 26; SIB 7/8, 1990: 28). Trade unions regret that the agreements made in the GBK have not been concrete enough (target numbers) and that employers have not been fully prepared to implement these agreements (SIB 5, 1990: 8). Employers do agree that more should be done with respect to non-wage agreements made in the GBK (SIB 5, 1990: 19). Slomp (2002: 236) concludes: “soon the agreement was a dead letter”.
In the end, all contracts expired are renewed. Wage rises are slightly above the government’s target of 2.5%: between 2.7 and 2.8%, which is considerably lower than the initial union demands of about 4%. But on the other terms of employment trade unions hold their ground, although no further reduction in working hours per

[8] This is a concerted effort to get the individual unemployed to accept a job. Not only by subsidies and grants for companies employing the formerly unemployed, or by employment schemes targeted at companies or industries, but by directly approaching the individual unemployed with an offer ‘they can’t refuse’ on pain of benefit reductions.

week is achieved. Furthermore, in all contracts concluded after the GBK is issued, clauses are included stipulating specific employment measures with respect to the targeted groups: ethnic minorities, young people and the long-term unemployed (SIB 3, 1990: 25, 26; SIB 4, 1990: 18, 19; SIB 5, 1990: 14-19; SIB 7/8, 1990: 28).
Employers' organisations insist that this shows that government does not have to go at it alone or impose policies with respect to childcare, ethnic minorities, or the long-term unemployed (SIB 4, 1990: 4-13; SIB 5, 1990: 8, 19).
Nevertheless, government decides to give the money earmarked for childcare to local authorities instead of to social partners. Both trade unions and employers' organisations protest this decision. In the GBK, the three parties had agreed on further consultations on this issue before any money would be spent. Clauses in collective contracts on childcare are now endangered, as contract parties had anticipated a government subsidy. And the SER had also advised to give the money to social partners, instead of to the local authorities. However, government sticks to its decision and refers social partners to the 700 local authorities for consultation (SIB 4, 1990: 15; SIB 6, 1990: 17).

1990			
Government strategy	III	III	III
Trade unions style	C	A	B
Employers' organisations style	C	A	B
Combined style social partners	C	A	B
Outcome	IIIB		

Tripartite negotiations result in a tripartite Central Agreement. Decentral negotiations are characterised by strikes and other conflicts and end in compromises, based on employment policies recommended by earlier working parties.

1991

The first budget prepared wholly by the Lubbers III government (CDA, PvdA) contains a host of temporary policies aimed at a reduction of government expenditure in 1994 with some 7,000 million guilders. The government announces it will propose structural measures in the spring of 1991, after the SER has advised on socio-economic policies for 1991-1994.
In the mean time, government does not want wage rises to exceed 3%, in order to be able to pay for the renewed linkage between wages, the minimum wage and social security benefits. Unless the coming autumn consultation results in agreements on wage moderation, jobs for (ethnic) minorities, and a reduction of the number of people on sick leave and with disability benefits, government will do away with the 'consensus model' and unilaterally impose socioeconomic policies on trade unions and employers' organisations (SIB 10, 1990: 18; SIB 11, 1990: 26; van Heertum-Lemmen and Wilthagen 1996: 121, 127, 219).
For trade unions, employment is again the central issue on the agenda, combined with the linkage between wages in the market sector and wages and benefits in the (semi-) public sector. Unions are willing to exchange wage moderation for employment by a further reduction in working hours, and to conclude a Central Agreement with employers to that effect, provided the government actively supports the creation of employment with its policies (SIB 10, 1990: 18, 19). The FNV wants a further reduction in working hours per week to a 35-hour week in 1993. Wage rises should, in their view, not exceed inflation (estimated at about 2.5%) plus the rise in productivity in the various industries. Half of that rise in productivity may be used for employment for (ethnic) minorities or other purposes than wages. Both FNV and CNV warn against high wage rises demanded by their various affiliated unions, which range form 4% (manufacturing, civil servants) to more than 10% (ports) (SIB 11, 1990: 26; SIB 12, 1990: 19; SIB 1, 1991: 14, 15; SIB 2/3, 1991: 23).
Employers' organisations announce they will not exchange wage rises for employment (SIB 7/8, 1990: 24). They flatly refuse a further reduction in working hours and the reinstatement of any form of automatic indexation to prices (SIB 12, 1990: 19).
Autumn consultations in the STAR in October 1990 on the high level of sick leave and disability claimants and unemployment of (ethnic) minorities lead to a joint, tripartite declaration and a unanimous, bipartite report. The joint declaration on sick leave and disability acknowledges the shared responsibility of all three parties to the following package:

- special attention to health and safety measures on the workplace as an item for negotiations on collective contracts;
- special attention for the prevention of absence due to illness on the company level;
- intensified attempts to reintegrate workers on sick leave in the workforce;
- relaxing the rules and regulation to allow people on benefits to (re)start working without prejudicing their rights on benefits (SIB 11, 1990: 23, 24; van Heertum-Lemmen and Wilthagen 1996: 73-77; 118-144).

The report on reducing the high level of unemployment among (ethnic) minorities forms the basis for a joint policy of trade unions and employers' organisations for 'more work for minorities'. The target is to get 60,000 people from (ethnic) minorities a job within a period of 4-5 years, starting in 1991. Education, training and preventing discriminatory hiring policies are to be the main tools. To that effect companies and employers' organisations will work closely with the regional employment offices (SIB 12, 1990: 14-16).

In response, the government announces it will refrain from any legal measures to compel companies to employ (ethnic) minorities. The government will, however, seek advice from the SER as to legislation, which might support this agreement (SIB 1, 1991: 14; SIB 2/3, 1991: 19; SIB 3, 1992: 1, 2).

On the wage and working hours issue, trade unions and employers' organisations remain in disagreement. Unions want a 4-day working week and offer wage moderation in exchange. Employers do want wage moderation, but are dead set against any further reduction in working hours or a 4-day working week (SIB 12, 1990: 18).

Decentralised negotiations on these issues take place in the context of a divided recommendation by the SER in January 1991 on socio-economic policies 1991-1994, and the more structural policy programme of budget cuts 1991-1994 proposed by the government in the so-called 'Tussenbalans' of February 1991.

The SER is divided between on the one hand the FNV and CNV, and on the other hand the MHP, employers' organisations and all 'crown members'. FNV and CNV oppose a further reduction in government expenditure, but would rather use expenditure to create jobs. The more people in jobs, the lesser the budgetary problems of the government. They are also in favour of a net linkage between wages in the market sector and wages and benefits in the (semi-) public sector.

The majority in the SER sees it the other way round. Less government expenditure means fewer costs for companies and citizens which gives more room for investment and jobs in the market sector. The linkage between market and (semi-) public sector should not be on a net basis, and there should be ample provision to suspend or delay the linkage if deemed necessary (SIB 7/8, 1990: 1-3, 6, 7; SIB 2/3, 1991: 5-8).

The 'Tussenbalans' increases the reduction in government expenditure 1991-1994 from 7,000 million to 12,800 million guilders. The government pledges to retain the linkage between wages and benefits in the market and the (semi-) public sector, but announces a rise in social security premiums if the rise of wages goes above its target of 3%. Trade unions remain critical: employment is not increased by budget cuts, and the (semi-) public sector again bears the brunt of the reduction in government expenditure. Trade unions differ in their view on the wage moderation demanded by the government. For the FNV wage moderation is conditional on job creation in the market sector by a reduction in weekly working hours. The CNV is in favour of wage moderation, but not under threat of higher social security premiums.

Employers' organisations agree with the CNV: the government's position makes any fruitful co-operation between social partners rather difficult. They find the announced 'punishment' by higher premiums if wage rises come above the prescribed limit 'unacceptable'. At the same time, employers' organisations stress that the announced budget cuts remain insufficient and that other government policies greatly increase costs both for business and citizens, making job creation even more difficult (SIB 2/3, 1991: 26, 27). Consequently, employers' organisations boycott the spring consultations on the preparation of the 1992-budget (SIB 4/5, 1991: 26; Bruggeman and Carmijn 1999: 287-88).

In branches and industries, collective contracts result in an average rise of about 4.7% in the market sector, which is well above the government's target of 3%, but fall short of the demands of some trade unions, which were as high as 10%. Nevertheless, the government refrains from intervention. There is no significant further reduction of working hours in any form (early retirement, shorter working week, longer

holidays, et cetera) (SIB 8, 1992: 22). But almost all contracts contain clauses about reducing sick leave and disability (SIB 6/7, 1991: 32). As to 'more work for minorities', 1991 has been used to set up a machinery to get minorities a job. However, no significant number of people from minorities has actually been employed yet in 1991 (SIB 6/7, 1991: 32).
Employers' organisations conclude that decentral negotiations can lead to very moderate wage rises. Employers' organisations announce they do not want to return to the (old) model of Central Agreements between social partners and government, at least not on this issue (SIB 6/7, 1991: 34).

1991				
Government strategy	IV	III	IV	II
Trade unions style	C	C	B	B
Employers' organisations style	A	C	B	B
Combined style social partners	A	C	B	B
Outcome	IIB			

Under pressure from the government, trade unions and employers' organisations come to an agreement amongst themselves and with the government on sick leave, disability and employment for ethnic minorities. Decentral negotiations on incomes policy result in a higher wage rise than originally stipulated by the government. Despite earlier threats, the government in the end refrains from intervention. Most contracts also include clauses on sick leave and disability, and on employment for ethnic minorities. Neither has yet materialised in any significant reduction or improvement.

1992

Negotiations on incomes policy for 1992 are conducted in the aftermath of the so-called 'disability crisis' between July and October 1991[9]. The crisis starts with a divided recommendation by the SER on sick leave and disability in July 1991. Employers and 'crown members' want to limit disability benefits, both with respect to the percentage of last earnings and duration of the benefit. All three trade unions reject this. Employers, 'crown members', CNV and MHP agree on a much broader definition of suitable employment that people on sick leave or disability benefit have to accept when offered (SIB 6/7, 1991: 1, 13-23: Akkermans 1999: 140-144).
In response to this divided recommendation, the Lubbers III (CDA, PvdA) government announces it will reduce both the percentage of last earnings and the duration of benefits, broaden the definition of suitable employment and make an exchange between days on sick leave and holiday's compulsory (SIB 6/7, 1991: 1, 15, 33; Roebroek and Hertogh 1998: 397-401; 436-459). Trade unions than start a series of actions, demonstrations and strikes against these proposals (SIB 10/11, 1991: 23). Their actions have some success. Government refrains from reducing the duration of benefits. Instead, the percentage of last earnings is reduced to 70% for the first year on sick leave. After that year people come into disability benefit, and depending on age, the percentage is increased until a maximum of 80%. Existing benefits will not be reduced, but will remain 'frozen' until they are on the same level as new cases. By law, all existing agreements in collective contracts to increase benefit percentages to either 100% (sick leave) or 80% (disability) are suspended by the government. These will have to be renegotiated. Government calls upon employers not to give in to union demands in this respect (SIB10/11, 1991: 24, 25).
The government's 1992 budget reiterates the above policies. The government's targeted wage rise for 1992 is 3% in both the market and the (semi-) public sector, with an expected inflation of 3.25%. The linkage between the market and the (semi-) public sector will not be fully restored in 1992. That would call for a 3.6% increase (SIB 9, 1991: 12; SIB 10/11, 1991: 4, 31; SIB 3, 1992: 22; SIB 4, 1992: 15).
Trade unions reject the government's policies on three counts. With regard to sick leave and disability, the incomplete linkage between the market and the (semi-) public sector, and the targeted maximum wage increase (SIB 10/11, 1991: 4). The CNV threatens to demand a 5% wage increase across the board now the government has shown to be a completely 'untrustworthy partner'. Because of bleak economic prospects, the FNV is much more moderate in its wage demands: wage rises should at least cover expected inflation (3.5%). Further wage demands will depend on the situation in the various branches and industries. Apart from wages, the FNV demands more jobs, especially for (ethnic) minorities, and compensation for the government's policies with regard to sick leave and disability (SIB 10/11, 1991: 28). All three trade unions hold the government responsible for destroying the existing 'good social climate' by its policies (SIB 10/11, 1991: 31).
Employers' organisations are content with the original government's proposals on sick leave and disability benefits (SIB 6/7, 1991: 15). They are more critical towards the final policies, as these mean an increase in costs for employers if they cannot manage a reduction in sick leave and disability claims among their staff (SIB 10/11, 1991: 24). For 1992 and 1993 employers' organisations announce they will refuse to agree on increasing the legal percentages of last earnings for disability benefits.

[9] See Visser and Hemerijck (1997: 117-155; 1998: 159-201) and Roebroek and Hertogh (1998: 373-460) for a detailed reconstruction of social security reforms between 1982 and the mid-1990s.

Employers praise the ‘realistic’ position taken by the FNV with respect to wages in 1992, but question whether the affiliated branch and industry unions will comply (SIB 10/11, 1991: 26, 28, 30). Employers’ organisations criticise the government for its failure to reduce expenditure and its continuous increase of costs (benefits, rents, premiums, taxes, et cetera). All economic growth expected in 1992 will be needed for extra government expenditure. On top of that, government entertains a very ‘centralistic’ view on wage developments (SIB 10/11, 1991: 31).
The outcome for 1992 is that no autumn consultations between government, trade unions and employers’ organisations take place. Government does not want to budge on its disability policies, trade unions see no perspective for negotiations with the government due to its continued reduction in spending, and employers’ organisations feel that on the one hand government does not go far enough in reducing expenditure, and on the other hand keeps increasing costs for business (and citizens).
In negotiations on the branch and industry level, employers put the financing of the early retirement schemes on the agenda. Costs have doubled in 10 years. Trade unions demand compensation for the government’s policies regarding sick leave and disability. Parties agree that absence due to illness (the first step towards disability) should be reduced (SIB 10/11, 1991: 17, 19, 26; Bruggeman and Carmijn 1999: 287-288; STAR 1995: 98).
In most collective contracts, trade unions succeed in getting compensation for government policies with regard to sick leave and disability, albeit sometimes in exchange for wage rises. This induces the government to publicly criticise employers for undermining its policies to reduce absence due to illness (SIB 3, 1992: 21, 22, 25).
Trade unions also manage to preserve existing schemes for early retirement, and get an average wage rise of around 4.4% in the market sector. Almost no concrete agreements are struck to reduce absence due to illness. The same goes for increased employment for (ethnic) minorities (SIB 5, 1992: 13; SIB 9, 1992: 8; SIB 6, 1993: 9). Despite industrial action, wage rises in the (semi-) public sector do not exceed 3%, the government’s target for 1992 (SIB 6/7, 1992: 12).

