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The Battle Against Numbers: Disability Policies in the Netherlands

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The Battle Against Numbers: Disability Policies in the Netherlands

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1. Introduction

For twenty years now the disability debate in the Netherlands has been dominated nearly exclusively by a concern for the relatively high numbers of disability benefit claimants. Dutch disability policies in this period can be fairly adequately described as 'a battle against numbers', more than as policies primarily aimed at the social and vocational (re-)integration of disabled people.

When in 1967 the Dutch Disability Act WAO¹ was introduced as the national social insurance for disability, covering all workers and offering unlimited earnings-related benefits to those who were entitled to it, it was based on a broad principle for social policy, holding that '...every citizen has a right to self-realisation and to equality of chances' (TK 1962/63). For this reason the WAO Act did not distinguish between 'risque social' and 'risque professionnel', and the definition and measurement of 'disability' was broad, which were two factors that gave the scheme low access thresholds. When in the course of the 1970s and early 1980s oil price shocks led to economic recession and large labour market surpluses, employers had to lay off many workers. For employees, as well as for employers, the WAO Act was a far better alternative than the time-limited unemployment benefit, and access was easy, especially for redundant older workers (Cie. Buurmeier 1993). The number of WAO-claimants rose steadily from 215.000 in 1970 to 763.000 in 1985. From that moment on there has been a continuous stream of measures trying to at least stabilise the WAO-numbers, but they could not prevent that, mainly due to the sharply increased labour market participation of Dutch women over the last ten years and the steady ageing of the Dutch population, the numbers kept rising. The estimated number for 1999 is as much as 924.000 (Lisv 1999), and it is expected that in 2003 the borderline of one million claimants will be crossed. These figures can be compared to 250.000 unemployment benefit claimants and about 350.000 social assistance claimants.

In the 'battle against disability-numbers' roughly two types of strategy have been applied. Chronologically first, there is the strategy aimed at reducing the inflow of claimants into the WAO benefit scheme by means of reconstructing the existing scheme and introducing new ones. When it became clear in the early-1990s that this type of measure did not succeed, and a further erosion of the WAO benefit was seen as endangering its basic protective quality too seriously, the emphasis shifted to the second 'activation' strategy of stimulating the labour-market re-integration of disability claimants.

In this chapter on Dutch disability policies we will conform to the actual debate and so concentrate on the policies that have been applied in the field of disability benefit. They will be briefly described, and where possible evaluated. However, relevant for disabled people and their integration in

society, have also been some specific policy changes in the field of services and equal treatment. These will be discussed here briefly too. We end with a view on the European context for Dutch disability policies. Finally, we draw some conclusions.

2. Controlling inflow: the reconstruction and introduction of schemes

In the midst of the economic crisis of the early 1980s many measures to control social expenditure were proposed, which led to first legislation in 1985. Among the first measures taken was a reduction of the earnings-replacement rate of disability (and unemployment) benefit from 80% to 70%. This had very little effect, and from then on many more measures followed. We will here discuss the most important of them and their effects. Firstly, those regarding long-term disability schemes, and secondly, we pay attention to short-term disability (or sickness schemes), since in the Dutch system long-term benefits replace short-term benefits after a year of sickness. Linked to short-term disability policies we will discuss policies concerning the improvement of working circumstances.

Long-term disability

Soon after the reduction of the earnings-replacement ratio in 1985, a most important change in the WAO-scheme was the abolition in 1987 of the provision by which disability benefit compensated for the limited labour market chances of partly disabled workers. Partly disabled people without a job used to receive a full wage-related disability benefit for as long as their disability lasted, on the basis that their chances on the labour market were nearly zero. It was this system, combined with the unlimited duration of the WAO benefit, which made the WAO much more attractive than unemployment benefit. With the change partially disabled workers without a job became entitled to a partial, instead of a full, wage-related disability benefit, and for their unemployment part they had to rely on time-limited unemployment benefit WW. Since after expiration of entitlement to this benefit they had to apply for means-tested social assistance, many of them saw their income strongly reduced.

The measures taken could not prevent a further increase in the number of disability beneficiaries. As a reaction two major new acts were implemented in the early 1990s. The first, the TAV ‘act on reducing the disability volume’ of 1992, aimed at creating greater incentives for employers to prevent claims for disability benefits. It introduced a ‘bonus-malus-system’ under which employers receive a subsidy if they employ a disabled worker for at least a year. In addition to this once-off subsidy, a 20 per cent wage subsidy is also provided. On the other hand, employers have to pay a fine or ‘malus’ if one of their employees gets disabled at work and has to be fired as a result.

