Standenstrijd en zekerheid. Een geschiedenis van oude orde en sociale zorg in Nederland (ca. 1880-1940)

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Summary


Before World War II, the Dutch system of social security was slow to develop and took a pluralistic and predominantly non-governmental shape. How can this be explained? This is the central question of this book and of my research into the history of social security in the Netherlands. In the introduction to this book, I have argued that the history of this development cannot be fully understood if it is considered exclusively within a discourse of pillarisation, as has often been the case in existing literature on the subject. For this reason, I have outlined an alternative perspective in the first chapters of this book. From this perspective, Dutch society at the end of the 19th and the beginning of the 20th century is interpreted as a society in transition: from an ‘old order’ of estates and traditional dominance, to a ‘new order’ of socio-economic classes and democracy.

The old order in the Netherlands had been established in the Middle Ages, from a process of ‘closure’, and was characterized by a strict hierarchy of estates and a monopolistic division of power, status and property. In some rural areas, this order was based on a specific form of traditional dominance – feudalism – as it was in most other European countries. In the cities of the Republic, however, a different form of traditional dominance had developed over the centuries, based economically on trade, rather than on agriculture. I have called this form ‘political capitalism’. The two forms of traditional dominance had each produced its own social group: the landed nobility of feudalism and the urban patricians of political capitalism. In this book, I have called these groups collectively the ‘aristocracy: an oligarchy of nobles and patricians. This aristocracy was comprised of a small and fairly closed group of families who were interconnected by many family and business ties, and who often divided the most important economic monopolies and political positions among themselves.

A long way from the aristocracy were the middling estates, made up of farmers with large land holdings in fertile areas in the north and the west of the country, and petty bourgeoisie, united in guilds, who were based in the cities. These groups had no voice in the national, regional and municipal governments, but they exerted a traditional authority over the lowest estates: the workers and the poor. Both the aristocracy and the petty bourgeoisie held an interest in the continued existence of the estate society; to perpetuate it, they used various instruments at their disposal. One of these instruments was local poor relief.

The estate system in the Netherlands came under increasing pressure in the second half of the 19th century. Some of the lower ranks were cast adrift, partly because of the modernisation and liberalisation of the economy, which the aristocrats had been forced to initiate. Provoked by the agricultural crisis of the 1870s and 1880s – an indirect result of the economic modernisation — many farm labourers left the old rural structures behind and flocked to the cities looking for work. The cities could not absorb this influx, resulting in a serious imbalance in their old order as well.

This disturbance of the old patterns of authority soon proved irrevocable. Liberated somewhat from rigid hierarchy of estates, the lower ranks became aware of their inferior position in society and started to advocate far-reaching social reforms. To achieve them, workers and the poor united in political parties and labour unions, or they became involved in existing political parties. In their pursuit of sweeping changes to societal structures, however, they found themselves on a collision course with the aristocrats, petty bourgeoisie and farmers. This was the starting point for the battle over social security in the Netherlands.

This book’s perspective of a society-in-transition does not replace the pillarisation discourse; rather, it supplements it. As I argued at the end of Chapter 4, to better understand the political and societal forces involved, it is useful to apply not one, but two perspectives: the denominational-secular divide, which served as the basis for pillarisation, and the division between aristocratic (conservative) and democratic that resulted from the social issue.
From the outset, the aristocrats had the upper hand in the battle over social security. Unlike the lower ranks and their allies in parliament, to whom I refer as the ‘democrats’, the aristocrats were still interconnected in many ways at the end of the 19th century, despite their political differences. They had intermarried, met regularly at the stock exchange or in closed societies, or were involved financially or as administrators in each other’s companies. These ties enabled the aristocrats to take political action quickly when necessary, and to mobilise allies in parliament and the business world. Moreover, as a result of limited suffrage and the constituency system, they were still over-represented in parliament, particularly in the caucuses of the orthodox-Protestant CHU and the conservative-liberal BVL. Around the turn of the century, the aristocrats still occupied about 80 per cent of the seats of those two parties in the Lower Chamber. Even in the caucuses of the Liberal Union, the Protestant ARP and the Catholic party, about half of the members were from the nobility or the urban patriciate.

Soon after the turn of the century, the aristocrats were the first to establish formal interest groups, which were further connected by their personal involvement in several of these groups. The most important of these organisations was the VNW, dominated by important aristocratic entrepreneurs in trade, banking, shipping, processing and textiles. This cluster of organisations was strengthened in the first decade of the 20th century by the emergence of some unions of farmers with large land holdings and petty bourgeoisie, giving rise to a true ‘conservative network’.