1992	
Government strategy	I
Trade unions style	A
Employers’ organisations style	B
Combined style social partners	A
Outcome	IA

Central negotiations on incomes policy do not take place. All parties go their separate way. Trade unions clash with the government on its policy with regard to disability and sickness. In decentral negotiations trade unions manage to get their way to a large extent.

1993

The Lubbers III (CDA, PvdA) government's main worry for 1993 is the percentage of expected wage rises, based on collective contracts concluded for 1992 and 1993. In the market sector the average wage rise already reaches 5%, covering 30% of employees under collective contracts. In the (semi-) public sector it is 4.5%. This endangers the restored linkage between wages in the private sector, the minimum wage, wages in the (semi-) public sector, and benefits. It also endangers the government's two main policy aims: more jobs and more people at work. Therefore, the government favours a Central Agreement for 1993 to restrict wage rises to a compensation for price rises, in exchange for lower taxes and lower social security premiums. Wage rises in new contracts should not exceed 4%. The linkage of wages and benefits between the market and the (semi-) public sector will be partial, like in 1992. Instead of a 3.8% rise (the average expected wage rise across the board in 1993) the rise in the (semi-) public sector will be restricted to 2.5%, both to keep government expenditure under control and give people on benefits an incentive to find a job (SIB 3, 1992: 25; SIB 4, 1992: 13; SIB 6/7, 1992: 15; SIB 9, 1992: 10, 11; SIB 10, 1992: 8; SIB 11, 1992: 17). The government's policy to reduce absence due to illness (see 1992) will be implemented starting January 1st, 1993 (SIB 11, 1992: 26).
As economic forecasts for 1993 become progressively poorer, the government asks trade unions and employers' organisations to suspend agreed wage rises in existing contracts for 1993 and to refrain from wage rises in new contracts. In effect, government asks both parties to agree to 'freeze' wages in 1993 on the 1992-level. If parties can not agree voluntarily, the government threatens to impose a wage freeze unilaterally (SIB 12, 1992: 14, 15; SIB 1, 1993: 14; Visser and Hemerijck 1997: 106).
Finally, with great difficulty, the government succeeds in striking an internal compromise between CDA and PvdA on the disability issue. Old cases will be left alone (PvdA), but new cases will receive 70% of last earnings (instead of 80%) for a maximum of three years (instead of until retirement) and then a lower benefit until retirement, depending on age and other criteria (CDA) (SIB 3, 1993: 23).
FNV and CNV are not averse to a Central Agreement in which wage moderation is exchanged for employment. They differ in appraisal of such an agreement. The FNV wants concrete deals on employment first, before entering into wage negotiations. The FNV is also quite critical of the government's employment policies. These do not create employment, but seek to get the unemployed out of benefits. The CNV is more positive, both on government policies and on central negotiations. For the CNV a co-ordinated socio-economic policy is impossible without Central Agreement between government and social partners. And to be effective, such an agreement should be struck for at least five years. The MHP does not agree that central negotiations are necessary to ensure wage moderation. That can be left to negotiators on the decentral levels (SIB 5, 1992: 8; SIB 9, 1992: 10, 11; SIB 10, 1992: 15; SIB 11, 1992: 24).
At first, unions do not want to break open existing contracts. But if concrete agreements on employment can be struck, the FNV is willing to consider the possibility (SIB 12, 1992: 12, 15; SIB 3, 1993: 22)
Employers' organisations are initially not in favour of a Central Agreement on wage moderation, employment issues and lower costs for business and citizens (SIB 4, 1992: 13). As economic forecasts worsen, employers also declare their willingness to

come to a Central Agreement. For employers' organisations, however, the negotiations should be placed within the context of the EMU[10], and its consequences for the Dutch 'consultation economy' (overlegeconomie). Employers' organisations are positive over the government's 1993 budget, but feel that it is not up to international economic developments that may undermine economic growth (SIB 10, 1992: 14). Although they do not want to interfere in existing contracts for 1993, employers' organisations propose a wage 'pause' in 1993 by extending all expiring contracts with a few months (SIB 12, 1992: 12).

Negotiations and consultations take place against a background of steadily worsening economic prospects for 1993. The same goes for the recommendation by the SER on the EMU and its effects on economic developments, socio-economic policy and consultations between social partners and between social partners and the government[11]. The recommendation is unanimous and aims at a joint policy of government, trade unions and employers' organisations to get more people into paid jobs. To that effect, both a reduction in costs imposed by government on business and citizens, and a moderate wage cost development is needed. To achieve these objectives, the 'consultation economy' has to be revitalised (SIB 11, 1992: 1, 13-16; STAR 1995: 18-20). This unanimous recommendation paves the way for a Central Agreement between employers' organisations and trade unions in November 1992, after weeks of negotiations. Eventually, it is the government that makes the agreement possible after negotiations in the end break down on the employers' demand for a three-month wage pause. In the final Central Agreement employers' organisations and trade unions agree to a two-month wage pause by extending collective contracts that expire on January 1st, 1993 (collective contracts expiring on a later date will not be extended). This time will be used to formulate joint policies to further employment and to reduce unemployment. In the mean time, government will take extra fiscal and other measures to prop up buying power of employees. In conjunction with a lower than expected inflation, real buying power in 1993 will increase with 2.5%. The government will also refrain from direct intervention in wages (SIB 12, 1992: 1, 10, 11; SIB 1, 1993: 14; STAR 1995: 17; Akkermans 1999: 147).

In November 1992, the SER also unanimously advises the government not to implement the full linkage between wages in the market sector and wages and benefits in the (semi-) public sector (SIB 12, 1992: 2).

Based on the Central Agreement, in September 1993 the STAR issues guidelines for decentral negotiations. The aim is to keep older employees at work by various devices (a complete reversal of policies since the late 1970s). Existing early retirement schemes in which younger employees pay for the retirement of older colleagues should be changed into schemes in which employees start saving to pay for their early retirement themselves. Retirement in general should become more flexible. People wanting to continue working after the legal retirement age of 65 should be able to do so (SIB 19, 1993: 8).

Negotiations on the branch and industry level focus on the reparation of the effects of government policy regarding sick leave and disability. Employers' organisations and the government reject that reparation. The government even calls on employers' organisations not to give in to union demands and threatens not to make collective

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[10] In December 1991 in Maastricht, the EU agreed upon the EMU. As of January 1, 1997, for a country to be able to join the EMU, the budget deficit should be 3% or less of GDP, the public debt 60% or less of GDP, and inflation should not exceed the EU-average with more than 1%.

[11] SER, *Convergentie en overlegeconomie*. Den Haag, advies 92/15 of 20 November 1992.

contracts containing such clauses binding for the whole industry concerned. However, on the whole, unions manage to get their way, albeit that employees usually have to pay at least part of the price themselves. Only in a few cases explicit arrangements have been made to reduce absence due to illness that involve any pecuniary incentives, positive or negative. The average wage rise in 1993, however, is well below target: 2.6%, compared to an expected rise of around 4%, and slightly lower than inflation (SIB 4, 1993: 17; SIB 5, 1993: 9, 12, 13; SIB 6, 1993: 11-13; SIB 7, 1993: 16, 17; SIB 8/9, 1993: 10, 11; SIB 10, 1993: 10, 11; SIB 12, 1993: 20, 21; Visser and Hemerijck 1997: 106; van den Toren 1996: 57).
By the end of 1993, the STAR agreement ‘more work for minorities’ of 1990, is estimated to have helped some 30,000 of the planned 60,000 people (between 1991 and 1996) to a job (SIB 2, 1995: 20, 21).

1993			
Government strategy	III	IV	III
Trade unions style	B	B	B
Employers’ organisations style	B	B	B
Combined style social partners	B	B	B
Outcome	IIIB		

Faced with deteriorating economic prospects, the government finally succeeds in getting trade unions and employers’ organisations to come to a bipartite Central Agreement on a wage pause. Decentral contracts involve a trade-off between wage rises and reparation of the effects of the government’s policy with regard to sick leave and disability.

1994

To reach its goal of a reduced budget deficit in 1994, the Lubbers III government (CDA, PvdA) faces additional budget cuts of some 8,000 million. Government considers a binding wage measure as well, to keep wages in the market sector in line with de-linked wages and benefits in the (semi-) public sector, in order to preserve as much employment as possible in the face of growing job losses. In its 1994 budget, the government also proposes to freeze the minimum wage and benefits in 1994. The SER is asked for advice on both issues. Simultaneously, the government proposes to scrap the legal obligation to ask for the SER's recommendation (SIB 8/9, 1993: 1, 2, 7, 10, 11; SIB 10, 1993: 12; Visser and Hemerijck 1997: 106, 107).
As an alternative to a binding wage measure, the government also toys with the idea of a 'solidarity pact' with employers' organisations and trade unions. The pact would include no wage rises for a three-year period, to prevent unemployment rising further (SIB 8/9, 1993: 14).
Trade unions reject any government intervention in wages and refuse to break open collective contracts in 1994 to achieve a zero wage rise. They accuse the government of undermining their position, instead of furthering an exchange between wages and employment (SIB 10, 1993: 13). Instead, they propose an employment plan that would require the co-operation of all three parties. Employers should increase company investment, further part time work, and agree to a continuation of the reduction in working hours. Government should support those efforts with fiscal and other policies, and should also implement their own investment programme in infrastructure, R&D, environment and housing, at the expense of a higher deficit. In exchange, unions are willing to accept a loss in buying power, which means no wage rises in real terms (SIB 8/9, 1993: 2, 7, 10, 14, 15; SIB 11, 1993: 10).
For the decentral negotiations, trade unions limit their demands to compensation for price rises, or less, depending on the actual situation in companies and industries. Other demands include a further collective reduction in working hours, and the right for employees to change from full time employment to part time employment if they so wish. All in all, it is left pretty much to branch and industry unions to fill in the package. The overriding objective is (the preservation of) employment (SIB 11, 1993: 8, 10).
Employers' organisations also oppose any binding wage intervention by the government, and they do not agree to break open existing contracts to implement a wage freeze (SIB 8/9, 1993: 2, 7, 10). Employers' organisations also reject any long-term Central Agreements. They only want to negotiate for 1994, and only with the trade unions (SIB 11, 1993: 10). In effect, employers' organisations want decentral negotiations with the unions restricted to the market sector, and the government to continue its policy of reducing government spending (SIB 10, 1993: 13).
The rejection of binding wage interventions by trade unions and employers' organisations is reflected in the almost unanimous recommendation by the SER against such an intervention. Negotiations should be left to the decentral level of branches and industries, because it is on that level that the most effective trade-offs (or even pay-offs) between wages and other issues can be made. The SER also unanimously advises to freeze the minimum wage and benefits in 1994, although the FNV insists on compensatory measures by the government (SIB 12, 1993: 17).
Against the background of a deteriorating economy and pressure from the government, employers' organisations and trade unions manage to come to a Central Agreement in November/December 1993: 'A new direction' ('een nieuwe koers').

The agreement sets the agenda for decentral negotiations in 1994 and following years. In response, the government retracts from its planned intervention (van Heertum-Lemmen and Wilthagen 1996: 219; Akkermans 1999: 148-149; Visser 1999: 289; Slomp 2002: 237).
The aim of the agreement is to contribute to a restoration of profitability of business and to increase employment, both in terms of the number of jobs and the number of people in jobs. The room for actual wage rises will depend on the situation in the branches and industries, and should preferably be used to increase employment. Employers' organisations give up their resistance to collective reductions in working hours, trade unions agree to a further decentralisation, differentiation and flexibilisation of the terms of employment (Visser and Hemerijck 1997: 107-08; van den Toren 1996: 58).
As to wage rises already agreed to in existing contracts, parties are suggested to use those for other issues, like:

- part time work and flexible working patterns during people's working lives (STAR report September 1993);
- education and training;
- creating jobs for the long term unemployed and the partially handicapped;
- keeping older employees at work (STAR report June 1993);
- reducing absence due to illness (STAR report November 1991) (SIB 12, 1993: 1, 11-14; SIB 1, 1994: 5, 14; Bruggeman and Carmijn 1999: 288-89; STAR 1995: 76-79; 111-121; van Heertum-Lemmen and Wilthagen 1996: 77-80; 144-168).

Decentral negotiations proceed on the basis of the Central Agreement. Wage rises in the market sector are minimal, but most contracts contain clauses on blocked, tax-free savings accounts that are introduced by the government to make wage moderation more feasible. Wages in the (semi-) public sector remain frozen (SIB 7, 1994: 19; SIB 8/9, 1994: 9; SIB 10, 1994: 17; Visser and Hemerijck 1997: 108).

1994		
Government strategy	IV	II
Trade unions style	C	C
Employers' organisations style	A	C
Combined style social partners	A	C
Outcome	IIC	

Pressure by the government, combined with economic difficulties, brings trade unions and employers' organisations to conclude a bipartite Central Agreement. Decentral negotiations proceed on the basis of this agreement.