¹ A list of abbreviations is provided at the end of this article.

The fine turned out to be very unpopular among employers and the administrative boards had large practical difficulties in implementing the system. As a result it has been abolished in 1995.² In 1993 a second TBA 'act on reducing disability claims' was implemented, trying to reduce the inflow further, by sharpening the concept of disability and its practical assessment. Firstly, TBA narrowed down the definition and measurement of disability in a medical way. Disability was induced basically from a loss of earning capacity as a consequence of illness or physical defects. In the TBA it is determined that the relation between defect and earnings loss has to be established 'directly and medically objective', which tries to limit the supposedly generous subjectivity of the disability examiners. Secondly, where the loss of earnings was induced from the degree to which incapacitated workers could continue to earn a living with 'suitable work', defined as work suiting one's educational level and former type and level of job, TBA redefined this standard into 'generally accepted work', which is much broader, not related to education and former job level. As a result more jobs are regarded as on principle available for the disabled, thus making it more difficult for any worker to be assessed as incapacitated for work. TBA meant in effect that the decision on the degree of a worker's disability was no longer determined by earning capacity lost, but by work capacities remaining. As a result too only persons who are incapacitated to work long hours are entitled to a full benefit (SN 1999, 60). Third, TBA stipulated that every existing beneficiary of the WAO benefit younger than fifty years of age had to be re-assessed according to the new standard. In the first two years after its implementation this rule resulted in a withdrawal of the full WAO benefit in 50 per cent of all reassessed cases. People concerned were declared to be fully unemployed, instead of being (partly) disabled, and had to claim unemployment benefit, with its limited duration. Fourth, age was introduced as a criterion for level and duration of the benefit. From now on the WAO benefit is no longer 70 per cent of previous earnings for as long as the incapacity to work lasts, but maximally six years if people are older than 58 years (after which they become entitled to the state pension AOW). For younger people the period in which the WAO-benefit is wage-related is shorter than six years. When the wage-related benefit expires people receive a lower age and wage related 'follow-up benefit' for as long as disability lasts. The difference between the old level of 70% and the age-related 'follow-up benefit' is-called the 'WAO-gap. Through collective labour agreements this gap has been 'repaired' for an estimated 60% of all employees, by means of (semi-)private insurance.

These 'volume' policies of the early 1990s did result at first in a stabilization of benefit numbers, but already in 1996 the inflow of beneficiaries is again larger than the outflow. Since the working population increased significantly from the mid 1990s, the number of disabled beneficiaries as

² Under a measure called AMBER.

a percentage of the working population has decreased from 11 per cent in 1993 to 9,7 % in 1997 (Ctsv 1998).

In a further attempt to get control on the WAO inflow, the PEMBA law on 'premium differentiation and market regulation' took effect in 1998. In addition to TAV it aims at influencing employers such that they experience an individual responsibility for the prevention of disability as well as for the (re-)insertion of disabled workers. Under PEMBA the contributions for the WAO scheme paid by employers, which used to be the same for all, became differentiated according to risk, i.e. to the number of disability claims coming from individual firms and sectors of industry. As a result, firms and sectors of industry that generate more disability claims have higher costs. They can cut costs by preventing disability claims, through improving working circumstances, or by adapting workplaces for disabled employees. PEMBA also offers individual firms the option to leave the collective system for the first five years of disablement and assume responsibility for disability and subsequent benefits that it generates. (Some large companies and branches have already chosen to 'opt out', but the first signs are that only few will follow). Government expects that because of PEMBA the number of new WAO-benefits will decrease by 10 to 15 per cent. However, recent research (Ctsv 1998) among employers seems disappointing: only 8% of employers expects that disabled persons will have more changes to be appointed thanks to PEMBA; and 60% regards PEMBA primarily as a reason to scrutinize new personnel more strongly on a possible risk for disablement. Government anticipated such a reaction and issued in 1998 the Act on Medical Examinations (WMK), saying that medical examinations of job applicants are only allowed if the function requires special demands for medical fitness. Nevertheless, in the Ctsv study most companies indicated that a medical examination is in effect carried out before new employees are appointed and that they ask questions about the health of new employees (44% of all companies). Thus, the study concludes that the negative effects of risk selection will overshadow the possibly positive reintegration effects of PEMBA.

