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Challenges and Risks of Individualisation in The Netherlands

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This article evaluates recent transformations in social policy that reflect the tendency towards individualisation in The Netherlands. Such transformations have taken place in old age pensions, widows' pensions, social assistance and taxation, and in respect of child support following divorce. Interestingly most reforms have not resulted in 'full individualisation', but rather have taken into account the fact that people, in particular women, are not or cannot be assumed to be full-time adult workers. Such a 'moderate individualisation', however, is not without risks for women's economic independence, especially when the developments of the Dutch 'life course perspective' on social security are considered.

Individualisation is becoming a major theme in gendered social policy studies. The autonomy of women in all respects, economically, biologically and socially, is considered to be a condition for social participation, self-esteem and power, as well as offering an exit option from unhappy intimate relationships (Hobson, 1990). In line with this argument, feminist social policy scholars introduced the concept of de-familialisation to measure 'the degree to which individual adults can uphold a socially acceptable standard of living, independently of family relationships, either through paid work or through social security' (Lister, 1994: 32). In the succeeding years this concept found its way into many other comparative welfare state studies (Esping-Andersen, 1999; Kaufmann *et al*., 2002). But, interestingly, neither individualisation nor de-familialisation is now used to articulate women's claims for autonomy. Rather, they appear to have become leading social policy principles, justifying the transformation of welfare regimes in the 1990s. European welfare states seem to be gradually transforming their social security systems in line with the assumption that individualisation has already been achieved, or at least will be achieved within the foreseeable future. However, a too rapid implementation of full individualisation is problematic for women when 'the adult worker model' does not exist in reality in most western countries. Nor indeed is it the model that is preferred by a majority of women (or men) in most European countries (Lewis, 2001; Saraceno, 2003).

The issue here is how far and in what way individualisation is already a leading principle in European countries transforming their social security and tax systems according to the adult worker principle and how this relates to women's interests. Individualisation may involve the following:

- Introducing the individualisation principle may be accompanied by the assumption that women are 'free' to enter the labour market, without being hindered by (caring) responsibilities or lack of qualifications.

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- Introducing the individualisation principle may neglect principles of horizontal and vertical redistribution that take the family as a unit of reciprocity; it may therefore prioritise the interests of high-income single people and high-income dual earners.
- Individualisation principles are seldom introduced in a coherent and consistent way; the tendency is for benefits meant for the weakest to be cut back most.

In what follows, I will discuss some aspects of recent transformations in Dutch social policy that are based upon the principle of individualisation, most of which do not in fact assume 'full individualisation'. Most reforms have been moderate and have taken into account that people, in particular women, are not or cannot be assumed to be full-time adult workers. In addition I will show that consistency is lacking, probably due to the fact that on the one hand the Dutch government takes gender equality into account, but on the other hand still, consciously or unconsciously, continues to assume the possibility of relying on a (male) breadwinner. The focus will be on individualisation in social security, on changing principles in social assistance influencing lone mothers and young adults, and finally on changes in the Dutch tax system.

Changing principles of social security and national insurance

In the post-war decades, the Dutch social security system was constructed as a three-tier system, combining both Beveridgean and Bismarckian principles:

(a) An earnings-related, sector-specific social security system, including unemployment benefits, compulsory pensions for wage earners, and long-term invalidity benefits.
(b) A national insurance scheme providing a flat-rate old age pension for all citizens, and widows' and orphans' benefits, as well as specific health care provisions.
(c) A social assistance scheme for all citizens above the age of 18 who are without a minimum income from other sources (either from employment or from the schemes in (a) and (b) above).

This system was based explicitly on the male breadwinner family model. For instance, the social security system (tier (a)) excluded female waged workers, and widows' and orphans' benefits were not paid to widowers (Bussemaker *et al*., 1997). These assumptions proved to be so strong that The Netherlands was among the last countries to introduce equal rights to compulsory pensions for female waged workers in the 1980s in compliance with the European Union (EU) directive. Since then, the Dutch social security system has been transformed, not as a whole but in bits and pieces, as a result of EU level Directives as well as changing family relations and the rapid increase in women's labour force participation.