1995

Negotiations for 1995 take place against the background of the general elections in May 1994, and the SER's unanimous recommendation on socio-economic policy for the new government's term in March 1994.
Under pressure from its affiliated unions, the FNV distances itself from the originally unanimous recommendation. As a result, all the other parties involved accuse the FNV of damaging the 'consultation economy'. The main bone of contention is that the FNV rejects the continuation of the austerity policy of budget cuts to comply with the EMU criteria of a maximum budget deficit of 3% GDP, and a public debt of not more than 60% of GDP. All other parties in the SER agree that government expenditure should be kept in check. Parties differ on how to achieve that. The employers' organisations and a majority of 'crown members' want to economise on social security benefits. Trade unions and a minority of 'crown members' want to shift taxes and other levies from labour to energy and the environment. All parties agree that the linkage between wages in the market sector and wages and benefits in the (semi-) public sector should not be implemented if wages in the market sector and general unemployment increase above a certain level. Delinking is also seen as an incentive for people on benefits to seek and accept low paid jobs. Long-term unemployment of especially the low and unskilled is identified as one of the two main socio-economic issues for the new government. The other problem is the reform of the whole implementation machinery of social security benefits.
The FNV supports the general direction of the recommended policies, but rejects the recommended extra budget cuts, especially on benefits, and wants to preserve, or rather to restore, the linkage between the market and the (semi-) public sector (SIB 4/5, 1994: 1, 9-16).
A majority in the SER later that year agrees with the government that in 1995 the market and the (semi-) public sector can remain delinked. FNV, and now also CNV, disagree, because they do not foresee excessive wage rises, nor an alarming increase in the number of unemployed (SIB 12, 1994: 20).
The agenda of the new, 'purple' government Kok I (PvdA, D66, VVD) is as far as financial and socio-economic policies are concerned directed by the EMU criteria. For 1995 the agenda includes a number of items. Firstly, delinkage of wages and benefits in the market and (semi-) public sectors. Secondly, budget cuts of some 4,500 million, including lower taxes, premiums and other levies. Thirdly, a proposal for a complete overhaul of sick leave and disability benefits. And fourthly, tougher criteria for unemployment benefit. In general, it will be more difficult to get benefits, the duration of benefits will be shorter, and benefits will not be indexed to inflation. To increase employment (the new government's motto is 'jobs, jobs, jobs' (werk, werk, werk)), the government wants wage moderation. In return, it offers reductions in taxes and premiums, plus an employment policy to create 40,000 'additional' jobs for the long-term unemployed[12]. Social partners are asked to include pay scales for low paid jobs in their collective contracts under pain of not declaring these contracts binding for the whole sector or industry (SIB 10, 1994: 2, 8, 9; SIB 11, 1994: 14; SIB 12, 1994: 22; SIB 3, 1995: 28).

[12] 'Additional' jobs are jobs subsidised by the government that are necessary, but for various reasons not fulfilled. The single most important reason being that wage and other labour costs are too high to make it profitable for employers to hire people for these activities (See Visser and Hemerijck (1997: 155-179; 1998: 159-201).

The trade unions’ agenda for 1995 is quite moderate. Unions set a general wage rise of around 2.5%, which will be just over expected inflation. In sectors and industries which are doing well, unions have additional financial demands, like blocked saving accounts, extra holidays, and the like (SIB 11, 1994: 12).

Employers’ organisations aim at differentiation in 1995. No collective (de)central agreements on wages, working hours, and so on. The companies should be the focus of negotiations, as was agreed in the 1994 agreement ‘A new direction’. Those companies that are doing well can afford (large) wage rises and also a reduction in working hours, but on an individual basis, not across the board (SIB 12, 1994: 22).

The issues during the autumn consultations are (un)employment and wage moderation. Trade unions are only prepared to continue their policy of wage moderation if more new jobs are created. The 40,000 ‘additional’ jobs offered by the government do help, but are not sufficient. More part time jobs and a redistribution of work by a further reduction in working hours are needed. Not enough new jobs will mean higher wage demands. The unions declare that for them 1995 will be a crucial year with respect to the exchange of wage moderation for jobs.

Employers’ organisations are quite happy with the way central consultations have been conducted lately: parties exchange their point of views and come to the shared opinion that unemployment should be decreased. But to effect that, employers maintain that decentralised, differentiated agreements are the best instruments. They reject any collective, across the board wage rises.

The government pledges its commitment to further part time jobs and a redistribution of work by reducing regulations that impede a more flexible labour market, provided that trade unions and employers agree to more low and unskilled jobs in their respective collective contracts. To further that objective, government is prepared to reduce wage costs for employers of those jobs (SIB 11, 1994: 1; SIB 2, 1995: 22; SIB 3, 1995: 30).

Decentral negotiations are characterised by a long duration and a number of conflicts in manufacturing, the building industry, banking and other sectors. One of the main issues is the cost for early retirement schemes. On the whole, trade unions have to accept a redesign of the schemes from a collective annual levy to an individual savings system. Wage rises vary, but do not exceed 2.5%. No significant reduction of working hours is achieved. In the (semi-) public sector, however, wage rises are much lower, in return for a further reduction of working hours per week to a 36-hour week in 1997.

Although more lowly paid jobs are created in collective contracts, government doubts this will be enough to significantly increase the number of those jobs. Government and social partners therefore agree to a joint investigation how to create more of these jobs as input for 1996. Moreover, government announces it plans to use the money earmarked for a reduction of costs for business to create low and unskilled jobs. Both trade unions and employers’ organisations agree to this proposal (SIB 4, 1995: 22, 23; SIB 5, 1995: 34, 35; SIB 6, 1995: 6, 22, 23; SIB 7/8, 1995: 22, 23; SIB 9, 1995: 22; SIB 10, 1995: 27; SIB 11, 1995: 11; SIB 12, 1995: 26; SIB 1, 1996: 26; SIB 2, 1996: 27).

1995			
Government strategy	II	II	II
Trade unions style	A	B	A
Employers’ organisations style	C	B	A
Combined style social partners	A	B	A
Outcome	IIA		

Central negotiations on (un)employment and wage moderation do not lead to a central agreement, but parties agree to a joint investigation how to create more jobs as input for 1996. Decentral negotiations on incomes policy are characterised by conflicts and long duration. Trade unions realise their wage demands, but have to accept the re-financing of early retirement schemes.

1996

The Kok I (PvdA, VVD, D66) government's agenda for 1996 includes:

- a restoration of the linkage between market and (semi-) public sector with regard to wages and benefits;
- a continuation of wage moderation;
- the creation of more low and unskilled jobs through collective contracts;
- subsidies for employers employing long-term unemployed;
- privatisation of the costs for sick leave to employers.

Public debt is declining, the budget deficit will go down below 3%, employment is expected to grow with 100,000 jobs (sufficient to absorb new people entering the labour market), and therefore unemployment will not increase (SIB 10, 1995: 14-16).
Trade unions agendas aim at a further reduction in working hours, plus a real rise in wages. The FNV demands a 36-hour week in 1996, preferably in the shape of a 4-day working week. Above the expected 2% inflation, the FNV demands at least a 1% real increase in wages = 3%. The CNV concludes that as in 1995 the exchange of wage moderation for jobs has not resulted in more jobs, wage moderation in 1996 is off the agenda. As the FNV, the CNV demands 3% and a reduction in working hours. In the longer term, the CNV wants to achieve a 4-day working week of 32 hours (SIB 9, 1995: 22; SIB 11, 1995: 18).
Employers' organisations give priority to flexibility of working hours and wages in 1996. Their main objective is to get rid of all special allowances for working overtime, working at night, in the weekends, and on holidays (SIB 7/8, 1995: 22). They do not agree to the government's policy of privatising sick leave benefits (SIB 11, 1995: 16, 19).
Autumn consultations in October 1995 are wholly devoted to long-term unemployment of ethnic minorities. The 1991 agreement on 'more work for minorities' is extended with one year, to include 1996 as well. And trade unions and employers' organisations promise the government to do their utmost to get more people from ethnic minorities a job. In exchange, the government ceases its policy of making collective contracts only provisionally binding. In 1996, parties agree, the STAR will report on the effects of the concerted efforts of unions and employers. With respect to the privatisation of sick leave benefits, the government refers the employers' organisations to parliament that will have the last say on this matter (SIB 11, 1995: 16, 19).
Decentral negotiations proceed with few problems, except at Philips. On the whole, wage rises are about 3%. However, no significant reductions in working hours are achieved, although employers' organisations did halt their central co-ordination of this issue (Visser and Hemerijck 1997: 108). On the other hand, no significant reduction in special allowances for working odd hours, as employers insisted upon, is achieved either. Trade unions do succeed in getting a better deal for 'flex workers' by the STAR agreement on 'flexibility and security' (SIB 5, 1996: 3-5). And most collective contracts include at least some clauses referring to lower pay scales for low and unskilled jobs. But not enough to the government's liking. Unions and employers are advised that unless more of those jobs are created, parties may see their contracts not made binding (SIB 1, 1997: 27; SIB 3, 1996: 26; SIB 4, 1996: 26; SIB 5, 1996: 28, 29; SIB 6, 1996: 26; SIB 7/8, 1996: 24).

1996			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers' organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Central negotiations are about the long-term unemployment of ethnic minorities. The 1991 bipartite agreement is extended for another year. In exchange, the government ceases its policy of making collective contracts only provisionally binding. Decentral bargaining on incomes policy results in compromises.

1997

The Kok I (PvdA, VVD, D66) government's agenda for 1997 includes the linkage between market and (semi-) public sectors, plus a tax reduction of 1,000 million targeted especially at lower incomes derived from paid work to further employment in low paid jobs and increase the financial difference between low paid jobs and benefits. Although social security premiums will bring in an additional 4,500 million to top up depleted reserves, this will have no negative effects on either buying power or jobs. The EMU deficit will be 2.2% (Miljoenennota 1997).
The agendas of trade unions differ only slightly. The FNV assumes a total 'negotiation space' of 3.5-4%. Their maximum wage demand is 3%. This leaves a maximum of 1% for 'good causes' like education and training, fighting age discrimination, more security for flex workers, and employment agreements targeted at the long-term unemployed. The 36-hour working week is also still on the agenda. For the CNV the 'good causes' take priority over wages (FNV Annual Report 1997: 1; CNV Annual Report 1997: 8).
For 1997, employers' organisations again aim at a reduction of special allowances for over time, working late, and working in weekends and on holidays. A reduction in working hours will only be accepted in combination with proportionally lower wages. In general, employers want more flexibility in working hours and other terms of employment on the company level, as was agreed upon in the 1994 agreement 'A new direction'. And wage rises should not exceed 2.5% (SIB 2, 1997: 22). From government, employers expect deregulation of markets and industrial relations, and a sound budget policy (VNO NCW Annual Report 1996: 8; 1997: 6)
During the autumn consultations in October 1996, trade unions and employers' organisations reach an understanding. Both parties reaffirm the 1994 agreement 'A new direction'. For 1997, parties specifically agree to intensify education and training schemes on the company level, and to get more people from ethnic minorities a job (CNV Annual Report 1996: 15, 16; FNV Annual Report 1997: 4; VNO NCW Annual Report 1996: 41; Slomp 2002: 244)
Decentral negotiations proceed with few difficulties. The average wage rise in the market sector is about 1.8%. The level of payment for low and unskilled jobs is steadily going down to the level of the legal minimum wage. Collective schemes of early retirement are giving way to more flexible and individual schemes, and costs are more and more transferred from employers to workers. Most collective contracts contain clauses referring to 'additional' jobs. But again no significant reduction in working hours per week is achieved. Although theoretically "about half of all full-time employees will move to an average working week of 36 hours in the next year or so"(Visser and Hemerijck 1997: 108), this is usually in the form of a 38-hour working week plus more holidays (SIB 7, 1998: 26; FNV Annual Report 1997: 4). However, for the government these agreements on jobs for the lower and unskilled are still progressing too slowly. Parties are again warned that if the pace is not stepped up, the government will reconsider its policy with regard to declaring collective contracts binding for whole industries (SIB 1, 1997: 27).

1997			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers’ organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Trade unions and employers’ organisations re-affirm their commitment to the 1994 bipartite Central Agreement ‘A new direction’ and the 1991 and 1996 bipartite Central Agreements aimed at getting the long-term unemployed and ethnic minorities a job. Decentral contracts are concluded without much problems, although trade unions are only marginally successful in pressing their demands.

1998

The Kok I (PvdA, VVD, D66) government's agenda for 1998 includes an increase in government spending with some 10,000 million and at the same time a further reduction of the deficit to 1.7%. The government plans to shift financial responsibility for sick leave and disability to employers. Lowering taxes and other costs will create jobs for especially the low paid, unskilled. Although social security premiums are again raised to continue to top up depleted reserves, the negative impact on labour costs is offset by the growing number of people in jobs and the declining number of benefit claimants. The government claims that in general the policy of reducing (labour) costs to further wage moderation has proved to be successful in the past years (Miljoenennota 1998).
For 1998, trade unions demand higher wages, above the expected level of 2% inflation. FNV and MHP issue central figures: 3.75% and 4% respectively. Apart from a real rise in wages, FNV and CNV also want central negotiations and agreements on education and training, and on the rising level of labour intensity in the workplace. The quality of jobs, or health and safety on the workplace, also becomes an issue. For these and other issues another 1-1.25% is targeted by the FNV (SIB 10, 1997: 22; SIB 1, 1998: 34; CNV Annual Report 1997: 14; FNV Annual Report 1998: 13, 17-19).
Employers' organisations reject the total wage cost percentages of 4-5% mentioned by the FNV. Employers fear that demands of that magnitude may easily trigger a veritable 'wave' of excessive wage rises. Employers reiterate their general policy position: lower wage costs by lower taxation and lower social security premiums, flexibilisation of jobs, working hours and wages, and a restrained general incomes policy (SIB 9, 1997: 22; VNO NCW Annual Report 1997: 14)
The outcome of central consultations is the agreement between social partners on 'Agenda 2002', a new agenda for contractual negotiations in the coming years. The 1994 agreement 'A new direction' is vindicated, but a new central issue is added: continuous investment in adaptability of companies and employees. The agreement covers a large number of items and aims at

- a modernisation of industrial relations in which market demands on companies have to be harmonised with demands and protection of employees;
- a further decentralisation and differentiation of wages and terms of employment in which the economic profitability of companies, branches and industries is the point of reference;
- a restrained general incomes policy;
- a continuation of declaring collective contracts binding for whole industries (SIB 12, 1997: 23).