Short-term disability: sickness

As with the WAO the earnings-replacement ratio of the national sickness benefit scheme ZW was reduced from 80% to 70% in 1985. However, the main revision of the ZW started in 1994. Sickness benefits used to be paid from the collective sickness fund, to which employers and employees paid in a contribution that was only related to differences in risk between branches of industry. At the level of individual firms and workers incentives to prevent sickness were thus lacking. This changed with the 1994 TZ 'act on reducing sickness absence' under which employers became responsible for paying sick employees at least 70 per cent of their wage for the first six weeks of absence (two weeks for companies with less than 15 employees). In effect, the first weeks of sickness were privatised and did

not burden the national sickness fund anymore. Either employers now paid wages for sick employees directly, or like most of them did, reinsured the risk with private insurance companies. Reducing sickness absenteeism was further promoted by a second obligation, which holds that every firm has to develop and implement a sickness absence prevention and control policy. The privatisation of the first weeks of sickness benefit had an immediate and large effect. In 1994, only 175.000 sickness benefits were paid from the national sickness fund compared to 345.000 in 1993, while the total of sick employees dropped from these 345.000 in 1993 to 290.000 in 1994 (Ctsv, 1997). Although there is a natural floor to sickness absenteeism, government hoped that further privatisation would result in a further decrease and extended the period in which employers had to pay wages to sick personnel to one year. This measure is known as the WULBZ law and came into effect in March 1996. In that year absenteeism decreased with only 0,3 per cent to 4.6 per cent, and there was no further drop in the year following this (Ctsv 1998). WULBZ practically implies the abolition of the national ZW sickness benefit. ZW still exists, since it still covers the sickness risk of specified categories (estimated at 15 per cent of the previously covered population), like pregnant women, (partly) disabled workers, people on temporary contracts and apprentices. But for the largest part of the Dutch workers it is replaced by the employer's obligation under civil law to keep on paying wages during sickness leave. Clearly, from a full-fledged national insurance the ZW has been turned into a safety net for specifically vulnerable groups).

Employers try to cope with the financial consequences of TZ and WULBZ. Thus, on a large scale they have reinsured their obligation to pay 'sickness wage'. The financial consequences are limited for the employees, since as a result of collective bargaining most companies pay 100% of wages in case of sickness. Evaluation studies (discussed in SCP 1996) have shown that chronically ill people and (partially) disabled people have more difficulties in (re-)entering jobs, because employers screen new employees more stringently on their health status, and that the chances of workers with a worse health status being fired have increased. It was also found that the number of temporary labour contracts, as a means of prolonging the period of screening employees on their 'sickness leave behaviour', nearly doubled from 1993 to 1995 from 11 per cent to 20 per cent of all labour contracts. Hiring workers via employment agencies, to reduce the risk of sickness pay, rose in the same period from 4 per cent to 9 per cent. But also, since WULBZ the employers have intensified absence guidance and control of their employees in case of sickness. A trend towards a more active absence policy can be noticed (Ctsv, 1998).

Working circumstances

With the introduction of the TZ in 1994 a new Arbo act on 'working circumstances' made employers directly responsible for the prevention of sickness and disability among their employees. The act mainly is an execution of the EEC-Directive of 12 June 1989 concerning the implementation of measures for stimulating the safety and health of employees at work. The Directive has a general character and aims at a harmonisation of the general regulations in EU-countries at a minimum level (TK 1992-1993, 22898, nr. 3)³. The Arbo act requires that employers design an explicit anti-absenteeism policy and that they improve working circumstances. Employers are obliged to hire the expertise of a certified 'arbo-dienst', i.e. a private company specialized in occupational health and safety services , for:

- support in case of absence of sick employees;
- support in making a health risk-inventory and -evaluation;
- regular voluntary medical examinations of employees, medical consulting hours; and
- medical examination in case of first appointments.

In 1998 the Arbo-wet is again renewed, strengthening further the responsibility of employers and employees. The starting-point is that policy for working conditions must be 'tailor made'. Therefore the regulations are simplified and formulated as general goals. The labour-inspection controls the way companies fulfil the rules of the Arbo-wet. Since 1998 the inspection can impose a fine on the employer without the interference of a judge. Geers and Popma (1999, 238) argue that in practice it will be rather difficult to realize the main aims of the Arbo-wet. Firstly, the obligation to make an inventory and evaluation of health risks is observed insufficiently, and the quality of the inventories is moderate. Secondly, the independence of the 'arbo-diensten' and the quality of their work are disputed: to a certain extent they have to be critical on working circumstances in the companies that hire their services. In the years to come, the Dutch government nevertheless wants to intensify its labour circumstances policy. It wants to spend more money: from 25 million guilders in 1999 to 100 million guilders in 2002. An important part of this money will be used for covenants on labour circumstances between the government, employers and employees.