Old age pensions

All waged workers were finally included in tier (a) of the social security system during the 1980s. Exclusion on the basis of occupation, working hours, sex or marital status — common until the 1980s — is no longer allowed. In addition, women working in the care sector, married women and women working part time are now included in contributory, earnings-related pensions on a *pro rata* basis. However, this does not amount to full individualisation: the earnings-related pensions of a married couple are still assumed to

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be held in common. So, for example, on divorce the pensions that each partner has built up during the marriage are added together and split into two equal parts. It can be argued that this rule continues male breadwinner family assumptions, in which the main earner (usually the husband) is assumed to maintain his wholly or partially dependent wife. However, the practice of this moderate version of individualisation is undeniably beneficial for women who have been either housewives or part-time workers during their marriages.

The national insurance, flat-rate old age pensions (AOW) belonging to tier (b) of the social security system have also been individualised recently. It is well known that The Netherlands has an exceptionally generous flat-rate old age pension when compared with almost all other western countries. The pension is paid to all citizens[1] at 65. Previously 100 per cent of the AOW was paid when one partner of a couple (usually the man) reached 65; single people received 70 per cent. Since the 1990s, an individualised AOW pension scheme has taken shape. Nowadays, each individual in a couple reaching 65 receives 50 per cent of the AOW; single people still receive 70 per cent. In the event that a female partner has no income of her own and has not yet reached the age of 65, she still gets her 50 per cent by way of an additional AOW for partners who are not employed. The implication of this form of individualisation is that employed partners receive 50 per cent AOW later in their life than housewives do; in effect, the AOW has become means-tested for partners below the age of 65. Again individualisation has been introduced with an eye to the effects it could have for non-employed partners. Otherwise, many elderly couples would have lost a major part of their income with no possibility of making up their losses. However, the government's objective is that within a few decades many more women will have their own income from employment and will not need additional AOW before they reach the age of 65.

Unemployment benefits

Entitlement to unemployment benefits in The Netherlands is, like elsewhere, related to employment history. Men and women receive these benefits on the basis of the duration of their past employment, the level of their past income and their contributions. The only factors affecting the payments are the replacement rates (at a minimum level of 70 per cent of the legally declared social minimum wage, and a maximum level of 70–100 per cent of one's former wage) and the duration of benefit (a maximum of five years). Two other aspects of the unemployment benefits system are, however, related to the issue of individualisation: availability for employment, and the treatment of unpaid care work. The criterion of 'being available for work' means that employees only get the maximum unemployment benefit if they declare themselves to be available for the same number of working hours as in their previous job. Shifting from a full-time to a part-time job, or stating that one is only available for a part-time job, means a reduction in unemployment benefit. On the other hand, having performed unpaid care work for children is a recognised activity in calculating the right to receive unemployment benefit. Eligibility for unemployment benefit depends on having worked at least 52 days during each of the four years out of the last five. In this calculation, the whole period of caring for a child below the age of six and half of the period of caring for a child below the age of 12 is included (Koopmans *et al*., 2003). The implication of these changes to unemployment

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benefits is that while individualisation is an inherent part of this tier (a) social security system, it is moderated by the recognition that is accorded to unpaid care work. Again, individualisation is not in practice based on a pure 'adult worker' model.

Widows' benefits

Widows' pensions are part of tier (b) of the Dutch social security system. Until the 1990s, this pension was very gender biased. Widows had a right to a non-means-tested benefit until they reached the age of 65, after which they got the flat-rate old age pension. In respect of children under 21, they got an additional orphans' benefit. However, widowers did not receive any financial compensation; they were supposed to be breadwinners and the Widows and Orphans Benefit (AWW) was intended to compensate for the loss of a breadwinner. This system was abandoned in the light of a EU Directive, such that the Dutch system now grants equal rights to men and women. Since 1996, widowers and widows have had the same rights under a new national insurance benefit called General Next of Kin Act (ANW). To date, both widows and widowers with children under the age of 18 continue to receive a benefit, as do widows and widowers born before 1950. However, crucially, ANW benefits have become means-tested, because they are no longer underpinned by male breadwinner model assumptions (Bussemaker *et al*., 1997). In this case, individualisation and gender equality went hand in hand with the recognition of women's increased earning capacity.