The democrats could do little to respond to this conservative network. They had great difficulty organising their interests in formal and functional associations, and those that did exist were often kept in check by the aristocrats who sat on their boards. This was particularly true in the case of the Catholic and Protestant trade unions, RKWV and CNV. An exception to this rule were the socialist workers. By about 1915, they had a dynamic party in place, the SDAP, as well as an independent trade union, the NVV. Both organisations were too small at this time, however, to play a decisive role.

That changed after World War I, partly because of the adoption of general suffrage in 1917. The SDAP grew to become the second-largest party in parliament as a result, while at the other end of the political spectrum, the aristocratic parties in the liberal and Protestant camps were decimated. Even more important at this time were developments in Catholic circles.

Since the turn of the century, the Catholic party had been the largest in parliament, but until the 1920s, it had been unable to benefit from that powerful position due to internal divisions. Within the party, a power struggle was raging between the Catholic aristocrats from the provinces of Brabant, Limburg and Holland and the Catholic farmers’ union KNTB on the one hand, and representatives of workers and the new, southern entrepreneurs on the other. The position of these new entrepreneurs, self-made men who had no access to the old aristocratic world of business, had strengthened significantly during World War I, both economically and organisationally. Moreover, after the War, their organisation, the ARKWV, was given a few permanent seats within the Catholic caucus of the Lower Chamber. Roughly the same happened to the Catholic trade union RKWV, which in the 1910s wrestled itself away from being patronised by the higher ranks and also managed to obtain a number of seats in the Catholic caucus. Partly because of the arrival of representatives from ARKWV and RKWV, the balance within the Catholic caucus tipped in favour of the democrats during the 1920s.

This process of democratisation in the Catholic party was accelerated in the 1930s by the economic crisis. It forced the Catholic organisations to formulate a different, collective socio-economic policy. Thus, ties between the organisations were strengthened and the process of pillarisation on the Catholic side was more or less completed.

At the same time, the once-powerful conservative network fell apart during the 1930s. The economic crisis undermined the alliance between aristocrats, farmers and petty bourgeoisie and forced these groups to go their separate ways. The collapse of the conservative network and the establishment of the Catholic pillar paved the way at the end of the 1930s for a coalition between the two largest blocs in Dutch politics and society: the Catholics and the socialists. Due to the outbreak of World War II, this coalition would only be able to put its stamp on Dutch politics and society after 1945.
In this book, I have searched for answers to two questions regarding the history of Dutch social security. The first issue is the remarkably slow pace with which the system was built. Compared to other European nations, the creation of a more or less comprehensive system of social security was a long time in coming. Whereas countries such as Germany and Great Britain had reasonably complete systems in place by the beginning of the 20th century, it took the Netherlands until after World War II to plug some gaping holes in the social safety net. In my quest for an answer to this first issue, I have focused on the period before World War II: How can the slow development of the Dutch system of social security in the period before World War II be explained?

Summarised, the answer to this question comes down to this: social security developed so slowly in the Netherlands before World War II because representatives of the old order did their utmost to block the arrival of ‘modern’ social arrangements as much as possible – or when they could not block them entirely, they tried to shape them to their liking.

Aristocrats, farmers and petty bourgeoisie were opposed to social arrangements defined and sanctioned by the state, as these would rob them of their prerogative to determine, through private initiatives such as local and private poor relief and, later, the employers’ funds, whether their workers or the poor in their town or region were to receive assistance. New state-run social arrangements would deprive them of an important mechanism for exerting and perpetuating their traditional authority over the lower ranks, which they sought to preserve for economic and political reasons and for social position. These reasons were closely connected, just as property, power and status had been difficult to separate in the old order. Nonetheless, this book has shown that economic motives were often of secondary importance, especially for the aristocrats. At different times in the period under discussion, they were willing to accept, for instance, paying a higher premium or allowing a longer benefit duration, as long as the social arrangements were shaped in ways they preferred.

Resistance by the old groups to the arrival of modern social security arrangements was initially very successful. Between 1880 and 1900, aristocrats of liberal, Catholic and Protestant persuasion managed to stall discussions about social security for a long time, avoiding lawmaking altogether. Around the turn of the century, however, their position in parliament came under increasing pressure. Within and outside parliament, the workers’ movement and new entrepreneurs rapidly gained influence. These groups were either in favour of social security (particularly the workers’ movement), or had no objections on principle to mandatory social arrangements, as long as their costs would be constrained (particularly the new entrepreneurs).