3. The activation strategy: stimulating labour market (re-)integration

³ Furthermore the changes concern the implementation of the EEC-Directive of 24 June 1982, concerning the risks of severe accidents related to certain industrial activities (the so-called Seveso-directive, lately changed by the directive of 24 November 1988) and the EEC-directive of 25 June 1991 concerning the working circumstances of atypical labour relations.

Activation strategy encompasses those policy measures that are aimed at increasing the labour market chances of disabled workers and through that at increasing their actual labour market participation. Traditionally this was mainly done in the Netherlands by vocational rehabilitation and adjustment of work places. The WAO-benefit scheme contained some possibilities for this. Also, there was and there still is a relatively extended system of sheltered workplaces. Basically, disabled workers experienced little pressure to take part in any of the provisions, and employers were not pushed either to promote employment of disabled people. The strong rise in disability numbers from the late 1970s onwards induced government to take additional measures. For a large part they tried to influence the behavior and choices of both disabled workers and employers, by a series of (financial) incentives. Generally, activation became the core of Dutch socio-economic policy in the early 1990s (see Van Oorschot 1999), and recently it was given a boost by the Luxembourg Employment Summit, the Treaty of Amsterdam and the European Employment Guidelines. A National Employment Action Plan 1999 has been issued by the Dutch Government, in which it presents (intended) measures for dealing with the Guidelines. Central to it is the so-called 'comprehensive approach', which aims, above and beyond all the measures already in place for unemployed and disabled people, at intensifying the policies of preventing long-term unemployment and disability benefit dependency. It will be regarded successful in as much as it results in unemployed and disabled people actually finding paid work, instead of them simply becoming better qualified through training and additional jobs.

We will discuss the re-integration policies for disabled people, some developments concerning sheltered work, and we will end with some notes on the more general 'active measures' from which also disabled people may profit.

Reintegration

In relation with the revision of the WAO in 1987 the WAGW act on 'work for disabled workers' was introduced in 1986, as the first major re-integration act in the Netherlands. It acknowledges and starts from the strongly reduced labour-market chances for disabled people due to the growth of general unemployment in the 1980s and the increased numbers of disability claimants. WAGW is primarily concerned with equity and the interests of disabled persons. It speaks of the responsibility society as a whole has for the rights and labour market participation of those disabled people who want and are able to work, and of the solidarity that is necessary between employers, non-disabled and disabled employees. However, the WAGW does not contain much new concrete measures. It mainly offers a wider legal framework for existing measures and imposes on employers and unions the responsibility to

promote equal chances for disabled workers and to take measures that preserve, recover and promote the working capacities of disabled workers. For this they can use already existing (but, according to the government, insufficiently used) possibilities under the WAO. Most notably is that it introduces the possibility of quota of 3% to 7% to be imposed on (part of) an industrial branch if (re-)integration results are lacking. The WAGW has never been seriously implemented, since the proportion of disabled workers in companies has not increased, and a quota has not been imposed on any branch. It is generally felt that the act was used as a 'sweetener' for the reforms of the WAO in the 1980s. Yet, the WAGW is not without significance. Firstly, it is the first act in which a general concern for the growing number of disabled workers, or claimants of disability benefits, is expressed. The explanatory note to the act explicitly says that, next to aiming at the self-realisation of and equal chances for disabled persons, the act is secondarily directed at implementing a volume policy. That is, a policy aimed at reducing the inflow in disability schemes, which is seen as necessary since government expects that after some while it may result in lower expenditures, lower contributions and lower wage costs. And secondly, a basic assumption of the WAGW is that it is necessary to intervene in the labour market to promote the chances of disabled persons. Without intervention people would have no chances and the number of disability benefit claimants would only rise further and further. In a practical sense, however, the interventions that are possible under the WAGW are limited, because little is added to the limited provisions of WAO. One new measure, for instance, is that the administration of the disability benefit scheme can claim payments from an employer equal to the wage a fired disabled employee would have earned, if the employer had made employment possible. Few, if any, of such payments have ever been requested. Another is that employers were given the obligation to adjust (access to) the workplace of any disabled employee they have in their firm. Control on this measure has never taken place to any serious degree. So, the main significance of WAGW lies in the fact that for the first time it is expressed by government that the implementation and administration of (re-)insertion measures have to be co-ordinated more centrally. The WAGW is presented as a legal framework for that.