The agreement recommends social partners on the decentral levels to conclude contracts on issues like education and training, career planning, combining paid work and care, pensions, health and safety on the workplace, older employees, the long-term unemployed, and labour intensity (STAR Annual Report 1997: 8, 9; Slomp 2002: 238).
The outcome of decentral negotiations shows an average wage rise of about 2.8%, well below original demands. The number of contracts containing clauses on individual arrangements for flexible retirement and saving holidays for early retirement steadily increases (SIB 7/8, 1999: 18).
The FNV concludes that the recommendations of 'Agenda 2002' have not been fully implemented in collective contracts in 1998. To further implementation, the FNV

will specifically focus on the issues in the agreement in the coming negotiations on collective contracts in 1999 (FNV Annual Report 1998: 6).
VNO NCW on the other hand sees ‘Agenda 2002’ as part of a whole series of recent bipartite agreements that signal the success of the STAR. In their view, ’Agenda 2002’ is a good mix between wages and other issues. It has to be implemented on the decentral levels. That requires that the government exercises restraint with respect to interference in industrial relations. Legislation can only thwart negotiations and exchange between unions and employers (VNO NCW Annual Report 1997: 17).

1998			
Government strategy	II	II	II
Trade unions style	B	C	B
Employers’ organisations style	B	C	B
Combined style social partners	B	C	B
Outcome	IIB		

Trade unions and employers’ organisations agree on a new bipartite agenda for contractual negotiations in the coming years (‘Agenda 2002’), based on the 1994 bipartite agreement ‘A new direction’. Decentral contracts are a trade-off between wages and re-financing of early retirement schemes.

1999

Negotiations for 1999 take place against the background of general elections in May 1998. Trade unions and employers' organisations issue their comprehensive agendas for the next government's term 1998-2002, both separately, and as a recommendation by the SER on socio-economic policies 1998-2002. Social partners recommend the government to continue the success of the consultation economy and to continue to actively involve the SER and the STAR in economic decision making in order to increase the legitimacy of socio-economic policy. The involvement of social partners is also conditional for good labour relations and an efficient transformation of central policies to the decentral levels. Therefore, the policy of declaring collective contracts legally binding for the whole sector or industry should not be abolished. The SER regards this policy as one of the cornerstones of the highly effective consultation model. And without it, Central Agreements in the STAR like 'A new direction' or 'Agenda 2002' are meaningless. The new government's policy platform should also adhere to the recent recommendations by the SER, and should incorporate the continued involvement of employers' organisations and trade unions in the implementation of social security benefits (SIB 6, 1998: 9, 10).
With respect to incomes policy, the SER recommends to continue the differentiated and moderate developments in wage costs, and to allow for more flexibility in both (the level of) wages and (the amount of) working hours. Special attention should be devoted to keep older employees at work, to get more people from subsidised, 'additional' jobs into 'real' jobs, and to get more people from unemployment and welfare benefits into a job, 'additional' or 'real' (SIB 5, 1998: 17-20).
The new government Kok II is a continuation of the 'purple' coalition of PvdA, VVD and D66. Its policy platform includes the continuation of the previous government's (un)employment policies. But pressure on social partners, especially on employers' organisations is stepped up by the announcement of two new laws. These will give employees a legal right to use a specific number of days per year to take care of dependants, and to opt for part time work (Regeerakkoord 1998).
The government's agenda for 1999 aims at more jobs, a continued linkage of market and (semi-) public sectors, and a dynamic and sustainable economy. To that effect, government expects social partners to implement a restrained incomes policy, aimed at differentiation and flexibility in wages, and to focus specifically on education and training. In turn, the government will implement an active labour market policy, reduce costs for employees, and continue to make it more profitable for people on benefits to get low paid jobs and to keep older employees at work. For employers, the government plans to reduce the number of obsolete regulations (Miljoenennota 1999).
Trade unions issue different central figures for demanded wage rises. The FNV demands 3.5% across the board. The CNV gives an 'indication' of 3.25% from which affiliated unions may differ in both directions provided they can argue their case. The MHP declines to issue a central demand, but announces that 3% should be sufficient. Apart from the wage rises, both FNV and CNV also demand central negotiations on labour intensity, education and training, and all forms of temporary, sabbatical and other paid and unpaid leaves. The FNV also demands a 4-day, 36-hour working week (SIB 10, 1998: 22; SIB 11, 1998: 26; FNV Annual Report 1999: 4).
Employers' organisations foresee declining economic growth in 1999. They announce that a 2% wage rise is enough. Their other main issue is more flexibility in

the labour market. Hiring, firing and paying should become both easier and more differentiated (SIB 11, 1998: 26; SIB 1, 1999: 22).
Central consultations in October 1998 consist of an exchange of views on the new, continued 'purple' government's policy platform, the general economic situation and the socio-economic agenda for 1999. In November 1998, government asks trade unions to exercise moderation in their wage demands since economic forecasts for 1999 become more and more pessimistic (SIB 12, 1998: 22). In December 1998 talks continue, based on a series of working papers on:

- labour market policy;
- policy towards older employees;
- agreements on health and safety on the workplace;
- education and training;
- getting the unemployed on the labour market.

Trade unions, employers' organisations and the government conclude a series of agreements on these issues for implementation on the decentral level and agree to continue their deliberations on their differences of opinion on social security reform (SIB 10, 1998: 21; CNV Annual Report 1998: 17).
All issues are finally wrapped up in the Spring consultations in June 1999. As economic growth turns out to be higher than expected, although mainly based on consumption and not on exports, wages are not a big issue. Government and social partners agree that more attention should be paid to

- the erosion of profits;
- the deterioration of competitiveness, and;
- the declining growth of employment.

Agreements are struck for 1999 and 2000, concerning a number of issues:

- the shortage of qualified staff - social partners will be included in any government policy to redress that problem;
- European employment policy – Europe will become a standing item on the agenda of consultation between government, trade unions and employers' organisations;
- childcare – the number of places will be increased considerably by the government; the STAR will include the issue in its guidelines for decentral collective negotiations;
- training for the long-term unemployed – government and social partners will jointly provide sufficient training positions;
- employability - in 1998, government and social partners agreed upon a 10-point programme; by the end of 1999 and evaluation will have to show the results;
- reintegration of people on disability benefits - the 1998 tripartite action programme on this issue is reaffirmed;
- ethnic minorities – the government's policy is aimed at halving the difference in unemployment levels between the ethnic minorities and the Dutch; social partners must contribute; employers by complying to the law registering how many people from ethnic minorities companies employ and trade unions by encouraging their representatives in the works councils to take initiatives in this matter (SIB 6, 1999: 25; SIB 7/8, 1999: 16)

Decentral negotiations proceed with some minor difficulties, especially in the market sector. The average wage rise is some 2.7%. The number of contracts containing clauses on individual arrangements for flexible retirement and holidays steadily increases (SIB 7/8, 199: 18). Trade unions and employers' organisations are satisfied with the results, although they agree that implementation of the more qualitative aspects of the ‘Agenda 2002’ are still lagging somewhat behind (FNV Annual Report 1999: 9; VNO NCW Annual Report 1999: 2; STAR Annual Report 1999: 7).

1999		
Government strategy	III	III
Trade unions style	B	C
Employers’ organisations style	B	C
Combined style social partners	B	C
Outcome	IIIC	

Trade unions and employers’ organisations conclude a series of Central Agreements with each other and with the government. These are both a re-affirmation of previous bipartite and tripartite agreements, and the adoption of new policy issues like childcare for negotiations on incomes policy. Decentral negotiations proceed on the basis of these agreements and result in compromises with which both parties are satisfied.

2000

The Kok II (PvdA, VVD, D66) government's agenda for 2000 includes lower taxes and higher child allowances to increase buying power of the lowest income groups. Therefore, government welcomes the unanimous recommendation of the SER not to increase the legal minimum wage (SIB 9, 1999: 16/17; SIB 12, 1999: 19). Government pledges to continue its policy of lowering taxes and other costs to further a moderate incomes policy. The bottlenecks in the labour market are still the large number of long-term unemployed and the high unemployment among ethnic minorities. Government wants to continue to tackle these issues together with social partners. Government also proposes to take over the whole system of implementing social security benefits from employers' organisations and trade unions, in order to be able to activate the long-term unemployed and people on disability benefits (SIB 3, 2000: 15, 16; Miljoenennota 2000).

Trade unions' agendas hardly differ. The FNV does not issue a central figure for wage rises. Contracts already concluded for 2000 show an average wage rise of some 3%. For new contracts, the FNV states, the figure will certainly be not lower. However, the FNV wants to concentrate on the combination of paid work and care, or private life in general. Child care has to be doubled, possibilities for paid and unpaid leave greatly improved, and workers should get a much greater say in working hours. For these issues, the FNV plans to use another 1.5%. The CNV issues an 'indicative' figure for wage rises of 3%, which is, however, not a central demand. The CNV also will focus on issues like work and care, labour intensity, employability, and jobs for minorities (FNV Annual Report 1999: 4; CNV Annual Report 1999: 16).

Employers' organisations insist on a continuation of wage moderation, flexibilisation of the labour market, reorganisation of government finances, increasing employment ratios, improving and modernising infrastructure, and modernisation of social security. Any attempts by the government to legally impose the possibility for workers to obtain paid or unpaid leave to care for dependants is rejected (SIB 2, 2000: 11; VNO NCW Annual Report 1999: 12).

On the central level, the government sees consultations more and more as a possibility for parties to inform each other of their views. Negotiations on wages and other terms of employment take place on the decentral levels of branches, industries and companies. Government trusts that trade unions and employers' organisations will agree to a responsible incomes policy in 2000, and refrains from making its customary appeal for wage moderation (SIB 11, 1999: 3, 18).

However, at the end of 1999, employers' organisations and trade unions halt further consultations with the government in response to the government's plans to oust social partners from the new organisation to implement social security benefits. Especially trade unions reject these plans, but employers' organisations express their solidarity with the unions' views. In the end, relations are patched up again with a compromise: the existing organisations that implement social security benefits are to be reorganised into one new agency, but trade unions and employers' organisations remain involved in the implementation of benefits in an advisory capacity (SIB 2, 2000: 10; SIB 3, 2000: 15, 16).

Decentral negotiations proceed without much difficulty as the economy is booming. During the spring consultation of 21 June 2000, the government concludes that present wage rises are within reasonable limits. However, competitiveness of companies may be jeopardised in the long run, if wage increases are not moderated. Average wage increases near the 4%, with a 2% inflation rate (SIB 7/8, 2000: 26).

2000	
Government strategy	II
Trade unions style	B
Employers' organisations style	B
Combined style social partners	B
Outcome	IIB

On the central level, contacts between the government and trade unions and employers' organisations can be characterised as consultations in which points of view are exchanged. Negotiations take place on the decentral level and proceed without much difficulty as the economy is booming and government policy boosts buying power of the lower paid.

2001

The ‘purple’ government’s agenda (Kok II: PvdA, D66, VVD) included ƒ 14,500 million of extra expenditure in the (semi-) public sector (health, education, infrastructure) as well as a tax relief of ƒ 6,600 million that boosted buying power of all income groups. Nevertheless, for the first time in 51 years, there would be no budget deficit. In addition, the linkage between market sector wages, the legal minimum and benefits was continued. Government expected an economic growth of some 4%, with an inflation rate of 3.5%. Economic growth, extra expenditure and tax relief, however, contributed to the danger of an ‘overheating’ economy. Therefore, the government asked social partners to be ‘careful’, that is moderate, with structural wage increases. In exchange government offered additional expenditure for education, job training and on-the-job-training to ease labour market shortages (Staatscourant (181) 19-09-2000: 1; (235) 04-12-2000: 1).
Trade unions’ agendas showed some internal differences. The FNV demanded a 4% wage increase whereas the FNV Builders union demanded 6%. Neither the FNV, nor the CNV supported this demand; both regarded it as a localised exception due to severe labour market shortages in the building industry (Staatscourant (235) 04-12-2000: 1). Besides the wage increase of 4% the other central issues were ‘time’ (reduction of overtime, extra leave, the control of working rosters, the balance between working hours and private time, and so on), ‘employability’, and education, job training and on-the-job-training (FNV Annual Report 2000-2001: 4; SIB 2, 2001: 11-13; FNV [zj: 2000]: 5, 7, 9-10, 14; FNV [zj: 2002]: 7). Trade unions were critical about the government’s budget. FNV and CNV demanded even more expenditure for the (semi-) public sector: an extra ƒ 11,500 million for education, health, and a more just distribution of incomes; extra policy measures to ease shortages on the labour market; and a one-off bonus of ƒ 100 for people on a minimum income (wages and benefits) (Staatscourant (181) 19-09-2001: 4).
The agenda of VNO NCW was rather different from that of trade unions. Employers warned that structural wage increases continued to erode profitability of companies which might led to future redundancies. Employers therefore insisted on wage moderation. Employers also criticised the government for not sufficiently lowering costs for companies, in particular by reducing social security premiums as the various funds had accumulated substantial excess surpluses. Taxation of companies also remained on too high a level compared to other countries, despite the projected changes in the tax regime. According to employers, the outcome of government policy and trade union demands would be a reduction of Dutch competitiveness on the world market. The solution advocated by employers was to return the excess surpluses in the various social security funds to social partners (that could induce trade unions to wage moderation), to lower company and capital taxes (to boost competitiveness and profitability), to refrain from additional extra government expenditure (to pay for lower taxes), and to moderate wages (VNO NCW Annual Report 2000: 16; VNO NCW Annual Report 2001: 12, 17; Staatscourant (181) 19-09-2001: 4).
Since 1999, negotiations and consultations between the government and social partners had been organised and structured by a so-called ‘Regiegroep’ (literally: Direction group) in which representatives of social partners and the Ministry of Social Affairs (and other ministries, depending on the issues) informally discussed and determined the final agendas and venues for the Spring and Autumn consultations between government and social partners (STAR [zj: 2001): 6).

