

The flexibilization of the Dutch labor market

The impact of globalization on the life course and inequality

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INTRODUCTION

Considerable economic, technological, socio-cultural and political changes have taken place over the past decades in industrialized countries, often referred to as globalization (Guillén 2001). There is growing evidence, however, that globalization does not impact all nations in a uniform manner. Rather, nation-specific institutions such as the welfare regime, employment relations, educational and gender systems operate to effectively 'filter' the impact of globalization and the subsequent influence that it may have on individuals within each society (Mills et al. 2008). Nation-specific institutions regulate the degree of economic openness and exposure of individuals to market forces, translating into either more or less protection from the neo-liberal tendencies of globalization. The central thesis is that globalization pushes nations and the firms within them to increasingly operate in a competitive, efficient and productive manner, prompting the need for labor market flexibilization and lower protection of workers. A related expectation is that flexibilization is concentrated and often targeted at more vulnerable groups such as those with lower education, youth, women, immigrants and older workers.

The Netherlands is a particularly interesting case within Western Europe due to its history of being a small open economy with a long history in trade, foreign investment and a high concentration of multinational companies. The Netherlands has a long history of being integrated into the global economy, which may make it more vulnerable to the forces of globalization. In recent years, several hypotheses about the effects of globalization on the labor market positions of men (Luijkx, Kalmijn and Muffels 2006), women (Kalmijn and Luijkx 2006) and of younger (Liefbroer 2005) and older workers (Henkens and Kalmijn 2006) in this country have been tested. The hypotheses typically have a twofold structure. The first aspect has examined the expected effect of globalization on the flexibilization of employment relationships such as the introduction of fixed-term contracts or part-time work. As we will demonstrate, this part of the hypotheses has been generally confirmed by the clear growth of flexible employment. This increased share of flexible jobs was at the expense of traditional full-time, permanent employment contracts, often referred to as the

'job-for-life'. The growth of flexible employment arrangements and patchwork careers for some provides some support for the thesis that globalization has infiltrated and impacted the Dutch labor market.

Results are more complicated and ambiguous surrounding the second part of the hypotheses, which explores whether the effects of flexibilization have altered the distribution of risks and inequality within this society. Although job insecurity and income risks and instability have increased (Wielers et al. 2001), there is no clear indication that these heightened risks have generated overall lower subsistence levels and higher poverty. There is some evidence that risks are unequally distributed across the society. As highlighted already in the late 1980s by Standing (1989), the global spread of flexibilization is highly feminized. The Netherlands is no exception with around 60 percent of women concentrated in part-time jobs, with their wages and career opportunities remaining relatively low (van der Lippe & van Dijk, 2002). Contrary to countries such as the US, however, part-time jobs have considerable cultural support, legal status, benefits and often have a permanent contract, thereby offering women a flexible opportunity to enter the labor market and combine work and family (Kalmijn and Luijkx 2006). Another group that has been exposed to flexibilization was the growing number of workers who lost their jobs and therefore lost income (Henkens and Kalmijn 2006). But due to strong institutional support, there is no strong indication that their incomes have fallen below the poverty line. The clearest effect has been on younger workers, many of whom had small part-time jobs and growing temporary contracts (Liefbroer 2005). But even here the effects are softened, with many of the younger workers combine these flexible jobs with their studies, or using such jobs as stepping-stones to a better position, which Oppenheimer and Kalmijn (1995) have referred to as 'life cycle jobs'.

The aim of this paper is explore the underlying causes and (un)intended consequences that globalization has had on labor market outcomes in different phases of the life course in the Netherlands. Our first aim is to explain why and how these outcomes have emerged. Here our primary focus is on the institutional structure of the Netherlands, and particularly the role of the state in the mediation of effects of globalization on labor market outcomes. Here we build upon and extend Esping-Andersen's (1990) theory of welfare capitalism to describe the institutional development of the Dutch labor market and its outcomes. Our second aim is to focus on the impact of globalization and flexibilization on inequality, especially between the generations and the sexes, and the effect of human capital upon these outcomes.

The structure of the paper is as follows. In the next section we discuss the relationship between globalization and institutional development, particularly in relation to the development of the Dutch welfare state. In section 3 we chronicle the transformations of the Dutch welfare state, from its political origins in the 1950s and 1960s, through its crisis in the 1980s, and its subsequent development, with a particular focus on labor market policies. Section 4 examines the effects of the labor market policies in terms of job growth and the quality of jobs. In

section 5, we discuss the effects of these policies on the life courses of men and women and of younger and older workers. In section 6, we discuss the outcomes of these policies in terms of inequality between educational levels. In section 7, we turn to a specific development of the flexible labor market which is very characteristic of the Netherlands, which is the growth of part-time work. We conclude with some reflections and expectations for the future.