Influenced by this development, some of the aristocrats began to realise that in the long run, the arrival of nation-wide arrangements sanctioned by the state was inevitable. Therefore, they gave up on their resistance in part, and steered towards a compromise: they would support the creation of mandatory national arrangements as long as they could administer them, so that the traditional, paternalistic relationship with their workers could continue to exist. In this book’s terminology, they aimed for forms of ‘sanctioned private initiative.’

The first result of this new strategy was the Industrial Accidents Insurance Act (Ongevallenwet-1901), the first national and mandatory social insurance in Dutch history. Thanks to a crafty campaign against minister Lely’s bill, which would have put the administration of the insurance squarely in the hands of a state institution, the National Insurance Bank (Rijksverzekeringsbank), the aristocrats obtained the right to carry the risk themselves – a privilege that in practice amounted to almost complete administration of the law by the entrepreneurs. In the following 25 years, in close co-operation with interest organisations of farmers and petty bourgeoisie, they succeeded in persuading parliament to accept similar arrangements for seafaring (in 1915) and agriculture (in 1922). At the same time, they managed to prevent to a large extent the creation of social insurance arrangements in other sectors. As a result, the percentage of the labour force covered by social insurance arrangements (the ‘coverage percentage’), had barely reached two per cent by 1920.
This situation changed dramatically when the aristocrats, farmers and petty bourgeois were forced into a defensive position by an attempt at revolution led by socialist leader Troelstra. In a short period, minister Aalberse, a Catholic, guided a number of social insurance bills through parliament, quickly raising the coverage percentage to almost 30. In the next 10 years, however, the old groups and their organisations regained the initiative. Partly due to their efforts, the legislative process came once again to a halt. Some unemployment arrangements were even reversed.

Only by the end of the 1920s did the role of the old elite seem to have ended. Its position had been seriously weakened in the previous years due to a number of economic and political developments, while its competitors, particularly the Catholic party, had significantly expanded their influence. This turn of events also had implications for social security. In 1928, workers’ organisations and new entrepreneurs of Catholic stripe came to an agreement on a compromise over the administration of the Sickness Insurance Act (Ziektewet), a compromise that was signed into law with the support of the socialists.

The definitive breakthrough in the legislative process was still a few years away, however. This was not so much due to the power of the old groups, but to the difficulties that the Catholics and the socialists had in forging a workable political coalition. Even though together they had a large majority in parliament, the establishment of such a coalition was hampered by electoral competition for the Catholic workers’ vote. As a result, the weakened aristocrats, through their allies in parliament and in government, were able to put their stamp on social policy for one last time during the 1930s.

They were unable, however, to prevent unemployment provisions from coming increasingly under the jurisdiction of the national government, creating a de facto form of social security in that area. Nor could they keep the interest organisations that they had built up in the preceding decades from largely being withdrawn from their grasp. Ultimately, developments at the end of the 1930s led to the definitive collapse of the old elite and the formation of a Catholic-socialist coalition. Due to the outbreak of World War II, this coalition was not immediately able to realise its plans for social security.

The second issue in this book concerns the extraordinary structure of the Dutch system of social security established in the period under discussion. With its mishmash of arrangements, ranges of eligibility, and administrative structures, the system differed (and still differs) markedly from many other European systems, which were (and are) much more uniform and in which the state had a much more direct role. How is this pluralistic and predominantly non-governmental shape of the Dutch system of social security to be explained?

The answer to this second research question can be divided into two parts. The first part concerns the pluralistic form of the Dutch system. At the end of the period discussed in this book, the system was comprised of roughly four types of arrangements, each with its specific administrative structure:

1. arrangements administered by individual employers and employers’ organisations;
2. arrangements administered by democratic industrial associations, founded and governed by representatives of the national employers’ organisations and trade unions, and composed on a bipartisan basis;
3. arrangements administered by democratic Councils of Labour, governed by representatives of employers’ organisations, trade unions and the government, and composed on a tripartisan basis;
4. arrangements administered by governmental bodies.

This pluralist system reflects the image of a society-in-transition that I have outlined in this book. In other words, the pluralistic system is the result of shifting power relations between the old and new groups in Dutch society and politics.

In the first phase of the period under discussion (ca. 1900-1925), the legislative process in the Netherlands was dominated by the old groups. The arrangements that were created in this period were therefore shaped in ways these groups preferred: mandatory insurance administered by the employers (above, type 1). This pertains to the Industrial Accidents Insurance Act (Ongevallenwet, 1901), the Marine Accidents Insurance Act (Zeeongevallenwet, 1915), the Agricultural Accidents Insurance Act...
(Land- en Tuinbouwongevallenwet, 1923), and subsidy arrangements for unemployment assistance. By my definition, these arrangements were not, strictly speaking, social security, but sanctioned private initiative.