During the Autumn consultations on 4 December 2000 both the government and the employers expressed their concern with regard to wage increases and argued for moderation. Trade unions rejected that the (expected) wage increases over 2000 and 2001 were or would be excessive. In both years average wage increases did not exceed 4%. Both the FNV and CNV maintained that the 6% demanded in the building industry would remain an exception. Nevertheless, all three actors agreed that there was a risk of an 'overheating' economy, i.e. a risk of increasing inflation (over 2001 an inflation rate of 3.5% was projected) which might fuel a price-wage-price-spiral. Therefore social partners agreed to develop joint recommendations for decentral negotiations that focused specifically on education, job training and on-the-job-training, arrangements for work leave, and flexible wage systems (Staatscourant (235) 04-12-2000: 1; STAR [zj: 2001]: 7-9; SIB 2, 2001: 11-13).
After negotiations in the STAR social partners concluded a bipartite Central Agreement ('*Er is meer nodig: aanbevelingen voor het arbeidsvoorwaardenoverleg 2001'*) on 22 December 2000. Based on both 'A new direction' (Central Agreement 1993) and 'Agenda 2002' (Central Agreement 1997) that argued for decentralisation, differentiation, local control and individual responsibility, the 2001 agreement stipulated the commitment of social partners to the continuation of a moderate development of wage costs by shifting from structural across the board wage increases to more flexible wage systems that could move with the economic cycle and the position of the individual companies. The 2001 agreement also called for more attention to education, job training, on-the-job-training, employability, and the balance between work and private life. Trade unions agreed to a working week in excess of 36 hours in individual cases, but not as a collective measure. In return, social partners expected the promised extra government expenditure for education and health, as well as tax facilities to promote flexible wage systems (STAR [zj: 2001]: 7, 9; VNO NCW Annual Report 2000: 16, 23; SIB 2, 2001: 11).
Based on the Central Agreement and the massive boost of buying power due to government policies, decentral negotiations proceed smoothly, although social partners disagreed about the actual level of the average wage increase. According to the FNV that remained below 4% (FNV Annual Report 2000-2001: 5), but employers computed 4.5% (VNO NCW Annual Report 2002: 9). Both, however, agreed that the 2001 negotiations did indeed result in a moderate wage increase, more flexible systems of remuneration and an increase in decentral agreements on education, job training and on-the-job-training (FNV Annual Report 2000-2001: 5; VNO NCW Annual report 2000: 16, 23; FNV [zj: 2002]: 7). VNO NCW concluded that the Polder Model had shown its viability (VNO NCW Annual report 2000: 23).
Finally, although social partners ostensibly agreed 'in principle' with the government's proposals to reform the social security and labour market implementation organisations from bipartite and tripartite organisations into one public organisation, they disagreed completely with their unexpectedly proposed minimal involvement in this new organisation. From paying and running the implementation organisations, social partners were relegated to an advisory capacity only in a new advisory board to the government: the Council for Work and Income (Raad voor Werk en Inkomen – RWI). The social security and other funds administered by the new organisation were, however, still largely filled with the premiums levied on employers and employees. Despite their concerted opposition government went ahead with the planned reorganisation (STAR [zj: 2001]: 10, 11; Bruggeman and van der Houwen 2005: 94-95).

2001	Incomes policy	Social security
Government strategy	II - II	IV
Trade union style	B - C	A
Employers style	B - C	A
Combined style	B - C	A
Outcome	IIC Bipartite Central Agreement	IVA

Within the context of a booming economy that was at least partly fuelled by the government's agenda social partners quickly agreed on a bipartite Central Agreement on wage moderation in order to reduce the risk of spiralling prices and wages. However, with regard to the social security reform the government implemented its own agenda, against that of social partners.

2002

Central negotiations on incomes policy for 2002 were heavily influenced by 9/11, the attacks on the World Trade Center in New York and the Pentagon in Washington on 11 September 2001. The government's agenda stipulated that the attacks were expected to have a negative bearing on the world economy and thus also on the Dutch economy, making economic prospects for 2002 even bleaker. The government originally projected an economic growth of only 2% with a 4% inflation rate, but these projections were expected to be negatively influenced by 9/11. Therefore, the government stated that wage moderation is required to protect competitiveness of Dutch companies. To further wage moderation, the government offered social partners € 1,300 million from the surpluses in the social security funds. Besides, for the second year running government increased expenditure in education, health (and security), with an additional € 3,800 million. Nevertheless, the government's budget again showed a surplus, this time of 1% (Staatscourant (180) 18-09-2001: 1; STAR 2002: 8).

In the context of the projected decreasing economic growth and increasing inflation, exacerbated by 9/11, the central issue on trade unions' agendas was 'a responsible development of wage costs'. Trade unions complained that wage levels were pushed up by employers responding to shortages on the labour market. Instead of using more flexible systems of payments higher wages across the board were paid. This negatively (and unnecessarily) impacted upon the competitive position of companies. For 2002, the FNV worked with a so-called 'negotiation space' of 4% of which 3.5% was intended for wages and 0,5% for other issues (FNV 2001: 4, 12). The FNV therefore rejected the government's request for (more) wage moderation in 2002. Wage rise demands remained below projected inflation levels, and wage level increase were due to employers themselves. The FNV was, however, prepared to conclude only short term collective contracts as prospects remained uncertain and pointed out that its demands were maximums that could be adjusted downwards, depending on the actual situation. Furthermore, FNV, CNV and MHP all argued that wage costs could be reduced by lower social security premiums as all social security funds still ran considerable excess surpluses. In their view, the proposed reduction of € 1,300 million offered by the government was not sufficient (Staatscourant (180) 18-09-2001: 5). The CNV declined to come with specific wage demands due to 9/11 (CNV 2001: 17). Both FNV and CNV agendas again featured the issues of time (a shorter working week, extra leave, integration of leave regulations into one system), employability, education and on-the-job-training (based on the 1997 and 2001 Central Agreements). In addition, trade unions argued for a concerted effort of all actors to get more people on the regular labour market, in particular people above 45 years of age, ethnic minorities, and people with subsidised jobs (FNV Annual report 2000-2001: 5, 7; FNV 2001: 4, 8, 9, 12-13; CNV 2001: 6, 17, 20-21).

Given the ever bleaker economic prospects for 2002, wage moderation should be the central issue for negotiations according to VNO NCW. Increasing wage costs were eroding profitability and investments, undermining competitiveness, and that increased unemployment. Employers criticised the FNV sticking to its wage demands of being 'rigid' and 'irresponsible' and praised the CNV and MHP from refraining to demand a specific wage increase until it was more evident how the economy would develop. Employers agreed with trade unions that the excess surpluses of the social security funds could be used to a larger extent to moderate wage costs (VNO NCW Annual report 2001: 6; Staatscourant (180) 18-09-2001: 5).

During the Autumn consultations on 15 November 2001 9/11 and its economic consequences were the central issue. All economic projections were adjusted downwards. The government argued for wage moderation as wage costs were still increasing too much and too fast due to shortages in some sections of the labour market. Social partners agreed that the economy was slowing down and that a differentiated approach on the decentral level was called for to respond to the different economic positions of companies. In return they expected from the government an additional effort to lower wage costs, either by lowering social security premiums or returning more of the excess surpluses of the social security funds to social partners. The government, however, pointed out that both in 2001 and also for 2002 buying power had been significantly increased by tax reliefs, lower social security premiums and the (projected) return of part of the excess surpluses of the social security funds to social partners. Moreover, reducing the social security funds too much would negatively impact public debt and the budget deficit (based on the EMU Stabilisation Pact).
The upshot of the consultation was that the government agreed to facilitate in-company and other job training schemes by additional fiscal means (how and what would be decided during the Spring consultation in 2002) and that the 2001 Central Agreement that was also based on the 1997 Central Agreement 'Agenda 2002' would not be adjusted for decentral negotiations in 2002. In effect, the 2002 decentral negotiations were covered by the same guidelines as those in 2001 (STAR 2002: 8-9; VNO NCW Annual report 2001: 6, 12) and resulted in an average structural wage increase of some 3.7% (VNO NCW Annual report 2002: 9).
Finally, in March 2002 social partners succeeded in concluding a unanimous agreement on the disability insurance (WAO) in the SER. Trade unions achieved a higher percentage of previous earnings fore employees suffering from a more than 80% disability (75% instead of the current 70%) and had employers agree to top-up benefits for the 35-80% category to 70% of previous earnings. Employers got rid of the fines they had to pay in proportion to the number of disabled employees from their companies, whereas trade unions did agree not to use decentral negotiations to try and top-up the 70% of previous earnings sick leave benefits to 100% in the second year that employers agreed to keep sick employees on the pay roll before they entered the disability benefit system (SIB 1, 2002: 4-6; 2: 4-9; 3: 9-16).

2002	Incomes policy	Social security
Government strategy	II	I
Trade union style	B	B
Employers style	B	B
Combined style	B	B
Outcome	IIB	IB

Despite attempts by the government, and after some discussion and disagreements, social partners decided not to adjust the bipartite Central 2001 on wage moderation (based on the 1997 'Agenda 2002') for 2002. Decentral negotiations resulted in a slowing down of structural wage increases: from 4-4.5% in 2001 to 3.7% in 2002.

2003

Negotiations for incomes policy in 2003 take place against the background of one of the most turbulent years in Dutch politics after World War II. First, the premature demise of the 'purple' Kok II (PvdA, D66, VVD) government over an inquiry into Dutch responsibility for the mass murder by Serbs of Muslim men in Srebreniça in former Yugoslavia in 1995. Next the first political murder in the Netherlands for more than 300 years of the populist politician Pim Fortuyn that reverberated through the scheduled general elections in May 2002. PvdA and VVD lost heavily and Fortuyn's election list LPF won an unprecedented 26 seats (of 150). Coalition negotiations after the elections resulted in the government Balkenende I (CDA, VVD, LPF) in July 2002 that foundered already in October 2002 on internal disagreements within the LPF, between the LPF parliamentary party and the LPF ministers, and between the LPF ministers themselves. The caretaker government Balkenende II (CDA, VVD) organised new general elections in January 2003 in which the PvdA recouped most of its losses and the LPF lost heavily. Lengthy coalition negotiations unexpectedly culminated in the government Balkenende III (CDA, D66, VVD) in May 2003 **(**Bruggeman and van der Houwen 2005: 99-101).
The government's agenda for incomes policy of both Balkenende I and Balkenende II was based on the original coalition agreement 'Stragisch Akkoord' (Stragic Agreement) of July 2002. Given progressively bleaker economic prospects fore the Netherlands – lower economic growth than the EU average or the US, increasing unemployment and increasing wage costs combined lead to a deterioration of profitability and hence to a deterioration of competitiveness of Dutch companies – the government opted for stern measures. The government's aim was to increase employment, to lower inflation, and to get rid of public debt (in 25 years). This aim could only be reached by moderating wage costs, higher taxes (€ 4,400 million) and lower government expenditure (€ 3,600 million) which would inevitably lead to lower buying power for all. The government had only a modest amount available for extra expenditure on security, health and education (€ 1,000 million). To contribute positively to the government's aims, social partners were requested to exercise wage moderation. If and when social partners could agree to wage moderation in a Central Agreement, the government was prepared to lower unemployment premiums with € 500 million. Government declared trade unions' wage demands of 3.5% 'unacceptable' in view of the projected inflation rate of at least 3.5% in 2003. Notwithstanding this offer to social partners , the government intended to keep pursuing its own policies to arrive at wage moderation, i.e. lower wage costs, as well. The government intended to scrap blocked saving accounts for employees, and to end all forms of subsidised employment and fiscal support for early retirement schemes. In addition, the government rejected the unanimous recommendation of the SER on disability of March 2002 due to the costs involved. The government was not prepared to increase the benefit percentage for the 80% plus category from 70% to 75%, unless there would be a significant reduction of new disability cases. Besides, for the actual benefits for the partly disabled the government intended to take into account other household incomes, akin to social welfare benefits. Finally, government wanted to link the period in which a disability benefit could be received to the number of years of employment of the person in question, akin to the unemployment benefits, whereas disability benefits used to last until people qualified for an old age pension. After that period, claimants would revert to unemployment benefits, and ultimately to social welfare. The government did, however, take over one item from the rejected

unanimous SER recommendation: employees on sick leave would be kept on the company pay roll for two years. Employers rejected the government's 'selective shopping' in the carefully designed compromise between social partners (Bruggeman and van der Houwen 2005: 101-102; Staatscourant (124) 03-07-2002: 1, 5; (141) 26-07-2002: 1, 4; (178) 17-09-2002: 1, 3; (218) 12-11-2002: 6; STAR 2003a: 6-7; SIB 2, 2003: 7-18).

Trade unions acknowledged the projected economic deterioration in 2003 (decreasing economic growth and increasing inflation and unemployment). Trade unions also acknowledged that wage cost increases had to be moderated. However, they disagreed with the government and with employers that wage moderation should be the only tool, as wages were only part of total wage costs. And apart from requesting wage moderation, government had nothing to offer but a significant deterioration in employees' rights with regard to disability, unemployment, early retirement, pensions and fiscal support for leave regulations and blocked savings accounts. Trade unions agendas featured a 'negotiation space' of some 4-4.5% of which at most 3.5% was designated for wages and the remaining 0.5-1% for other terms of employment. The issues under that heading featured, like in 2001 and 2002, 'time', employability (education, job training and on-the-job-training), health on the shop floor, and restructuring early retirement schemes. Trade unions refused to conclude a Central Agreement on wage moderation only (FNV 2002: 3, 6-14; CNV 2002; Staatscourant (154) 14-08-2002:3, (178) 17-09-2002: 7; SIB 2, 2003: 7-18).

Central issue on the agenda of employers was, as always, wage moderation in order to increase economic growth and employment by increasing competitiveness of companies. To achieve wage moderation social security premiums should be lowered as most of the social security funds still ran (excessive) surpluses. The increase in premiums for company or industry pensions due to the crash of the stock market, as well as additional demands made by the pension regulator should be temporised. Employers were much less critical about the remaining government agenda than trade unions, except for the government's refusal to take over the unanimous SER recommendation on disability (WAO) and its intention to keep employees on sick leave two years on the company pay roll (VNO NCW Annual Report 2002: 8-9, 14-5; SIB 2, 2003: 7-18).