GLOBALISATION AND INSTITUTIONAL DEVELOPMENT

Globalization is defined as: (1) the declining importance of national borders for all kinds of economic transactions, (2) rising worldwide interconnectedness through the information and communication technology revolution, (3) tougher tax competition between countries accompanied by the deregulation, privatization, and liberalization of domestic industries and markets, and (4) the rising importance of and exposure to a world market with unpredictable disruptions (see Mills and Blossfeld 2005). A central argument is that globalization unleashes a spate of market-led, neo-liberal processes that will result in an inevitable convergence of institutions by generating a ‘race to the bottom’ (Teepel, 1995). A related expectation is that it produces new risks and new distributions of risks across a society, often referred as the individualization of risk (Mills, Blossfeld and Bernardi 2006).

The growing interdependence and relevance and dominance of the market means that crises such as a banking or mortgage crisis in another area of the world has direct implications for the Dutch stock exchange, interest rates and economy. These effects of globalization increasingly affect the economies of European countries. A relatively small country like the Netherlands, with its open economy, has been affected by global developments for centuries. As Figure 1 illustrates, the Netherlands has both higher initial levels of economic, socio-technological, cultural and political globalization, and following a global trend, levels of globalization have increased since the 1970s. The intensity of globalization has clearly increased with big players in product and, especially, financial markets increasingly operate on a worldwide scale. Globalization also creates both more risks and opportunities. Its opportunities are observed in the growing employment and wages during highpoints in worldwide economic cycles. Its risks are best observed in economic crises, when unemployment grows and incomes decrease.

In order to shield individuals from these global forces, welfare states emerged as a reaction to worldwide economic crisis. The economic crisis of 1929 triggered the development of plans and regulations to combat its devastating effects. The core of these plans was in the redistribution or ‘decommodification’ of risks and responsibilities between the state and its citizens (Breen 1997). Democratically elected governments developed economic policy instruments to avert the effects of future crises and institutions in order to cushion the negative social consequences of the economic crisis. The underlying theory was

Keynesian economics, which prescribed growth of effective demand to establish economic growth. After a slow process of development, political negotiations and learning, welfare states emerged in the 1960s. Despite many differences between countries, the shared characteristic was that all citizens were guaranteed a subsistence income level. This guarantee was part of a broader relationship between the state and its citizens, in which citizens contributed increasing shares of their growing income to the state, which were then redistributed by the government as benefits and services.

However, the economic crisis of the 1980s brought these mechanisms into a new light. States not only redistributed incomes and risks, but had also become large risk bearers themselves. The state's burden of transferable risks proved to be limited by its financial carrying capacity. At the beginning of the 1980s, unemployment in the Netherlands and many countries in Europe increased rapidly, as did expenses, whereas revenues decreased. The state had to step into supply benefits, but increasingly faced financial problems of its own. This was not a long-term strategy, as large state debts would negatively affect the country's future economic performance and competitiveness (Hoff and Jehoel-Gijsbers 1998). In addition, Keynesian policies did not offer solutions, but, due to their high costs, appeared to only exacerbate the crisis.

A path-breaking contribution to analysis of the welfare state's position in these years was Esping-Andersen's 'Three worlds of capitalism' (1990), that grouped the different states in separate categories, presenting a concise analysis of strengths and risks of these categories. In his original analysis, Esping-Andersen distinguishes three regimes on two criteria that are used to decide about eligibility for social security benefits. Access to social security can be arranged according to universalistic criteria on the one hand, that is the eligibility of every adult citizen without further distinctions, or upon specific rights assigned to specific status groups. Universalism is associated with the modern political movements of liberalism and social-democracy, whereas status groups typically are associated with conservatism and clericalism.

A main difference between the chosen emphases on universalism or status groups concerns the position of women. According to universalistic criteria, women and men should be treated as equals, whereas the particularistic approach emphasizes differences. Esping-Andersen's second criterion is that of decommodification, which is the extent to which citizens themselves bear market risks to provide in their income. This criterion is not only about labor market participation, but also about the organization of the social security system. Highly market orientated governments organise social security via the market, as a mainly private affair, with only a subsistence level security benefit for the highest risks; under such regimes social security is to a large extent commodified. In decommodified countries, the provision of social security is organised via the state bureaucracies, and usually covers a package of relatively generous benefits and services that is attractive not only to high risks but also to the middle classes, which are its main contributors.