Under debate: 'Life course insurance'

The need to reconcile paid work and care, as well as demographic trends towards more lone parent and single person households, have prompted the emergence of a 'life course perspective' in the Dutch social security system. This approach is very much a part of the agenda of the new Conservative Dutch government and has been a major talking point at many conferences and meetings of Dutch social security experts and economists. The government's major advisory board, the Socio-Economic Council, has already offered formal advice on the subject. This 'life course perspective' on individualisation threatens to undermine collective solidarity in social security and is highly contested. Theoretically it is based on the 'transitional labour market model' of the German economist Günther Schmid (2000). In response to a question from an interviewer about the risk of deregulation and liberalisation of the labour market, Schmid replied: 'Of course this may be a risk. But if one has the opinion that people will have to take more responsibility for their own life and that they should become entrepreneurs, one will have to change the social security system' (Jansen, 2001). The idea of 'life course insurance' is becoming popular because it promises to solve two problems at once: that of the cost of old age pensions and the still unresolved issue of how to reconcile care and paid work. The latter remains a problem in The Netherlands because Dutch governments have chosen to leave reconciliation policies to the market and have not guaranteed the right to childcare, or to paid parental leave. Thus, the rise of Dutch women's labour market participation continues to be on a part-time basis, which means that it is impossible for the vast majority to be economically independent (Portegijs, Boelens and Keuzenkamp, 2002).

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What solution does the 'life course insurance' purport to offer? The Christian Democratic economist Bovenberg is very clear about this: 'The Netherlands will meet the challenge of developing and maintaining human capital in two ways: a greying population demands the accumulation of financial and human capital. This is related to the patterning of employment over the life course such that parents are enabled to invest plenty of time in their young children without suffering from "combination stress"' (Bovenberg, 2001: 77). Concretely, this means that individuals will be helped to save money by tax reductions during their working life, which can be used to take time off to care for children, for sabbatical leave or to enable early retirement. One implication of such a proposal is that individual responsibility rather than collective solidarity is made central, using tax-funded parental leave, care leave or childcare subsidies. It represents the ultimate individualisation of the responsibility for having and raising children and a radical way of eliminating the already very contested redistribution between people with and without children: 'Individual saving arrangements appeal to people's own responsibility instead of extending social security rights to cover new risks of combining work and care collectively' (Bovenberg, 2001: 83). Another implication is that, because of the nature of gender relations, 'life course insurance' will have disadvantageous consequences for those parents who use their savings to care for children. It is not unimaginable that this will be mainly women, who at the end of their working life will discover that their male partner (if he is still around) can retire a few years earlier because he has not been so unwise as to use his savings on parental leave. Finally, a life course perspective assumes that people employ a rational choice perspective when planning their future life. Many mistakes will be made at a young age that cannot be rectified later without high costs.

Changes in social assistance

In the 1990s, the assumptions underpinning the Dutch social assistance system changed dramatically. The welfare reform of 1996 de-individualised the status of young adults between 18 and 21 years old. Previously they were assumed to be adults in all respects, including financial. The 1996 welfare reform declared them to be financially dependent on their parents, even though in law these young people have adult status. For employed young people and students, this decision did not make much difference: they earn their own money or get a grant. However, unemployed young adults, including teenage mothers, discovered that they could no longer rely on welfare benefits, and had to turn to their parents for financial support. It is not known how many young adults have been affected by this decision, which is effectively a form of de-individualisation and re-familialisation.

In 1992, it was decided that young couples could only receive welfare benefits if both partners made themselves available for work. Previously only the breadwinner was obliged to find a job; now the partner (usually the woman) was also obliged to seek employment. This tendency towards individualisation of social assistance in respect of couples was qualified in two interesting (and controversial) ways. First, the obligation to work was not imposed on couples with children under 12. From the perspective of gender equality this was a strange restriction; if both partners are unemployed, it might be assumed that if the mother finds a job the father is still able to care for the children. However, the then coalition government of Christian Democrats and Social Democrats decided that this would not be in the interests of the children. Second, the measure was

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only applied to young people, that is to say, to partners who had reached the age of 18 after the year 1990. It was thought that the reform would be too hard on older couples, but that younger people would have time to adjust to the new arrangements.

The final change in the social assistance law concerned lone mothers. I have written extensively about this elsewhere, and will only summarise the essence of the changes here. For lone mothers the Dutch welfare reform of 1996 entailed the introduction of a fully fledged 'adult worker' model. All lone mothers with children above the age of four were obliged to find a job. This represented a real break with the previous welfare schemes that allowed lone mothers to stay at home until the children reached the age of 18. But in practice the measure has not been rigidly enforced, due to the lenient attitude of locally based social workers (who exercise considerable discretion), lack of child care, and the recognition that many lone mothers are not capable of working full-time because of health problems, lack of skills and education, and because they simply resist the injunction to work (Knijn, 1994; Knijn and van Wel, 2001, 2001a). Nevertheless, the shift towards full individualisation on the basis of an 'adult worker' model is most visible in this reform.