Negotiations between trade unions, employers, and the government took place in the context of a deteriorating economy (the after effects of 9/11) and political turmoil. All actors agreed on the deterioration of the economy but disagreed on the government's agenda. Especially the government's rejection of the unanimous SER recommendation on disability and its unilateral implementation of only one part of the compromise (employees on sick leave for two years on the company pay roll) was criticised by social partners. That rejection, plus the cut backs on disability payments the government planned to introduce in 2003 scuppered negotiations on a Central Agreement on wage moderation that would cover a number of years. For trade unions in particular the government's agenda on disability was unacceptable, although the CNV was prepared to continue negotiations much longer than the FNV who actually pulled the plug on negotiations, much to the CNV's frustration. Negotiations on a Central Agreement for 2003 continued in the understanding that the government would be willing to accommodate social partners on other issues, except disability. These issues included the continuation of blocked savings accounts (that had been introduced in the past to make wage moderation more palatable for trade unions), lower costs for employers and employees (i.e. lower social security premiums or refunds from social security funds' surpluses), some extra payment for people on the minimum wage and benefits, and less cutbacks on subsidised jobs. After lengthy and difficult negotiations social partners (STAR) and the government issued separate but co-ordinated declarations on 28 November 2002. Social partners agreed to limit general wage rises to the level of inflation (estimated to be 2.5% in 2003) or even lower depending on the actual position of companies. On the other hand, if companies were in good shape, extra one-off payments above the general wage rise would be acceptable as well. The government topped up its offer of € 500 million to € 900 million to support the bipartite Central Agreement. The government's € 900 million included an additional 400 million to cover social partners' demands with regard to blocked savings accounts, subsidised jobs and an extra one-off payment for the minimum incomes. In addition, the government retracted its proposal that employers should keep their employees on sick leave on the pay roll for two years. Finally, the so-called 'pension crisis'[13] would be discussed separately with social partners early 2003 (SIB 12, 2002: 17; 1, 2003: 9, 18, 24-5; 2, 2003: 7-18, VNO NCW Annual Report 2002: 5, 8, 9, 14-15: STAR 2003a: 5-8, 24; STAR 2003b; Bruggeman and van der Houwen 2005: 99-102; Staatscourant (154) 14-08-2002: 3, (164) 28-08-2002: 1, (218) 12-11-2002: 6, (230) 28-11-2002: 1).

2003	Incomes policy	Disability (WAO)
Government strategy	IV - II	IV
Trade union style	A - B	A
Employers style	A - B	A
Combined style	A – B	
Outcome	IIB Bipartite Central Agreement	IVA

Negotiations for 2003 focused on the government's binding agenda. After lengthy, difficult and sometimes rather acrimonious negotiations between themselves and with the government social partners concluded to a bipartite Central Agreement on wage moderation. To support the Central Agreement, the government in a separate declaration retracted most of its projected agenda for 2003 (except its rejection of the SER recommendation on disability) and offered some additional expenditure as well.

[13] The 'pension crisis' was due to the stock market crash. Company and industry pension funds did no longer reach the required legal levels of capital plus income in proportion to present and future liabilities and were legally obliged to increase premiums drastically. Increased pension premiums presented an additional heavy burden for employers and employees that threatened wage moderation. Social partners agreed that premiums should go up, but demanded a (much) slower pace.

2004

Negotiations in 2004 are a continuation and largely a repetition of negotiations in 2003, but even more difficult, protracted and conflictual. After the January 2003 general elections the government Balkenende III (CDA, D66, VVD) issued its agenda in May 2003. Over a period of four years, the government planned a reduction in expenditure of some € 13,000 million; for new policies only € 3,400 million will be available. Government employees will receive a maximum pay rise of 1% per year. The linkage between the legal minimum wage and benefits and wages in the market sector will only be kept in tact if and when market sector wages are moderated to about the same level as wages in the public sector. There will be no increase in buying power due to the new health insurance (premiums) and rising premiums for company and industry pensions. Furthermore, the government planned a series of cut-backs in social security as well. It will become more difficult to get unemployment benefits, disabilities of people below 45 years of age with a disability benefit (WAO) will be re-assessed, and household income will be taken into account for the level of the disability benefit. Social welfare benefits and rent subsidies will be reduced. A few months later an additional reduction of € 3,000 million in government expenditure was announced (Bruggeman and van der Houwen 2005: 102; SIB 9, 2003: 12-21; Staatscourant (95) 19-05-2003: 5, (126) 04-07-2003: 3, (174) 10-09-2003: 3).
In its budget for 2004 the government announced yet again additional measures to reduce government expenditure and at the same time to boost employment of people between 55 and 65 years of age. All fiscal support for early retirement schemes will be ended, making it prohibitive expensive for most people to retire before they are 65. And again employers will be obliged to keep employees on sick leave on their payroll for two years. The government deemed their policy package necessary to boost the economy. Without reforming the social security system, including health and pensions, that goal could not be reached. In effect, the government planned to put the Dutch welfare state on a different footing: instead of income support, individual responsibility, activation and employment should be the cornerstones (Staatscourant (174) 10-09-2003: 3, (178) 16-09-2003: 1, 3; SIB 9, 2003: 12-21; Star 2004a: 6; Bruggeman and van der Houwen 2005: 103).
As negotiations in 2004 are a continuation (and a repetition) from those in 2003, social partners' agendas are likewise dictated by that of the government. Negotiations continued through 2003, covering the bipartite Central Agreement for 2003 that was separately supported by the government on 18November 2002, and finally resulted in a new bipartite Central Agreement covering 2004 and 2005 in November 2003 that was supported by the government, again in a separate declaration. With some reservations and not wholeheartedly social partners agreed to wage moderation in 2004 and 2005. In 2004 structural wage increases will amount to zero, in 2005 they will 'near zero'. In exchange social partners expect to reach agreement with the government before April 2004 about the fiscal regime for early retirement schemes, including the pace of phasing-in of the governments' measures and about additional one-off payments based on company profits. All trade unions signed up to the Central Agreement although not all agreed completely. Employers had supported most of the government's agenda throughout, except for the government's disability (WAO) proposals.
In response to the bipartite Central Agreement on wage moderation, the government put most of its social security (WW and WAO) and early retirement retrenchment

proposals on hold (again), pending further negotiations with social partners in the STAR (early retirement) or a new recommendation by the SER (WW and WAO) early 2004. With regard to the WAO, however, government stipulated that this recommendation should result in a drastic reduction of new cases of full disability (over 80%) to 25,000 annually in 2006. If not, there would be no deal. Moreover, the minimum wage and benefits remained delinked in 2004 and 2005, and there would be no wage rises in the (semi-) public sector either in these two years. To solve the early retirement issue, the government was prepared to spend some € 2,200 million, for lower premiums in the new health insurance system in 2004 another € 200 million was available.

As in 2003, in 2004 negotiations with the government for trade unions basically amounted to damage control: an attempt to reduce the impact of the planned reductions in government expenditure and social security reforms for their members (or employees and people living on benefits in general) in exchange for wage moderation. Employers also had some issues with the government but much less so than trade unions.

Both in 2003 and 2004 rifts between and among social partners and especially between trade unions and the government increased and relations deteriorated progressively. The FNV organised a week of actions around the Autumn consultations on 14 October 2003 while at the same time the coming bipartite Central Agreement for 2004 and the concomitant government declaration to support it that were announced on 18 November 2003 were thrashed out in informal, behind the screen negotiations in the STAR and in the Regiegroup with the government. Negotiations between the government and social partners on disability (WAO), unemployment and early retirement foundered in Spring 2004. Social partners disagreed among themselves on the early retirement issues and unemployment. Employers sided with the government, trade unions were dead set against it. The government clashed with social partners over the new SER recommendation on disability (WAO).

Trade unions concluded that that the conditions set for the continuation of wage moderation in 2005 had not been met and that therefore the Central Agreement for 2005 was null and void. In response the government announced it planned to selectively use its powers to declare collective contracts between trade unions and employers binding for a whole industry in 2005. Collective decentral agreements with wage rises that the government deemed excessive or inappropriate, and in which employees would receive more than 170% of their wages during sick leave, would not be made binding for a whole sector of industry. In addition, the government decided to implement its original agenda for social security reforms and expenditure reduction that had been put on hold during negotiations (SIB 9, 2003: 12-21; 11, 2003: 21; 3, 2004: 24-25; 6, 2004: 13-15; 7/8, 2004: 18; 9, 2004: 12-21; VNO NCW Annual Report 2003: 20-21, 2004: 13; FNV 2003: 3; CNV 2003: 35; CNV Annual report 200: 13; Bruggeman and van der Houwen 2005: 103- 107; Staatscourant (181) 21-09-2004: 1; STAR 2005: 4, 7).

2004	Incomes policy
Government strategy	IV - II – (IV)
Trade union style	A - B - (A)
Employers style	B - B – (B)
Combined style	A - B – (A)
Outcome	IIB

	Bipartite Central Agreement 2004

Note: For 2004 the bipartite Central Agreement on wage moderation was in force (IIB). The conflict between trade unions and the government in Spring 2004 was the start of the negotiations for 2005.

Negotiations for 2004 focused on the government's binding agenda. As in 2003, after lengthy, difficult an sometimes acrimonious negotiations (accompanied with trade union actions), in particular between trade unions and the government, social partners concluded a bipartite Central Agreement on wage moderation for 2004 and 2005. To support the Central Agreement the government in a separate declaration retracted most of its projected agenda for 2004 and following years pending further negotiations in 2004. These negotiations foundered, trade unions cancelled the Central Agreement for 2005 and the government reverted to its original binding agenda.

2005

Negotiations on incomes policy for 2005 were a continuation and repetition of the negotiations for 2003 and 2004. Negotiations for 2004 had resulted in a bipartite Central Agreement about a wage freeze in 2004 (and 2005) in exchange for mitigation of government policies on social security and early retirement. Negotiations on these issues, however, foundered in May 2004. The Central Agreement on wage moderation for 2005 was subsequently cancelled by trade unions. In response, the government reverted to its original agenda (see 2004) and also announced it would not declare decentral collective contracts for 2005 binding if these contained wage increases or if sick leave benefits would be topped-up to 100% in the second year. Wages and benefits in the (semi-) public sector would not be increased in 2005 (except for old age pensions) (SIB 2004 (6): 13-15, (9): 11-21). Social partners were divided. Employers generally supported the government's agenda (VNO NCW Annual report 2004: 9), trade unions emphatically disagreed and decided to organise actions varying from strikes to demonstrations against the government's plans for early retirement in particular during September and October 2004 when the government's agenda was officially announced in the annual budget and debated in parliament. Trade union actions culminated in the biggest trade union demonstration after World War II in Amsterdam on 4 October 2004 in which some 300,000 people participated (FNV 2005). Apart from the early retirement issue (and unemployment and disability legislation) trade unions also demanded a wage rise of at maximum 1.25% in 2005, plus an additional 1.75% of wage costs for other issues (FNV 2004: 3, 4, 6, 8, 11).
During and after trade union actions informal negotiations continued between the government and trade unions. Finally, as in 2004 and 2003, these negotiations resulted in two separate but co-ordinated declarations of social partners and the government, on 5 November 2004. The government made concessions with regard to the early retirement issue; largely took on board the SER recommendation on disability (WAO); delayed its policies with regard to unemployment until a SER recommendation due before 1 April 2005 (provided the recommendation delivered the same amount of reduction as the government's original plans); and promised to declare decentral collective agreements binding for industries and sectors without a fuzz. In return the government expected social partners to exercise the utmost restraint with regard to wages.
Social partners agreed to keep sick leave benefits at 170% of wages during the two-year period and to focus decentral negotiations on working conditions instead of wages now the government had taken over the SER recommendation on disability (SIB 11, 2004: 14-15; 12, 2004: 13-15; 9, 2004: 8-21; VNO NCW Annual Report 2004: 9; FNV 2005: 92; STAR 2004b, STAR 2005: 4, 9).
Decentral negotiations resulted in an average wage rise of about 1%, adjustment of early retirement schemes and sick pay. Employers complained that trade unions not always stuck to the agreed 170% on sick pay; trade unions returned that employers were not willing to invest in the prevention of disability and in child care arrangements. In April 2005, the SER issued an unanimous recommendation on unemployment after some initial disagreements between trades unions and employers that was by and large taken over by the government (SIB 2005 (9): 8-21; STAR 2006: 10, 11).
During the Spring consultations in July 2005, all actors stressed the need to restore mutual trust. Trade unions asked for a reinstatement of the linkage; employers

organisations wanted a continuation of structural reforms of the social security system, a flexible labour market by making hiring and firing easier, lower company taxes and less (government) rules and regulations. The government refused to commit itself to either of these issues and pointed out that social partners did not even agree amongst themselves or with the government how to get the higher income brackets to moderate their incomes as well. In effect, all actors used the opportunity to address their own pressing issues. The meeting had a high measure of ritualism (STAR 2006: 11; SIB 2005 (7/8): 7-9).

2005	Incomes policy
Government strategy	IV - II
Trade union style	A - B
Employers style	B - B
Combined style	A - B
Outcome	IIB Bipartite Central Agreement

After a process of lengthy, difficult and acrimonious negotiations between trade unions and the government that was accompanied by significant trade union actions social partners concluded a bipartite Central Agreement on wage moderation for 2005. To support the Central Agreement, in a separate declaration the government again retracted a major part of its projected agenda for 2005 and took on board social partners' compromises on disability and unemployment. Nevertheless, during the process (2003-2005), disability and unemployment legislation had been reformed significantly; early retirement for people below 55 years of age in 2005 was effectively scrapped; and benefits and wages in the (semi-) public sector had become delinked from wages in the market sector. Trade unions in particular had only been marginally successful in slowing down and warding off the government's program of retrenchment.