The criterion of decommodification creates a typology of a subdivision of the universalistic regimes. It distinguishes between the liberal, Anglo-Saxon countries on the one hand (e.g., US, UK), and the social-democratic, Scandinavian countries on the other hand (e.g., Sweden, Norway). The third category of countries that apply the particularistic criteria are labelled as conservative or corporatist (e.g., Germany, the Netherlands). This categorisation refers directly to both the origins and the vulnerabilities of the different welfare states, thereby largely reducing the complexity of international differences. It has become an accepted tool in analyzing differences between welfare states. However, the categorization is schematic, of which Esping-Andersen was well aware: 'There is no single pure case' (Esping-Andersen, 1990, p. 28). A notable problem in his categorization is the Netherlands. It is labelled as conservative in relation to aspects such as family policy and social-democratic (particularly in more recent years) when examining employment relation policies. In addition, Esping-Andersen is very explicit that welfare regimes develop under the influence of contingencies. For this reason, and due to recent shifts, the Netherlands has more recently been categorized by some as a social-democratic regime (e.g., Muffels, Tsakoglou and Mayes 2002).

Esping-Andersen's argument about the development of a specific type of welfare state is historical, in terms of class formations and political coalitions. He finds the main determinants in class formations that developed in most countries during the second half of the 19th century, and that were the basis for the development of political coalitions in the 20th century, instrumental in establishing the welfare state. It is, however, arguable that 19th century class formation is no longer the self-evident main determinant of the more recent development of the welfare state. In later work, Esping-Andersen elaborated on at least two developments that affected the further development of the welfare state. One development is the changing class structure, caused by the development of the post-industrial society (Esping-Andersen 1993). There is not an explicit theory of the effects of the erosion of the working class and the growth of new middle classes on social policies, but one would expect that traditional social-democratic decommodification strategies, such as the organisation of social security via the state, have lost attractiveness, whereas neo-liberal solutions that emphasize the entrapment effects of social security have become more popular. A second development is the growth of globalization, that in many countries has fuelled the fear that generous social security and other welfare provisions negatively affect international competitiveness of firms, located one's own country. Although it cannot be argued that countries are competing on a worldwide scale, the country itself may lose its attractiveness in location decisions, and thus lose employment and capital investments. For this reason, Esping-Andersen (1996) foresaw the slow abandonment of de-commodification policies in Scandinavian and central European countries.

We expect that these contingencies have affected the developments of the welfare state in a path-dependent process (see for e.g., Mills et al. 2008). The

outcome of these processes, however, is hard to predict, as especially the resilience of the corporatist state is hard to assess. Several observers have emphasized the good economic performance of corporatist states (e.g. Calmfors and Driffill, 1988; Albert, 1993; Visser and Hemerijck, 1997). Flanagan (2007) has argued that outcomes in corporatist countries are highly fragile, and can quickly change. In the following, we will focus upon the path-dependent development of one such corporatist state: The Netherlands.

THE RISE AND TRANSFORMATION OF THE DUTCH WELFARE STATE

The making of the Dutch welfare state and roots of flexibilization

The Dutch welfare state was established by Christian- and social-democrats in the 1950s and 1960s, the largest political parties in those years in the Netherlands. The Dutch social-democrats were pragmatic idealists, who were perfectly aware that they had to compromise with other parties to stay in the government, and who behaved in a paternalistic manner towards their workers. The Christian-democrats accepted the collectivization of life course risks, partly as a way to steal the thunder of the social-democrats, and partly as a means to place their own stamp on the plans. The recurring conflict surrounded the governance structure of the institutions, with the social-democrats proposing to create new state institutions, and Christian-democrats expressing their strong preference for corporatist structures.

The Dutch welfare state emerged against the background of fast economic growth and Keynesian economic policies. The necessity to develop Keynesian policies to prevent a new economic crisis was authorized by the leading Dutch economist Tinbergen, who, as a social-democrat, had written in the 1930s *Het Plan van de Arbeid* (The Plan of Labor), which showed many similarities to the Keynesian plan. Several elements of these policies were introduced in government policies in the 1950s and 1960s, when arguments developed about the role of the state and corporate institutions in these policies. Against this background, several life course risks were collectivized. These risks were taken away from citizens and families and transferred to state institutions, often governed or co-governed by corporatist institutions, such as trade unions and employers' organizations.