Since the WAGW has never been implemented seriously, it had little effect on disability numbers. This was recognized by government in the 1990s and in order to realize a more effective reintegration policy the REA act on 'reintegration of handicapped people' replaced the WAGW in 1998, containing several new incentives for employers and employees. Like the WAGW, it functions as a comprehensive legal framework for measures aimed at stimulating employers, employees and administrative bodies to promote the (re-)integration of disabled people. It has a more general character than TAV, TBA and AMBER, since it stresses the interests of disabled people (while keeping an eye on the negative social

and economic effects of the disability volume); it stresses more explicitly equity as a reason for (re-)integration (be it that it argues that in individual cases there has to be a certain balance between the costs of re-integration and the possible gains); and it imposes on employers and employees unions the general responsibility for promoting the labour market participation for disabled people. At the introduction of REA government expressed that there is not so much a lack of measures, but of results. It acknowledges that this might be brought about by earlier measures taken, e.g. with regard to short-term disability, that induce employers to avoid employing workers with health problems. Therefore, with REA employers get a fixed budget in case a job is offered to a disabled person. From this budget the employer is expected to pay the necessary workplace adaptations and access improvements. If costs are less than the budget the surplus does not have to be re-imbursed. If costs exceed the budget, an extra amount is possible. Furthermore, under REA the sickness pay for an employed disabled person will be paid from the national sickness fund, instead of by the employer, so that the possible extra sickness risk will not burden the wage cost. And employers can get a reduction on their WAO-contributions in case 5% or more of wages is paid to disabled employees. Next to incentives for employers, REA allots more responsibilities to disabled persons. For example, with the introduction of an experiment to give the disabled persons a 'person related budget' with which the disabled worker can buy services that promote his or her chances on the labour market. With WAGW and the 'malus' under TAV government had experienced that enforcement is not an effective way of influencing employers and employees. REA therefore offers incentives. Government explicitly says that REA sets the conditions, it is up to employers and disabled persons to make use of it.

Although it might be too early to judge, the general idea is that REA will not have a strong effect on disability numbers. Partly because reinsertion does not always mean that the number of disabled beneficiaries decreases, as it is possible that partially disabled only work for the part that they are not disabled but unemployed (Ctsv 1998), partly because of competition between administrative bodies (le Nobel 1999) and because WULBZ and PEMBA set inverse incentives. First studies do show disappointing results (e.g. Knol 1999) and the experiments with the 'person related budget' have learned that administrative bodies nor disabled workers regard it as a valuable means (Bosselaar and Prins1999).

Sheltered work

The 1969 WSW act on 'sheltered workplaces' provides working places for those disabled persons who can carry out certain types of activities and are thus capable of work, but for whom, due to personal circumstances, employment under normal conditions and at a normal pace is not possible. Municipalities have to organise the workplaces in which the working capabilities of the persons involved can be

preserved, recovered or stimulated. The WSW is not primarily aiming at re-integrating people back into regular paid labour. It offers a wage level at or just above the minimum wage, implying that most disabled persons would gain from being employed at a WSW place. Access to the WSW is possible for all disabled persons within the boundaries of a certain municipality who are registered as looking for a job at a labour office, but who, according to this office, have no real chance on the regular market. Participation in a WSW-job or not has no relation with level and duration of the AAW/WAO benefit. The WSW creates a separate labour market for a specific group of disabled workers. The creation of sheltered workplaces is sometimes seen as being based on a perceived limited economic productivity of disabled persons and on a wish for preventing distortions on the normal labour market. However, the sheltered workplace can also be seen as one among other instruments that are offered to make work possible for those disabled persons that want to work.

In 1998 a new act on sheltered labour (WSW 1998) has come into effect, in which the responsibilities of the municipalities are defined more strictly. Placing or detaching in a regular workplace is now possible, as well as a normalisation of the labour relation. In this way the chances for flowing into the regular labour market increases. The possibility of offering a workplace in an especially established sheltered workshop remains. But it can be concluded that in the WSW 1998 re-integrating people back into regular paid labour has become more important. Furthermore the definition of the personal scope is sharpened. To be eligible for the WSW 1998 there must be a question of medical indicated limitations of a physical, rational or mental kind. Thus, it does not concern the handicap itself but the limitations in relation to the work to do. In this way the Netherlands harmonize with the approach in other European countries (Belgium, Germany, Spain, France and Great Britain).