Under debate: child support

Absent fathers are legally obliged to pay child support in The Netherlands. At present, government advisory boards are discussing a proposal to change the regulations governing child support in order to: (i) facilitate lone mothers' employment and (ii) reduce public expenditure (Werkgroep Alimentatiebeleid, 2002). Studies of lone mothers in The Netherlands (Knijn and Van Wel, 2001, 2001a) and in other European countries (Jehoel-Gijsbers, Kok and Janssens, 2001) have shown that lone mothers who receive regular child support have a better chance of combining part-time work with care than lone mothers who do not. One study also concluded that municipalities were losing a lot of money because they did not have any means of setting lone mothers' benefits against child support payments from fathers. Finally, as in many other countries, studies have shown that only a small proportion of absent fathers actually pay child support (Niphuis-Nell, 1997; Van Wel and Knijn, 2000). The inter-departmental *Werkgroep Alimentatiebeleid* now proposes to enforce parental responsibilities after divorce by calculating the costs of child care that must be shared between the divorcing parents. They propose that the costs of children comprise both support and care, and that ex-partners should share both. Following a gender-neutral assumption, they start by stating that in ideal circumstances both partners should care for children for half the working week. If one partner does less care work, then s/he must compensate the other (using the cost of public child care as the measure). Of course there are many practical consequences of this proposal that should be thought about; but in principle it is a good example of individualisation of rights and duties connected to parenthood, which recognises the continuing obligations of both partners as earning and caring parents after divorce.

Taxation and child allowance

The Netherlands was criticised for a long time for having a very traditional tax system based on male breadwinner family principles, with joint taxation for couples, together

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with a lower tax rate for single earner couples. Since January 2001, a completely new tax system has been created. It still operates a tax reduction for single earner couples, but in many other respects it incorporates elements that are in line with the idea of moderate individualisation. For example, it includes a 'combination reduction' for people who combine childcare and employment, child allowances, an 'employment reduction' for employed people and an additional allowance for lone parents. The new system thus recognises a wide variety of employment and care options.

The child allowance is somewhat at odds with this shift towards allowing for different combinations of work and care on the part of men and women. The allowance is flat rate and increases as the children grow older. Until the 1980s the allowance was paid to the father; since then it has been paid to the mother, unless both parents demand otherwise. This shift confirms the assumption that the mother is the main carer. Nevertheless it has been welcomed as a woman-friendly change because of the recognition it gives to women's care work and to their financial responsibility for at least part of the costs of children.

Conclusion

It is not easy to generalise about the trends concerning individualisation in The Netherlands. There is *no* consistent policy and in some areas individualisation is stressed more than in others. However, the Dutch example shows that the shift towards individualisation does not necessarily mean that care work will be ignored. The position of mothers as carers for children (in respect of unemployment benefits), or as former carers for children and as housewives (in old age pensions in tiers (a) and (b)), has been taken into account. The 'adult worker' principle has been fully introduced only in respect of lone mothers, and in a more moderate way in the welfare reforms affecting young couples in the period 1992 to 1996. In practice, social assistance reform has not been strictly implemented because of the way in which social workers have used their discretion locally.

Nevertheless there is a trend towards individualisation in The Netherlands that will in all likelihood continue in the future. The currently debated proposals for 'life course insurance' and child support and care indicate the directions that individualisation may take. First and foremost, individualisation will involve a decline in collective solidarity, resulting in a decline in redistribution between the generations, between parents and people without children, and between men and women. Collective solidarity is increasingly being replaced by notions of private responsibility for one's own life and that of one's spouse and children. Pension splitting on divorce and the new proposal regarding child support and care (will) give gender equality the force of law, protecting women's status as carers and as part-time earners. However, the overall effects of a 'life course insurance' approach are likely to be unfavourable to gender equality.

It remains to be seen what the long-term effects of a more radical approach to individualisation might be. If women do adopt a rational life course perspective, then they may well opt for childlessness and for saving their 'life course insurance' for early retirement. If they do have children, they would be safer opting for marriage; in the event of divorce, they would at least get half of the joint pension entitlement. But the most important question of course remains: what will men do? A recent study of attitudes towards children shows that late childbirth is more strongly related to men's attitudes

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toward parenthood than women's (Latten and Hooghiemstra, 2002). The road towards individualisation at the level of the household as a substitute for collective solidarity may prove to be woman friendly but child unfriendly.

Note

1 Full AOW is paid to citizens who have lived for 50 years in the Netherlands; other citizens receive part of it. This rule is disadvantageous for migrant workers who ultimately decide not to return to their home countries.

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