A side-effect of these policies of decommodification was the emergence of, what is now called, standardized life courses. This standard life course emerged as a bundle of signals from the government to its citizens about 'the good life'. These signals were a mixture of accepted practices, such as the absence of labor market participation of married women, and the realization of social and political ideals, such as the state pension and insurance against unemployment and disability, the health care plan, and the policies to increase educational attainment. These signals were codified in an increasing number of laws, that

assigned citizens an evermore number of rights, and to which they, mostly willingly, adapted their life. Women, for whom the alternative of full-time housewife gained attractiveness, likely paid the biggest price. In the 1960s, career women were not completely absent, but when they did exist, they were generally unmarried and had no children. Although this standardization of the life courses was not enforced, the constellation of social security arrangements made certain life choices more attractive and thus prevalent, with little resistance to these options.

The political, cultural and moral implications of this state, however, were put under discussion in the 1960s, at first by the political protests of the baby boom generation, and later by women. Revolutionary youth demanded greater freedom to organize their own life, and started to question the moral legitimacy of the welfare state, such as the regulation of sexuality and the use of soft drugs. The women's movement organized itself at first around the issue of abortion, but subsequently focused increasingly upon the social and moral implications of the division of paid and unpaid labor (Kool-Smit, 1967). As these movements had strong appeal, public opinion about cultural issues developed from conservative to more liberal stances: the citizen should be allowed greater freedom to organize their own life. In politics, these movements especially received a response from the social-democrats, who shook off their paternalism and accepted this new moral liberalism. They faced the most resistance from Christian-democrats, who abhorred the idea of individual freedom on moral issues.

Another consequence of these same paternalistic policies aimed at decommodification was the low flexibility of the labor market, although this was observed only later, when the consequential vulnerability of the state itself became visible. In the 1970s, there were some minor debates about part-time and temporary work. In the tight labor market of the 1960s, part-time and temporary contracts had been offered to married women and students to attract them to the labor market. These contracts were contested, especially because commercial employment agencies had been active in brokering the relationships. Except for the national employment office, that brokered only to fixed, full-time jobs, no employment agency was active in the Dutch labor market, as profit-making through trade in human beings was strictly forbidden. It took some discussion with advice from experts (Van de Braak, 1972), before it became more widely accepted that part-time jobs and temporary contracts were not necessarily in conflict with the standards of the welfare state. One of the outcomes of the debate was that commercial employment agencies were allowed to operate in the Dutch labor market. The main arguments to accept this flexibilization was that it would enable certain workers to enter the labor market. Women and students would now get opportunities to earn some income next to their primary activities. Looking back, this was the insignificant beginning of a very significant development.

The economic crisis of the 1980s

As a relatively small country, the level of globalization in the Netherlands is relatively high (Figure 1). Global economic crises have strong effects on the Dutch economy. In the beginning of the 1980s, a new global economic crisis hit the Netherlands very hard. The international competitiveness of Dutch manufacturing industries appeared to be low and the number of worked hours decreased dramatically.

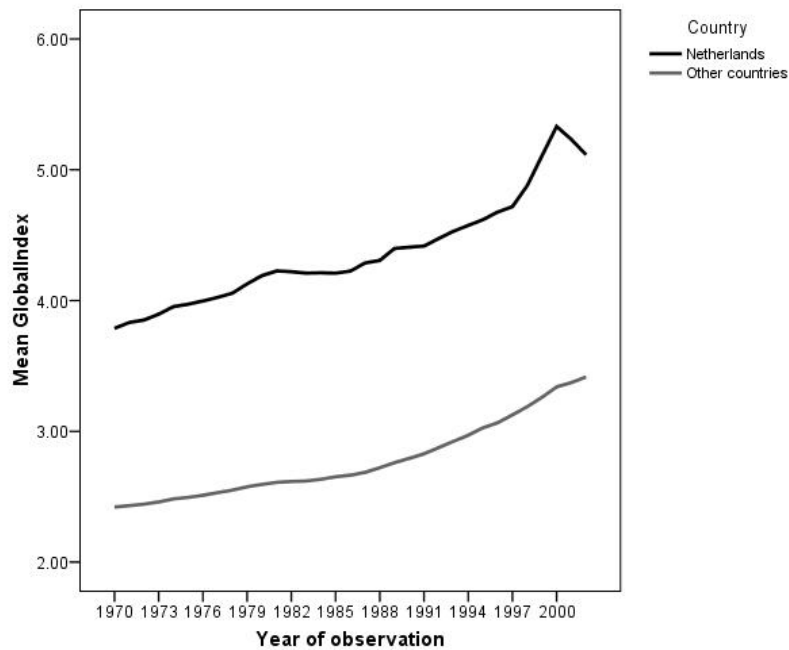


Figure 1. *The level of globalization in the Netherlands in comparison to other countries, Globalindex, 1970-2000*

Source: Authors' calculations using GlobalIndex Data, see Raab et al. (2008).