General activation measures

Besides the activation policies strictly meant for disabled people, there are a number of activation measures primarily meant for (young and long-term) unemployed. As such they are of importance for partly disabled persons, who are unemployed for their 'able' part. Measures in the field are numerous and have changed quite drastically in the preceding two decades (see Van Oorschot and Engelfriet 1999 for a review), but we will concentrate here on the recent situation only.

In 1998 the WIW act on the 'insertion of job seekers' was introduced as an integrating framework for existing schemes, aiming at facilitating the combined use of different activation measures at once, and thus at enlarging the possibilities of finding a job. The WIW does not restrict measures any more to long-term or young unemployed, as was the case with most of the existing schemes, and has the explicit aim to ultimately place unemployed people in regular paid work (TK 1996-1997, 25122). Municipalities take in a central position, since they are the prime administrators of the existing

measures, but also because WIW will fund on principle all types of extra measures they might think of and deem effective. The idea is that local authorities have a good view on local possibilities and restraints, and therefore should be given the opportunity to form their own policies.

WIW has several distinct parts, the main one being WIW-employment. This part provides additional jobs within the broader municipal organization. The ultimate goal of placing an unemployed in such a job remains the outflow to regular paid work. A WIW-job is a 32-hours-a-week-job with payment at the level of the minimum wage and a maximum duration four years. To ensure that all the created jobs are additional, WIW-employment should not replace positions of former employees that have recently been fired. A second part of the WIW are the work-experience-jobs. These are subsidized jobs in the private sector, with a minimum duration of six months. The idea is that after a while the subsidized job is turned into a regular job. The third part of the WIW is schooling. Several existing schooling and training programs can be financed by WIW-subsidy and new initiatives are possible. The fourth WIW-part aims at facilitating the combination of work and care (for children) by unemployed people, e.g. through day care subsidies. Municipalities again are the prime administrators, with a relatively high autonomy in designing policies in this field. A final part of the WIW is the incentive-budget. This is meant as a positive incentive which can be received by an unemployed person who accepts a job, or who finishes schooling. The maximum of this one-off-subsidy is Dfl. 2100,=. Besides that, the newly employed worker might get a bonus of max. Dfl. 3240,= a year in order to prevent poverty trap effects.

Melkert-I has not been incorporated in the WIW, because Melkert-I jobs do not have a direct aim at getting a paid, regular job, which is necessary under WIW. The success of the Melkert-I jobs is, however, big enough to continue the program. In 1999, the Dutch government decided to enlarge the number of participants from 40,000 to 60,000 and to rename the program into I/D-jobs, which stands for Inflow/Outflow (Instroom/Doorstroom)-jobs. This indicates that there is a final aim at outflow to regular jobs under Melkert-I too, but only after five years of being in Melkert-I it is possible to qualify for an 'outflow'-job. Until the year 2000 the I/D-jobs will continue to exist as a separate means of activation besides WIW.

The I/D-jobs are permanent jobs for long-term (>1 year) unemployed persons in the non-profit sector. The jobs are fully subsidised. Examples are city-guards, supervisors in public areas (museums, playgrounds, etc.) and several other useful jobs that provide in a public demand for more safety and supervision in everyday life.

Taxes

A great success in terms of participation seems to be the Special Tax Reduction (WVA-SPAK), which offers a tax and social security contribution reduction for employers on the wages of those of their employees with a salary below 115% of the minimum wage. This measure aims to stimulate employment at lower job levels for which low-skilled unemployed could qualify. First evaluations of the scheme shown that it is also a success in terms of enhancing the labour participation of unemployed people (SN1999).

In 1998 the government agreed on a far-reaching reform of the tax system with, as its major aims, the promotion of employment and reducing the tax burden on labour. It is expected that the new system will come into force in 2001. Among others, in the area of the labour market, the following three proposals are formulated: (a) reduction of all rates of taxes on wages; (b) a work incentive in the form of an tax credit (up to 690 euro a year) for every worker with an income exceeding half the minimum wage. This will give the unemployed an additional incentive to seek and accept work; and (c) the system of personal tax allowances is to be replaced by a system of tax credits. Tax credits will give everyone an equal financial benefit, unlike personal tax allowances, which benefit tax-payers in the higher tax brackets. The new system of tax credits will encourage lower-paid partners to work. In the current system a breadwinner is allowed to cash in his partner's personal tax allowance, often producing a higher gain than if the partner were to use the allowance. This will not be the case under the tax credits system (NAP 1999).