The first phase was briefly interrupted in 1918 by the attempt at revolution by SDAP leader Troelstra and the ensuing months of revolutionary fears. In the extraordinary situation that developed as a result of the revolution attempt, the old groups were forced into a defensive position, and arrangements were made that differed strongly from those made earlier. The Disability Insurance Act (Invaliditeitswet) and the Old Age Insurance Act (Ouderdomswet), the first real social insurance arrangements in Dutch history, were administered by the Councils of Labour, in which employers, workers, and the government were represented equally (type 3).

In the second phase of the period under discussion (ca. 1925-1940), the old groups were gradually eclipsed by the workers and the new entrepreneurs of Catholic and socialist persuasion. These groups reached an agreement in 1928 about a new application of the Sickness Insurance Act (Ziektewet) of 1913, which had still not been introduced. A year later, the administration of this insurance was assigned by law to industrial associations, founded by national employers’ organisations and trade unions and governed by them on an equal basis (type 2). The next social security arrangement to ensue, the Child Benefit Act of 1939, was given the same administrative structure.

In the area of unemployment insurance, agreement was also reached in 1938-1939. A mandatory insurance was established, to be administered by the company associations. Due to the outbreak of World War II, this arrangement was put on hold for several years. With the creation of Unemployment Insurance Act (Werkloosheidswet) in 1949, assistance for the unemployed was separated from relief for other needy citizens. In 1965, a separate arrangement was made for these other categories: Public Assistance Act (Algemene Bijstandswet). This law, at least as far as its application was concerned, was in fact simply a formalisation of practice developed in the 1930s. The funding and determination of eligibility for poor and unemployment relief had by then come decisively under the jurisdiction of municipalities and the national government (type 4), and the Public Assistance Act did not change that.

Shortly after World War II, the system was simplified somewhat with the reduction of the types of arrangements from four to three. With the acceptance by parliament of the Organisation of Social Insurance Act (Organisatiewet-1952), the role employers’ associations played in applying accidents insurance acts had ended for good. From then on, all workers’ insurance arrangements (unemployment insurance, sickness insurance and accidents insurance) were administered by the industrial associations.

The answer to part two of the second research question addresses the predominantly non-governmental structure of the Dutch system by the end of the period examined in this book. This non-governmental character was most apparent in the administration of accidents and illness insurance and the Child Benefit Act (Kinderbijslagwet), and to a lesser extent, the Disability Insurance Act (Invaliditeitswet) and the Old Age Insurance Act (Ouderdomswet). The national government was not involved at all in the administration of the former (type 1 and 2); with respect to the latter (type 3), it had only indirect influence on the policies of the Labour Councils through the ‘Crown-appointed members’ it appointed.

The predominantly non-governmental character of the administration of the Dutch system is due in large part to the resistance of the old groups to the arrival of social security, and their attempts later on to mould several arrangements to their liking. The first result of this pursuit was Industrial Accidents Insurance Act (Ongevallenwet-1901), which in practice was administered by the employers themselves. Although they created a brand new organisation, the CWRb, for this purpose, they built on the private arrangements that already existed, particularly the employers’ funds. Thus, it involved what the institutionalist P. Pierson has called ‘path dependency’: the guiding force of existing institutions in the creation of new ones. This path dependency would continue to characterise further legislative processes.

Path dependency was notably evident in restrictions that the opponents of the old groups encountered in their pursuit of social security. For instance, the socialists initially had a strong preference for administration by governmental bodies, but that position was a non-starter in a discussion dominated by
the old groups. To be able to influence the legislative process, the socialists had to abandon this preference, switching, during the 1920s, to advocating administration by the labour unions and employers' organizations.

In addition, resistance by the old groups to the arrival of social arrangements forced the new groups, paradoxically and indirectly, into more or less adopting some of their preferences as their own. For instance, in the absence of mandatory unemployment insurance, the trade unions, out of necessity, established their own insurance funds. Similarly, the new Catholic entrepreneurs adopted their own system of insurance against sickness for their workers. When they had become used to this type of administration, they too began to resist its dismantling and advocated the integration of the funds into the new, mandatory arrangements.

Finally, path dependency was also apparent in the partial restructuring of the administrative organisation in 1952 (see above). Although appeals were made by different sides to transfer the administration to governmental bodies, most social arrangements after World War II remained within the jurisdiction of non-governmental agencies such as the Councils of Labour.