As documented in Figure 2, unemployment rose sharply (from 4.3% in 1980 to 11.7% in 1983), with an increasingly smaller number of employees having to support an increasingly larger number of non-employed citizens. As the state stepped in, state budget deficits increased, bringing the state itself into financial jeopardy. The crisis was further aggravated, as Keynesian policies to combat unemployment were not effective, but instead seemed to contribute heavily to the increase of state budget deficits. The re-employment programs were expensive and appeared to only have temporary effects.

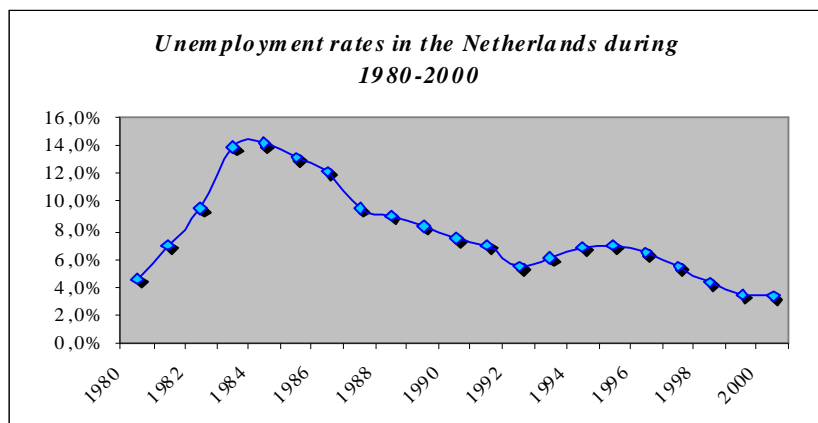


Figure 2 Unemployment Rates in the Netherlands, 1980-2000

Source: Authors' calculations from OECD (2004)

A first consequence of this economic crisis was that the Keynesian framework of economic policies was substituted by a neo-classical framework. A fundamentally new starting point of economic policies was that budget deficits had to be restricted. Markets and no longer the state agencies had to solve economic problems. The government had to organise the conditions for the markets to operate, but need to abstain from the regulation of the markets themselves, because this would lead to sub-optimal outcomes. Within the framework of neo-classical economics, governments under the Christian-democrat Prime Minister Lubbers, developed programs and instruments to strengthen international competitiveness and increase employment. An important instrument was wage restraint. In 1982 the Wassenaar agreement was signed by representatives of the government, the employers and the weakened trade unions that traded wage restraint in exchange for a shortening of work hours. Subsequently, wage growth in the Netherlands was moderate during the 1980s and 1990s.

Neo-classical economics was also a main tool in the development not only of labor market policies, but also of social policies. Following American analyses, such as Murray's *Losing ground* (1984), it was argued that state institutions to alleviate the negative effects of risks had the unintended consequences that citizens increased their risky behaviour, but also that increasingly new categories of citizens were drawn to these institutions. The underlying analysis was that expensive institutions had been created mainly for citizens who did not really need them, and with 'perverse effects' on citizens whose work was necessary to keep them in existence. To prevent further growth, a new division of risks between government and citizens would be necessary, and this new division could only be established via the labor market. The greater the number of

economically independent citizens, the less the risks were of the state and the government.

Consequently, employment policies were not restricted to wage restraint, but also aimed to increase labor market participation, and flexibilization of the labor market was accepted as an instrument to reach this goal. Flexibilization of the labor market was necessary in order to reduce labor costs and increase the number of jobs. Greater labor market participation would lead to a healthy redistribution of life course risks among citizens themselves and in their relationship with the state. Dependence on state benefits would decrease, budget deficits would disappear and the large state debt would decrease.