4. Services and equal treatment

Although the disability debate has been dominated by the concern for disability benefit numbers there were some developments in the field of provisions and equal treatment.

Provisions for disabled persons

Provisions for disabled persons used to be part of the disability benefit scheme. This meant that disabled people older than 65 were excluded. The 1994 WVG act on 'disablement provisions' opened up provisions for all. It gives municipalities the budget and responsibility to ensure that handicapped persons have adequate provisions, such as adjustments to their home and provisions for transportation. The general aim of WVG is to encourage elderly and handicapped people to live on their own as long as possible, and to make work possible for unemployed and self-employed disabled persons (Toet 1997), which were also part of the (former) AAW, are meant for disabled employees and self-employed. In addition to the WVG the general act on 'exceptional medical expenses' AWBZ insures

severe medical risks and covers all Dutch citizens. It offers home care, caring and curing in nursing homes and hospitals and the care for mental, physical and sensorial handicapped persons (TG 1999). Finally, since 1997 the TOG act on 'allowance for cost of maintenance of multiple and severely physically handicapped children' offers a financial support to parents who look after their severely handicapped children (3 till 18 years) at their home. The allowance is given if the child(ren) would otherwise need to be placed in a nursing home financed by the AWBZ. Generally the AWBZ offers collective services. Since 1996 a new instrument of the individual budget is introduced. This instrument, meant for the sector of home care and for mentally handicapped persons, offers people a 'personal account' from which they can pay services of their choice. It means more flexibility, freedom of choice and 'tailor-made' care (VWS 1999).

Equal treatment

Member states of the EC identify prejudices against disabled people or the reservations of some non-disabled people with regard to the capabilities of disabled people as an obstacle to their entrance on the labour market. Difficulties in accessing public buildings, transportation and the workplace are equally mentioned as impeding the full participation of disabled people in society and particularly in employment (SEC 1998 1550). A proposal for legislative procedures for equal treatment of disabled and chronically sick people is currently being prepared in the Netherlands (TK 1997-1998, 24170 nr. 36). This legislation relates to recruitment and selection, sport and access to buildings and entitles disabled people and chronic sick persons to equal treatment in law. However, the legislation process is delayed, due to the complexity of the legislation route and the insufficient insights in the social effects of the new act. For the proposed act on 'equal treatment of disabled and chronic sick persons' the government has chosen for an 'extension act', as it fills up other acts on equal treatment (e.g. acts against age discrimination, equal treatment of men and women, WSW and REA). Government explicitly declares that besides national developments this choice is also inspired by the start of the implementation of article 13 of the Amsterdam Treaty (TK 1999-2000 24170, nr. 46).

5. The European context

In the foregoing sections it is indicated that European directives have had a clear influence on Dutch policies concerning disability and unemployment. It is obvious that there are relations between these two policy levels. First, where the European level refers to Dutch policy examples, as e.g. the 'arbo-diensten', the occupational health and safety services (in SEC 1998). Second, were Dutch policy

makers refer to European regulations and intentions, such as directives, treaties and European guidelines. Before, we have mentioned the directives concerning working circumstances and equal treatment, the implementation of the Amsterdam treaty (art. 13), the European guidelines and the NAP 1999. According to the Dutch government, with the implementation of WIW and REA a comprehensive approach exists for respectively the unemployed and the occupationally handicapped. In this way Dutch policies come towards the requirements of the guidelines concerning the unemployed and reintegration for (occupationally) handicapped people (pillar 1 'improving employability', NAP 1999). However, there is no general rule about the direction in which the two policy levels influence each other. There are examples of both ways. In 1999, for example, the European council declares that employment is the top priority of the European Union (EC 1999). A few years earlier, in 1994, the Dutch government has already stated that their main goal is 'work, work, work', and the Council stipulates that the first employment Guideline has already formed part of Dutch labour market policy since 1992 (NAP 1999). It even concludes that in the Netherlands 'the shift from passive income to active labour market measures (...) has gone beyond the policy design' (SEC 1998). Thus, in this case Dutch policies seem to precede European policies. On the other hand, the resolution of the European council of 17 June 1999 concerning equal chances for work for handicapped people refers back to among others: the Foundation treaty of the European Community, an ILO- treaty of 20 June 1983, a Resolution of the United Nations (20 December 1993) and European recommendations (24 juli 1986 and 9 April 1992) concerning occupational rehabilitation, reintegration, employment and equal chances for handicapped persons (ER 1999). If we take these documents into account, than rather hesitant Dutch policies follow European (and other international) policies. In short, interrelations exist between Dutch and European policies, but that it is rather difficult to indicate to which degree and in which direction they influence each other.