2006

After three years of declining incomes and consumption (2003-2005) 2006 will yet again be a year in which citizens have to dip into their savings to maintain their standard of living. Although disposal income is expected to increase with 2,25% and inflation only with 1%, and employment will increase slightly as well, all expenditure cutbacks of the government Balkenende-II (CDA, VVD, D66) have not resulted in lower taxes and premiums. On the contrary, as a percentage of GDP they have increased since 2002 and will rise to an expected 41.4% in 2006. Government expenditure will increase in 2006, but as the economy is expected to recover, the budget deficit will remain stable at 1.8% of GDP and public debt at around 54%, both well below EMU norms. Increased government expenditure – 2.500 million Euro - is partly used to reinstate the linkage between wages in the market sector and wages, benefits and old age pensions in the (semi-)public sector. The wage freeze in the (semi-)public sector will be ended as well. The government also intends to restructure unemployment insurance in 2006. The maximum duration of a benefit will be reduced from 5 to 3 years and two months. Eligibility will be restricted, but the benefit itself will be increased from 70% to 75% of previous earnings during the first two months. In addition, all tax benefits for early retirement schemes will be abolished. Instead, individuals have to save money personally for early retirement or leave of absence. Moreover, disability benefits are overhauled as well. Only total and enduring disability will qualify for a benefit. Partial disability is met with a suppletion on wages paid by the employer. Finally, health insurance will be completely changed in 2006 as well, incurring higher costs for employees and employers (NRC Handelsblad 20-09-2005: 3, 5).
Employers complain that the 2006 budget means higher costs for them (health insurance, energy taxes) and argue for a cost reduction for business in general and lower unemployment premiums for employers in particular. For trade unions the 2006 budget does not even come close to repairing the effects of all budget and social security cuts since 2002 and demand that health insurance premiums should be linked to wages (instead of a set amount) and rising energy prices should be compensated by lower taxes (Staatscourant (182) 20-09-2005: 4, 5).
Employers' agenda for 2006 includes a rise of total wage costs of a maximum of 1.5% in order to keep up competitiveness on the world market (VNO-NCW, AWVN 2005: 11). In general, employers support the government's program of reforms in 2006 (see also 2003-2005).
Trade unions' agenda for 2006 includes a 2% wage rise plus an additional 1.5% for early retirement and child care (SIB 45 (12): 16). The other issues on their agenda have all to do with job security, job mobility, education and training, and child care and the balance between work and care. Their aim is to increase the workforce to prepare for demographic changes and to keep the welfare state intact (FNV 2005a: 4, 6, 10-13; CNV 2005).
During the Autumn consultations in October 2005, employment is the central issue and the government and social partners agree to prepare for a 'Job Top' (Job Summit) in November 2005. Employers succeed in getting a reform of the legal protection against dismissal of staff on the agenda. For the FNV a reform of dismissal procedures is 'non-negotiable', but the CNV is prepared to discuss the issue. In addition, trade unions demand more government policies to increase buying power, but the government refuses to comply (SIB 45 (11): 9, 17; (12): 16-18).

The ‘Job Top’ is originally planned for 23 November 2005 but negotiations on extra government funding for employment policies initially founder. Trade unions, lead by the FNV, demand 150 million Euro from the government, instead of the 40 million offered (STAR 2010: 9, 10; SIB 45 (12): 4,5). Ongoing negotiations, a change in leadership of the FNV, the CNV and the VNO-NCW, and all participants’ aim to better relations between social partners and between social partners and the government after the “disastrous year” 2004 during which the trade unions battled with the government and employers simply leaned back and watched (STAR 2010: 10, 11) finally result in a tripartite Central Agreement on 1 December 2005 (Tripartiete Beleidsinzet op het gebied van scholing en werk – Tripartite Policy document for policies regarding education/training and work). The Central Agreement covers 30 pages of policies aimed at getting and keeping people in a paid job. The government ups its 40 million Euro to 81 million, adds another 35 million for traineeships and increases the planned expenditure of 400 million in 2006 and 2007 for the prevention of pupils dropping out of schools without a diploma with an additional 60 million (SIB 45 (12): 4, 5).
Reform of dismissal procedures is still on the agenda but not addressed as the trade unions refuse to open negotiations on the issue. Employers are content for the moment as the issue remains on the agenda of consultations between social partners and between them and the government.
Decentral negotiations proceed smoothly. The average wage increase is about 1.5%, but 1.7% for new contracts, which is slightly less than trade unions asked for. The length of collective agreements decreases from 28 to 19 months, although more than half still cover about 24 months. There is an increase in flexible components of wages (bonuses and occasional payments), but trade unions succeed in partly repairing the wage cut when on sick leave (VNO-NCW, MKB-Nederland, AWVN 2006: 93-95; CNV 2007).
The Spring consultations on 9 March 2006 take place on request of social partners in order to be able to influence the 2007 budget and discuss the government’s position during the EU Spring summit 2006 (STAR 2007: 7). Employers want to stick to the SER report on the Services Directive and to further the free movement of employees in the EU to fill shortages on the job market and keep the economy growing. Of course, these migrant workers should be treated fairly. But trade unions argue against the Services Directive due to an EP amendment that leaves out the temporary workers (uitzendkrachten) employed by employment agencies. In their view, this renders the SER-report obsolete. Trade unions are only willing to accept open borders if employees get equal pay for equal work and government expenditure in trying to get the long term unemployed into a paid job is continued. The government promises to take both points of view into consideration when preparing for the EU Summit (STAR 2007: 7-9).
Relations between social partners and between them and the government have ameliorated in 2006 and all parties evaluate the effect of the ‘Job Top’ of 1 December 2005 as positive (STAR 2007: 5, 19-20).

2006	Incomes policy
Government strategy	II
Trade union style	B
Employers style	B
Combined style	B
Outcome	IIB

	Tripartite Central Agreement on jobs and other employment issues

In 2006 the relations between social partners and between them and the government are slowly mended after the acrimonious years 2003, 2004 and 2005. The improving economic conditions and the change in leadership contribute positively to this process. The 'Job Top' is seen as a new start and positively evaluated by all involved. In addition, the linkage has been restored and the wage freeze in the (semi-)public sector ended. Nevertheless, trade unions have to accept the irreversibility of the government's reform agenda and employers succeed in getting the dismissal issue on the socioeconomic agenda.

2007

The government's agenda for 2007 is prepared by the caretaker government Balkenende-III (CDA, VVD) after D66 left the government. During the preparations of the 2007 budget, the government and social partners agreed on the funding of child care by increasing the unemployment premium paid by employers (STAR 2007: 9). Both citizens and employers get a tax reduction of 1,000 million Euro due to lower payments to the EU. In addition, the government provides funding for traineeships and increases child benefits. Unemployment premiums for employers and employees are reduced (except for the child care part). Old age pensions are increased. The linkage between wages and benefits is continued. Employers also get a reduction on profit taxes. In effect, the government reduces taxes and premiums to fuel an already expanding economy (NRC Handelsblad 20-09-2006: 3; NRC.next 20-09-2006: 8; de Volkskrant 16:00 19-09-2006: 1; Staatscourant (182) 1909-2006).
The main issue on employers' agenda is decentralisation of wages and of terms of employment. Wage costs should be tailored to the situation in companies and industries: wages should include more individual and competitive components and structural wage increases should be limited. Productivity should be increased by curtailing the number of holidays. According to employers, the Dutch economy profits from increased competitiveness due to lower wage costs and the structural reforms of the previous government (VNO-NCW, MKB-Nederland, AWVN 2006: 9, 12, 15-16).
Trade unions' agenda differs slightly on the wage issue. FNV demands a 2.5% wage rise plus 0.5% for other issues, the CNV a wage rise between 1.5 (level of expected inflation) and 2.5%. All other issues refer again to job security, employability, education and training, and the balance between work and care (FNV 2006: 5, 11, 18, 20; CNV 2006: 7-13).
After election in November 2006, in February 2007 the new government Balkenende-IV (CDA, PvdA, Christian Union - CU) starts. The new government and social partners meet for the first time on 27 June 2007, during the 'Participation Top' (Participation Summit). There was no Spring Consultation as the government had other priorities and social partners were at loggerheads about the dismissal issue. This disagreement between social partners also delayed the 'Participation Top'. Employers wanted a deal on the issue, trade unions refuse to negotiate and get their way; the issue does not feature on the official agenda for the 'Top'. At the meeting, social partners and the government agree on more than 100 policies to get more people in paid jobs and increase their employability by education and training. Although the reform of dismissal protection was not on the official agenda, CDA minister of Social Affairs Donner takes advantage of the fact that the issue is out in the open and a bone of contention between social partners. On 3 July 2007 he asks social partners for their advice on his projected dismissal reform in 2008. Social partners are requested to deliver their opinion before 1 September 2007 in order to include that policy in the 2008 budget. On 30 August 2007 social partners deliver their divided opinions: employers support the government's plans, trade unions are against. In the mean time, the government and social partners finally succeed to agree on the implementation of the EU Services Directive (see 2006) (STAR 2008: 5, 7-9, 11; STAR 2010: 29-32, 37, 41, 42).
Decentral negotiations on collective agreements proceed smoothly. Trade unions by and large get their way with wages, on average a structural increase of 2.6%, but the number of agreements with flexible wage components does increase as well. The

duration of collective agreements remains stable with 20 months on average (VNO-NCW, AWVN, MKB 2008: 117-120).

2007	Incomes policy
Government strategy	I-II-(IV dismissal issue)
Trade union style	B (A-dismissal issue)
Employers style	B (B-dismissal issue)
Combined style	B
Outcome	IIB Tripartite Central Agreement on jobs and other employment issues

In 2007 the government is relatively inactive. The 2007 budget is prepared by the caretaker government Balkenende-III (CDA, VVD). The new government Balkenende-IV (CDA, PvdA, CU) only starts in February 2007. As social partners disagree on the dismissal issue, the “Participation Top’ that builds on the ‘Job Top’of 2006 is postponed to June 2007. Although trade unions succeed in keeping the issue of dismissal of the official agenda of the meeting, CDA minister of Social Affairs uses the opportunity to get it on the agenda again by asking social partners’ advice on his projected policies for 2008. In conclusion, relations between social partners and between social partners and the government are improving further (especially after the change of government), but trade unions have to accept that the dismissal issue has been firmly put on the socioeconomic agenda. First by employers and now also by the government.

2008

The first proper budget of the government Balkenende-IV (CDA, PvdA, CU) contains more expenditures than cutbacks based on higher taxes and premiums (except for unemployment). The government expects this will negatively affect buying power. Only very specific groups – people on a minimum wage or benefit and low income families – will retain their buying power whereas economic growth is expected to reach 2.5%. The linkage remains intact, but the government announces further policies to make dismissals of redundant staff more easier. The general aim for this governmental period is to achieve a positive budget for all four years in order to reduce public debt to 37% of GDP in 2011 (from around 54% in 2006). The aim for 2008 is a public debt of 45%. But in 2008 half of the reduced deficit and debt is due to higher prices for natural gas that follow higher oil prices and flow into the treasury. And the first sign of economic problems ahead – an expected conjunctural dip – already show up (NRC Handelsblad 18-09-2007: 1, 10-11; FD 19-09-2007: 3; Staatscourant (180) 18-09-2007).
Except for the dismissal issue, trade unions are positive about the government's budget. The government has taken quite a few policies on board that were agreed upon during the 'Participation Top' in June 2007. Only the MHP is worries about the negative effects of the budget on middle and high income earners. Employers on the other hand are quite critical and accuse the government of damaging the economy. The new health insurance law (as of 1 January 2006) entails extra costs for employers, the reduction of unemployment premiums is much too little and VAT will be increased. Less buying power means jobs will disappear (Staatscourant (180) 18-09-2007).
The employers agenda for 2008 is partly driven by the expected economic dip in 2008 and by the first signs of what will become the full-blown credit crunch of 2009. Improving adaptability to improve competitiveness is their main concern. Employers stress that employees need to increase their employability by education and training. More people have to enter the labour market to cater for looming shortages due to demographic changes. Older employees should be kept employed. Working hours and working time have to be tailored to company needs. Due to government policies and low unemployment wage costs in 2008 are expected to increase with some 4.25% (3.25% wage increase and 2.25% inflation) and this jeopardizes competitiveness of Dutch business on the world market (VNO-NCW, AWVN, MKB-Nederland 2008: 7, 11-12).
Trade unions again differ slightly on the issue of wages. The FNV demands a 3.5% wage rise plus 0.5% for all other issues (including all policies related to jobs); the CNV demands at least 2% and a maximum of 1.5% for other issues, to be decided on the decentral level. Like in 2007, employment is the central issue on the agenda. Job security, employability, education and training, jobs for the disadvantaged, and the balance between work and care are the main issues. Both unions reject any reform of the legal protection against dismissal (FNV 2007: 4-21, 23, 25; CNV 2007: 19-20, 24, 30, 34).
There is no Autumn consultation between the government and social partners in 2007 to discuss each other's agendas for 2008 as the government almost foundered on the dismissal issue that had been put on the socioeconomic agenda by CDA minister of Social Affairs Donner during the summer of 2007. Both the PvdA and the CU rejected the CDA minister's projected reform policies. By way of political compromise in December 2007 a committee of experts was installed to investigate

possible alternatives to making dismissal of redundant employees more easy for employers in order to increase the number of people with paid jobs. The committee was headed by TNT (privatized Royal Mail) CEO Bakker and the members were nicely divided over the main parties involved[14] (NRC Handelsblad 27-02 2008, 16-06-2008).

Decentral negotiations on collective contracts proceed smoothly again. The average wage rise is about 3.2% or more or less what trade unions had demanded. In addition, most collective contracts include agreements on (re)integration of sick or disabled employees, on employability of employees (mainly training and education), and, after a steady decline between 2005 and 2006, also on employment issues (SZW 2009: I-IV).

During the Spring consultation in April 2008 the expected (conjunctural) economic downturn at the end of 2008 is the main issue. The government wants to forestall a wage-price-spiral and does not increase VAT as planned in the 2008 budget. This is gladly accepted by social partners. The other issues all have to do with employment: discrimination of ethnic minorities on the labour market, getting the long term unemployed and the disadvantaged into jobs and making it easier to continue working after reaching the official retirement age (65) (STAR 2009: 5, 7).

In June 2008 the committee Bakker issues its report to get and keep more people in(to) jobs. The committee proposes a reform of the unemployment insurance system and to increase the retirement age from 65 to 67 to get an additional 400,000 people in a job. Redundant staff has to be kept on the payroll for at least six months in which both employer and employee both have to do their best to find a new job for the redundant staff. Only if that has been the case and no new job has been found, employees qualify for unemployment benefits, but for a shorter period of time than the present 3 years. In addition, the committee offers an extensive list of other measures, short and long term, to achieve the aim of an additional 400,000 jobs. According to the committee the dismissal issue is not really relevant as in the coming decades staff shortages will be the main issue, not getting rid of redundant staff (NRC Handelsblad 16-06-2008).