These policies were in Dutch politics forcefully articulated by the liberals, who were inspired by the revival of liberal economic policies in the Anglo-Saxon countries (such as Reagan and Thatcher). The liberals applauded this flexibilization explicitly, because employment would increase, and the sharp divide between outsiders and insiders in the Dutch labor market (Lindbeck and Snower, 1988) would be softened. It is to be noted that the liberals, as the smaller coalition partner, were represented in all governments (except one) between 1978 and 2006, thus putting a stamp on the government policies. The appeal to these new policies was, however, not restricted to the liberals. They also found a positive response among Christian-democrats and social-democrats, mainly through the influence of economists that were well-trained in neo-classical economics. The necessity of these policies was obvious not only to liberals, but also to Christian-democrats and social-democrats. However, leading Christian-democrats and social-democrats, for reasons of legacy and electorate, never abandoned the idea that the state should offer a reliable safety net for the worst risks.

Flexibilization was not an uncontested process. The strongest resistance came from the trade unions, that anticipated the substitution of fixed, full-time jobs by part-time and temporary jobs, thus fearing high unemployment among their own members, many of them lower educated older men, to the benefit of newcomers that were much less at risk, such as well-educated women and students. However, as unemployment was high, their bargaining position was weak, and flexibilization was deplored but hardly combated.

The increase in the number of flexible contracts and the entrance of new categories of workers were not the only changes in the institutional landscape of the Dutch labor market. A further new development was the increase of employment agencies, both in number and size, which developed into formidable competitors of the state-organized national employment agency.

Flexibilization changed the distribution of labor market risks and opportunities. This was not explicitly intended, and its development and consequences were not clearly foreseen. In the 1980s, labor market statistics showed a slow increase of labor market participation, but not a strong increase of work hours. Especially among married women and students, labor market participation increased, with older men leaving the labor market, largely due to disablement or early retirement (see Henkens and Kalmijn 2006). The total

number of work hours hardly increased, despite the increase in labor market participation.

In addition, these policies at times met strong resistance in public opinion. Dutch citizens understood the necessity of decreasing the state budget deficits, but also wanted the state to remain as a reliable safety net for the worst risks. Resistance reached its climax when in 1991 the social-democratic Minister of Finance Wim Kok, who had been the leader of the largest trade union in the 1970s and 1980s, announced new policies to decrease the number of disabled people. The number of disabled workers (people that did not work for medical reasons), neared one million in a country of 14 million inhabitants that had one of the best health statistics in the world. Kok had to withdraw his plans, but the government's economic and social policies did not change fundamentally.

The Aftermath: The Dutch job machine and the millennium crisis

Both economically and in policy terms, the first years of the 1990s were the continuation of the 1980s. There was slow economic growth, but employment, that is the total number of worked hours, hardly increased. It was feared that 'jobless growth' was the only realistic scenario.

In 1994 a new government was formed, consisting of social-democrats and liberals. Since 1917 Christian democrats had taken part in all elected governments, several cultural issues that had been pending for decades could now be resolved. The main goal of the new cabinet under its new Prime Minister Wim Kok was, like that of its predecessors, to increase labor market participation, but with framework also changing from a Christian-liberal to a social-liberal legislation. New regulations included the fiscal equality between men and women, expansion of childcare, but also the extension of shop opening hours and the right to part-time work for men and women.

In the middle of the 1990s, triggered by the global economic cycle, employment started to suddenly grow rapidly. Especially the number of part-time jobs increased, but also the number of hours in part-time jobs. The stagnant Dutch labor market had evolved into a job machine overnight. Within two years, the labor market was overtight. Analysts (e.g. Visser and Hemerijck, 1997) and the government itself attributed the job growth to the policies agreed upon in Wassenaar in 1981.

The tight labor market improved the labor market position of workers in flexible jobs. The share of temporary jobs started to decrease, and wages, especially in temporary and small part-time jobs, started to increase. The government developed legislation to drive out wage discrimination in part-time jobs, and to assign the right to part-time work, where every employee was granted the right to reduce his or her number of work hours. These new laws were enacted in 1997 and 2000 respectively. In addition, legislation was developed to reduce the risks of temporary jobs. An employer could extend the temporary contract with an employee for a new period only twice and, at maximum, for a period of 6 years, thus increasing the attractiveness of a fixed

contract. As under the influence of the tight labor market, the financial position of the state itself improved, further adaptations of the social security system were postponed.