6. Conclusion

Dutch disability policy has been dominated by concern for the high number of disability benefit claimants. Over the years, but mainly in the beginning of the 1990s, Dutch government took a series of legislative and incentives measures directed at stimulating employers to hire and not to fire disabled workers, and at stimulating claimants of disability benefits to accept jobs. The Dutch government's 'battle against disability numbers' has only been partly successful. The growth in numbers of claimants has been slowed down, but there is no sign yet of a substantial decrease. It seems that the slowdown is more the 'passive' result of re-labelling disabled workers to unemployed workers (e.g. as result of the re-assessment of those under 50 years of age and the broadening of the assessment standard from

'unfit for suitable work' to 'unfit for generally accepted work'), than that it is the 'active' result of a successful implementation of all the measures taken. With the introduction of the REA reintegration act government admitted that there was not so much a lack of measures, but of effectiveness in their implementation. The sheer number of claimants in relation to the limited number of jobs that are available and the limited capacities of administrative bodies still justify a sceptical view on the actual and possible effects of the stimulus measures. We have seen that experts are critical about the success of the new REA act. For the future it is not to be expected that the number of disability claimants will drop strongly. On the contrary, there is the ageing of the Dutch labour force and the increased labour market participation of women (who traditionally have a higher work disability chance). But as important seems to be the fact that some of the changes in the long-term and short-term disability benefit schemes (privatization, premium differentiation) have constructed incentives for employers such that they profit from hiring employers with a minimal disability and sickness risk. We have seen that most employers have chosen for more risk selection and medical examinations of job applicants (despite legal limitations in this field), in stead of for serious improvement of sickness and disability prevention.

With the general elections of 2002 in sight the disability debate has revived again in Dutch politics recently. And again the problem is defined in terms of numbers. Government is urged by political parties, from within and outside the acting coalition, to take harsh measures to prevent crossing the 'one million claimants' threshold. The ideas proposed for this by the various parties include instituting a legal right to re-integration, improving the effectiveness of 'arbodiensten', the introduction of a quota-system, and a further sharpening of disability assessment criteria and procedures. Most of this comes down to 'more of the same' and it is highly doubtful whether such a policy would be effective. We therefore do not exclude that in the further running up to the elections a more basic debate will arise about the 'deservingness' of categories of disability benefit claimants. A differentiation between the entitlements and treatments of people with a 'mental' and a 'physical' disability could be envisioned, or even an exclusion of the first group, which is repeatedly depicted in the public debate as one consisting mainly of people who just cannot cope with the modern work stress, but who otherwise are in no 'real' sense disabled for work. Another differentiation, advocated every now and then by employers, would be possible between those whose disability stems from a 'risque professionnelle' and those for whom it stems from a 'risque sociale'. Both types of differentiation would mean a fundamental divergence from the Dutch disability insurance model, which in itself could be appealing to politicians who have become rather desperate in their battle against the numbers.

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Abbreviations

AWBZ Algemene Wet Bijzondere Ziektekosten

General Act on Special Sickness Costs

CTSV College van Toezicht Sociale Verzekeringen

Social Security Supervisory Board

LISV Landelijk Instituut Sociale Verzekeringen

National Institute for Social Insurances

PEMBA Premiedifferentiatie En Marktwerving Bij Arbeidsongeschiktheidsverzekeringen

Act on Premium Differentiation and Market Competition in the Disability

Insurances

REA Wet op de (Re)integratie van Arbeidsgehandicapten

Act on Reintegration of Handicapped Persons

WAO Wet op de Arbeidsongeschiktheidsverzekering

Act on Disability Insurance

WIW Wet Inschakeling Werkzoekenden

Act on the Insertion of Job-seekers

WMK Wet op de Medische Keuringen

Act on Medical Examinations

WSW Wet Sociale Werkvoorziening

Act on Social Labourprovision

WULBZ Wet uitbreiding loondoorbetalingsplicht bij ziekte

Act on Extension of Obligation to Pay Wages in Case of Sickness

WW Werkloosheidswet

Unemployment Act

ZW Ziektewet

Sickness Act