The reactions to the report are mixed, but neither social partners, nor the government are completely content with the report. Trade unions are not happy with a shorter period of unemployment benefits or with increasing the retirement age and call upon the government to finance the other policies proposed by the committee. Employers agree with the increased retirement age, but not with keeping redundant staff on the payroll for another six months and also call upon the government to make sure that the policies proposed by the committee do not increase their costs and administrative burdens. Government party CDA rejects the proposed increase of the retirement age (NRC Handelsblad 16-06-2008).

During the summer of 2008 VNO-NCW approaches the FNV to find a way out of the impasse. In view of the gradually worsening economic conditions, both agree to let the dismissal issue rest for the remainder of this government term. They do agree to cap severance payments. Employees with an annual salary of Euro 75,000 or more can get at most one year severance pay with a maximum of 75,000 (STAR 2009: 5). Only at a later stage were CNV and MHP informed over this proposed pacification of

[14] Economics professor Bovenberg (CDA), Sociology professor Ester (CU), Chairman of the CWI (National organisations of labour exchanges) De Groot (PvdA), Social Law professor Klosse (unknown), Chairman of the Erasmus University Rotterdam Oosterwijk (VVD), Rotterdam Alderman Schrijer (PvdA) and ex- chairman of the CNV Westerlaken (CDA) (NRC Handelsblad 16-06-2008)

the dismissal issue. At first, the CNV opposed the compromise, but later acquiesced . The MHP remained opposed as the compromise targeted their constituency.
The compromise cleared the way for a combined approach of the credit crunch that started in September 2008 with the Lehman Brothers insolvency. Both the compromise and the looming economic crisis had a positive impact on the relations between social partners (STAR 2009: 5; STAR 2010: 44-47).

2008	Incomes policy
Government strategy	I-II-III
Trade union style	B-C
Employers style	B-C
Combined style	B-C
Outcome	IIC Pacification of dismissal issue

The main bone of contention in 2008 is the dismissal issue, both within the government and between social partners. The report of the committee Bakker did not provide a solution that all actors could agree upon. In view of the looming crisis the government decides not to increase VAT, and, on the initiative of the employers, social partners agree to a pacification of the dismissal issue.

2009

Economic forecasts by the CPB for 2009 are bleak indeed. The credit crunch is expected to result in a negative economic growth of at least 3.5% of GDP. Unemployment is expected to rise from 3.9% to 5.5% by the end of 2009 and some 8.75% in 2010. Almost all pension funds got into difficulties as well due to the crash of stocks and bonds (STAR 2010: 5, 15). The original government budget for 2009 featured extra expenditures of some 2,500 million Euro to combat the effects of the economic crisis. This included a reduction of unemployment benefit premiums for employers and no premiums to be paid at all by employees. The projected VAT increase is cancelled as well. The government also claims to have taken on board all employment measures recommended by the committee Bakker. Despite higher expenditure the budget surplus remains at 1.3% and public debt will get below 40% of GDP. Despite keeping the linkage intact, old age pensioners and people living on benefits will experience a slight decrease in buying power (Elsevier 20-09-2008; NRC.next 16-09-2008; NRC Handelsblad 16-09-2008).
Social partners are positive about the budget. They appreciate that VAT will not be increased. Trade unions criticize the condition set by the government that unemployment premiums will only be reduced and relinquished if and when trade unions agree to wage moderation. The order should, in their view, be reversed: trade unions decide their wage demands on the basis of the government's budget. Now trade unions announce they will wait with their wage demands until it is clear whether or not the government will indeed lower and do away with unemployment premiums. In addition, trade unions are concerned about the expected reduction in buying power of pensioners and people living on benefits. Employers appreciate the government's intention to reduce financial burdens on business, but also request a reduction in what they view as 'strangling' administrative burdens (FD 15-09-2008; NRC Handelsblad 16-09-2008).
Employers agenda for 2009 is by and large comparable to that of 2008: no increase in wage costs to keep competitiveness up, to increase adaptability of firms and employees to cope with the crisis and extra government expenditure and other policies to keep businesses going and people at work (VNO-NCW, AWVN, MKB Nederland 2009).
Trade unions agendas for 2009 are completely driven by the continuously increasing economic crisis. The FNV launches several economic recovery plans to tackle the crisis. These plans are all focused on keeping a) as much people as possible in their jobs by all possible means including additional government expenditure, and b) buying power of both wage earners and people on benefits intact by a reduction of taxes and premiums (FNV 2008a; FNV 2008b; FNV 2009). Together with CNV and MHP the FNV proposes massive additional government expenditure to keep employment and incomes intact (FNV, CNV, MHP 2009). As customary, FNV and CNV differ slightly on the level of wage demands. Based on the tripartite Autumn Agreement (October 2008) the FNV goes for a 3.5% wage increase in 2009 (FNV 2008a; SIB 48(11): 10-11), whereas CNV wants at least 1.5% (inflation) and 3.5% at most (CNV 2008: 21).
The economic crisis induces the government and social partners to conclude a tripartite Autumn Agreement (Najaarsakkoord) on 7 October 2008 (Samen doen wat mogelijk is – Doing together what is possible). The government reduces unemployment premiums for employers and scraps them for employees, and does not increase VAT in 2009. Social partners agree to do their utmost to avoid a wage-price-

spiral, i.e. agree to a 'responsible wage cost development'. Together the government and social partners reaffirm their commitment to all previous agreements on getting and keeping more people in(to) paid jobs. The pacification of the dismissal issue between social partners (see 2008) is also part of the agreement (SIB 48(10): 10-11; STAR 2009: 5-8).

As the economic crisis intensifies and also comes to include a banking crisis (the government has to bail out several banks and insurance companies), the government decides on 24 March 2009 to implement a series of additional policies in 2009 and 2010 to keep unemployment low. The government package was completed after lengthy negotiations between the coalition parties to amend the original government agreement and between the government and social partners on their reciprocal commitments. The package is in effect an almost classical Keynesian approach to counter the economic crisis. It includes an additional government expenditure of 3,000 million Euro in 2009 and in 2010 as well. All policies are aimed at keeping unemployment as low as possible by extra expenditure to prevent youth unemployment, to foster education and training, to increase economic sustainability, increase investments in infrastructure and the building industry, and so on. The package also includes the measures already announced in the original 2009 budget. In addition to the central government, local authorities are also expected to spend an additional 1,500 million Euro in 2009 and 2010 by moving forward planned maintenance and infrastructural expenditure to 2009 and 2010. The expected increased expenditures for unemployment benefits – 1,000 million in 2009, 4,000 million in 2010 and 4,500 million in 2011 – shall not be met with equivalent cuts of the government's budget. Other additional expenditures (an estimated 3,700 million Euro), however, will be met with equal cuts to maintain budget discipline, as will the extra interest costs for the increased expenditures in 2009 and 2010 (an estimated 1,800 million in 2011). Finally, the government introduces an increase in the legal retirement age from 65 to 67 years (Werken aan toekomst – Working on future; STAR 2010: 5).

Based on the additional government package government and social partners conclude a tripartite Social Agreement (Sociaal Akkoord) on 25 March 2009 to cover 2009 and 2010. The government will implement the proposed additional government policies and expenditures, social partners will do their utmost to get and keep as much people in paid jobs and agree to wage moderation in 2009 to be able to keep the linkage intact. The aim is to preserve buying power of all groups in society. Two issues create problems, one regards the timeframe for reparation schemes for pension funds. CDA minister of Social Affairs wants to stick to the period of three years prescribed by law, social partners, who run the pension funds, want an extension to five years and get their way in the end. The other issue is the increase of the legal retirement age from 65 to 67. The government agrees not to implement this age increase if social partners come up with an alternative that yields the same amount of expenditure savings before 1 October 2009. However, social partners do not succeed in coming to an agreement on this issues. Intervention by Crown-members of the SER are of no avail. According to trade unions employers brake off negotiations on 30 September 2009, the latest possible moment. As a result, relations between trade unions and employers become quite soured (STAR 2010: 5, 7, 8; SZW 25-03-2009; STAR 25-03-2009; STAR 2010a: 49, 56, 57; Smag 49(11): 4-6; FNV-AOW; FNV-Sociaal Akkoord).

Decentral negotiations in the mean time proceed smoothly. Wage rises in 2009 are on average 2.8%, but collective agreements concluded after 25 March 2009 feature on average only a 1% wage rise. Clauses on reintegration of sick or disabled employees, on employability and on other measures regarding employment are included in an increasing number of collective agreements (SZW 2010: I-IV).

2009	Incomes policy
Government strategy	II-III
Trade union style	B-C
Employers style	B-C-A
Combined style	B-C-A
Outcome	IIIA Despite two tripartite agreements (October 2008 and March 2009) 2009 ends with social partners at loggerheads regarding the retirement age

The economic crisis induces the government and social partners to conclude two tripartite Central Agreements based on a Keynesian government expenditure package to maintain employment and businesses. Nevertheless, social partner cannot agree on the retirement age issue and relations between them deteriorate considerably.

2010

The government's agenda for 2010 is based on the package of additional expenditure decided upon on 24 March 2009. For 2010 some 3,000 million Euro will be spent in an effort to keep unemployment low. At the same time, the government slightly increases taxes and premiums (health insurance) to generate some additional revenue. Real expenditure cuts are postponed to 2011. The effects on the budget in 2010 will be a deficit of some 6.3% of GDP. Lower tax revenue, higher expenditures and especially the bail out of banks and insurance companies will add an additional 10-11% to public debt that is expected to increase to 65.8% of GDP. Unemployment will rise to 8%. Buying power of all groups will only slightly go down with 0.25%. The linkage will remain intact as part of the tripartite Social Agreement of 25 March 2009. Despite all extra expenditure, the economy in 2009 is expected to shrink with an unprecedented 4,75%, but on the whole buying power in 2009 and 2010 is not negatively affected (NRC.next 16-09-2009; NRC Handelsblad 11-09-2009, 12-09-2009, 13-09-2009; MEV: 7-10).
Employers are positive about the government's budget for 2010, considering the extraordinary depth of the economic crisis that was exacerbated by the financial crisis. The retirement age is on the agenda due to the crisis, the government has reacted wiftly by making part-time redundancy possible to keep employees at work and the additional expenditure does help (some) businesses to survive. The competitiveness of businesses is also stabilized as the government does not increase costs for businesses (FD 15-09-2009; NRC.next 16-09-2009).
Trade unions are slightly less positive. The government's package of additional expenditure (24 March 2009) was exactly what was needed to avoid deepening the crisis. The bail out of banks and insurance companies was unavoidable and swiftly done. PvdA minister of Finance Bos saved the banks. But after these swift initial crisis policies, the government seems to hesitate and to act only symbolically. No policies to counter excessive bonuses and short term thinking in the financial sector. The initial reaction of CDA minister of Social Affairs to joint policy plans of social partners is lukewarm. He takes too much time for a positive reaction, like with the part-time redundancy scheme (FD 15-09-2009).
Employers' agenda for 2010 aims at countering the effects of the crisis and preparing for the period after (structural shortages on the labour market due to demographic changes). Wages should not be increased. In general the stability and recovery of businesses should be the main aim of negotiations on wages and other terms of employment, as was agreed in the Social Agreement of 25 March 2009. A zero wage increase also keeps the linkage intact. Employers specifically criticize the FNV for not sticking to a zero wage increase. The government should also lower costs for businesses in order to keep up competitiveness, innovation, productivity and adaptability of businesses in the long term. Jobs should have priority over wages and employees should increase their employability and flexibility (VNO, MKB-Nederland, AWVN 2009a: 7-10).
Trade unions agendas for 2010 are a continuation of their joint program of early 2009. The main issue is to keep people at work and buying power of wage earners and people on pensions and benefits stable. For the period 2009-2013, the FNV issues a new 'master' plan in September 2009 which is essentially a recycled version of most of their previous plans (FNV September 2009). The CNV's agenda is by and large the same. In line with tradition, both trade unions differ slightly with reagrd to their wage demands: the FNV demands 1.25% for wages and 1.25% fo all other

(employment) issues and threatens to up its wage demand to 2% if employers refuse to invest in employment policies; the CNV issues a wage demand of 1% and another 1% for employment issues (FNV 2009a: 2; CNV 2009: 6).
Despite their deteriorated relations due to the failed agreement on the retirement age (see 2009), social partners together ask the government to extend the part-time redundancy policy. In December 2009, the government and social partners conduct their joint evaluation of the measures agreed upon during the Participation Top of 27 June 2007 and reaffirm their commitment to the implementation of these policies.
In the mean time, the government is internally divided over the continuation of the military mission in Afghanistan. In the night of 19 to 20 February 2010, the issue comes to a head: the government Balkenende-IV (CDA, PvdA, CU) ends when the PvdA ministers step down. The caretaker government of CDA and CU start preparations for general elections to be held on 9 June 2010. This means that on the political level socio- and macroeconomic decision-making comes to a standstill. Only policies already accepted by parliament are implemented, no new decisions are taken.
Social partners use this political lull to reconcile their differences on the retirement age and conclude a Pension Agreement (Pensioen Akkoord) on 4 June 2010, a few days before the general elections. The main items of the agreement are: the retirement age will increase from 65 to 66 in 2020; the state pension will be made flexible (i.e. retirement at 65 after 2020 is still possible but with a 6.5% lower pension – retirement after 66 will deliver a 6.5% higher pension); company and industry pensions will also be flexible (the earlier the retirement the lower the pension and vice versa); and the state pension will be linked to real wage increases (FNV Pensioen Akkoord a and b; STAR Pensioen Akkoord; STAR 2010: 57).
Decentral negotiations again proceed smoothly. The average wage rise in 2010 is 1% (down from 2.7% in 2009), the number of contracts with clauses on flexible wage systems increases to 94% (company contracts) and 73% (industry contracts), but clauses on employability and employment issues in general remain stable. Wages during illness are only topped up to between 170 and 200% of the original wage over two years in about half the contracts (SZW 2010a).

2010	Incomes policy
Government strategy	II-I
Trade union style	B-C
Employers style	A-B-C
Combined style	C
Outcome	IC Pension Agreement between social partners

Despite initially soured relations between social partners due to the failed agreement on the retirement age, social partners patch up their differences and use the political lull in socio- and macroeconomic decision-making after the demise of the government Balkenende-IV in February 2010 to come to a bipartite Pension Agreement in June 2010, just before the general elections.

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