Due to the economic crisis in the beginning of the new millennium, unemployment increased once again swiftly. However, in comparison to the crisis of the 1980s, consequences were far less severe, as labor market participation had increased and risks were redistributed among the population. During this economic crisis, the social-economic agenda of the governments of the 1980s regained prominence. The Christian-liberal coalition that started to govern in 2003 recovered as its main goals of the decrease of the budget deficit and the increase of labor market participation grew. Its main agenda was to see through the transformation of the Dutch welfare state, especially the still pending issue of the large number of disabled workers, that was now to be solved through legislation

The key emerging issue was ageing due to the greying Dutch population. As with many industrialized countries, the problem of ageing was caused by the post-war baby boom generation reaching retirement, coupled with increased life expectation. Whereas in the 1950s the average life expectancy in the Netherlands was 66, this had increased to 77 for men and 82 for women in 2005 (Poos 2007). Increased life expectancies increase the costs of old age provisions, such as the state pension, which was established in the 1950s. In addition, many older men had stopped working or cut back their number of work hours before the pension entitlement age of 65, due to early retirement and disablement regulations (see Henkens and Kalmijn 2006).

In addition, there were indications that the state of the labor market, with its large number of part-time jobs, was not competitive in the international arena. Labor productivity kept declining, with the OECD signalling that further economic growth in western countries was only to be expected from a growth of the number of work hours (OECD, 2004). The government changed its policies from increasing the labor market participation to increasing the number of work hours. Further work hour reduction policies practiced by trade unions were contested, women were encouraged to extend their part-time jobs, and older workers were discouraged from retiring before the age of 65, and encouraged to stay even longer.

Again, as in the 1980s, Dutch citizens at best perceived these changes as necessary to sustain a strong economy. Many citizens did not want to accept a work life after the age of 65, nor the right to determine the length of the own work week. Research from Social and Cultural Planning Office (SCP, 2004) shows that most Dutch citizens reject further flexibilization of the labor market, but fear that these will be forced through under the argument of globalization and international competitiveness.

This discomfort with the consequences of globalization was fed by the sudden and short appearance of politician Pim Fortuyn on the political stage. In the aftermath of 9/11, Fortuyn disputed the legitimacy of corporatism and 'polder politics', and their implied multiculturalism. Instead of labor market policies, the

issue of multiculturalism became the most debated issue in Dutch politics. Just as the flexibilization of the labor market, multiculturalism is a corollary of globalization. Cultural diversity in western societies has increased during the last decades, due to increased international trade and migration. Dutch citizens increasingly feel that their state is losing steering capacity, and that they are exposed to new risks and insecurities. These new risks and insecurities explain the sudden success of right-wing politician Fortuyn in the Netherlands, whose newly established party was polled to attract most voters just before he was assassinated in 2002, and also the resistance against multiculturalism, and the rejection of the EU constitution in a referendum in 2005. Voters increasingly take refuge in the right-wing anti-Islam party of Geert Wilders, or to the Socialist Party, with parties showing large gains during the last elections, and becoming serious challengers to the established political parties.

THE DEVELOPMENT OF THE JOB STRUCTURE AND LABOR MARKET PARTICIPATION

We have described the economic crisis of the 1980s as the cause of a major change in Dutch labor market policies. Since that crisis, successive governments developed policies to increase international competitiveness in the era of globalization. To achieve that goal it was deemed necessary to increase the number of jobs and the labor market participation, as this would increase the financial carrying capacity of the welfare state. A central mechanism of job growth was the flexibilization of the labor market. It is to be noted that these policy goals mainly developed as necessary responses to further globalization. As the government policies are responses to globalization, it is not possible to disentangle the effects of globalization and government policies, unless counterfactual analyses are developed.

Before turning to the effects of globalization and subsequent national policies on the life courses, we focus upon the development of the Dutch job structure during the last decades. The description of the development of the job structure serves a twofold goal. It offers information about the success of Dutch labor market policies in their own right, as the goals of these policies were formulated and contested in the number and quality of jobs, not in terms of life course effect. In addition, it creates a framework in which the effects of the policies on the life course can be understood and evaluated.

In this section, we focus upon three different outcomes. The first is the development of the number of jobs, which is the question: to what extent the goal of job growth was achieved. The second outcome is that of the quality of the jobs, specifically whether and to what extent high-level jobs were substituted by low-level jobs under the new policies. The last outcome surrounds the effects of the development of the job structure on labor market participation, which is the question of whether the goal of increased labor market participation was achieved.

Job growth. From 1971 to 2001 the number of jobs increased from 4.8 to 7.3 million for a total increase of 54%. In international comparative terms, this was a strong growth. Most Western European economies showed a job growth between 5% and 15% in that period. Only the United States showed a higher growth, of 72% (OECD). Figure 3 shows the main developments since 1970. The number of persons employed grew slowly in the 1970s, and accelerated in the second half of the 1980s with a further acceleration in the 1990s. A substantial part of this job growth is caused by increased labor market participation (see Figure 3). The number of work hours decreased in a full-time job from 2280 hours in 1950 to 1728 hours in 2007, which is a reduction of more than 30%. The number of work hours per worker decreased even further, due to the growth of the number of part-time jobs. We therefore conclude that there was a formidable job growth, mainly through redistribution of the number of work hours among the population.



Figure 3. *Central labor market developments in the Netherlands, 1970-2007*

Quality of jobs. Although predictions in the 1970s and 1980s were pessimistic (Braverman, 1974; Kern and Schumann, 1970), the quality of jobs does not seem to have deteriorated. Table 1 shows that the share of jobs on the lowest level was roughly stable, and that the share of the next-lowest level decreased. The upper part of the job structure shows the mirror image: the highest level held its share, the next-highest level increased its share. All in all, the development of the job structure shows regradation, not degradation, nor polarization. Underlying this is the development in the sectoral shift from manufacturing to commercial services. The share of jobs in manufacturing decreased from 38% in 1971 to 22% in 2002, the share of jobs in commercial services increased from 23% in 1971 to 41% in

2002. This led to an upgrading of the job structure, and not to a strong growth of bad quality jobs, nor to the disappearance of lower-level jobs.

Table 1 Distribution of employment over job levels (%), 1960-2002

Job level	1960	1971	1977	1985	Job level	1985	1990	1995	2000	2002
1	8	11	8	9	Elementary	7	7	7	7	7
2	19	21	28	20	Lower	34	30	25	24	23
3+4	57	43	39	41	Intermediate	39	39	39	39	39
5+6	15	23	21	24	Higher	15	18	18	20	21
7	1	3	4	6	University	5	7	7	9	9
Mean	3,37	3,49	3,4	3,63	Mean	2,77	2,88	2,94	3	3,01

Sources: Huijgen, 1983; CBS: AKT, EBB

Flexibilization: Temporary jobs. A more significant change in the quality of jobs was the increase of the number of temporary jobs. The share of temporary contracts has slowly increased from about 5% in 1969 to 12% in 2002. This development is slow, and is largely linked to the economic cycle. In a loose or very tight labor market, the share of temporary jobs decreases.

Flexibilization: Part-time jobs. A formidable change in the Dutch labor market was the growth of the number of part-time jobs. Its total number increased from 615 thousand in 1969 to 3,909 thousand in 2003. Its share in the total number of jobs increased during that period from 14% to 36%. Most of the part-time jobs are tenured. Underlying this development is the growth of the service sector, where jobs are much more often part-time than in manufacturing. The Netherlands is truly exceptional in international terms in its high share of part-time jobs.

Labor market participation. Net labor market participation was extremely low in the beginning of the 1980s (53% in 1979), but had increased to 74% by 2002 (OECD). The 2002 level nears the high levels of labor market participation of the Scandinavian countries. In international terms, the increase in labor market participation since 1979 was more than substantial.

Evaluation. In its own terms, the policies of increasing the number of jobs and labor market participation were quite successful. The number of jobs increased substantially, and the job structure does not show indications of degradation of the quality of jobs. Nevertheless, many of the new jobs (at present about 10%) are temporary, and most of the new jobs are part-time. This growth of the number of part-time jobs is an important reason as to why the number of work hours in the Netherlands grew much slower than the number of jobs. One of the consequences of this development is that the Netherlands now has the lowest average number of work hours among OECD countries.

CONSEQUENCES FOR THE LIFE COURSE

We have argued that respective Dutch governments since the 1980s have developed policies to increase labor market participation, and that these policies have been successful, especially in the 1990s, when job growth was fast and many new workers were attracted to the labor market. We have also argued that the new jobs were mostly flexible jobs, with especially the number of part-time jobs growing rapidly. The growth of the share and number of flexible jobs was not the result of deliberate policies, but the outcome of policies aimed to increase the labor market participation. As these policies developed, flanking and supporting policies were built to accelerate the processes or alleviate the worst consequences. These policies were not explicitly intended to affect life courses, but probably have done so, as they affected choice sets, and even may have established new norms. In this section we take a life course perspective and describe the consequences from a gender and age perspective. We close each section with an assessment of the present situation and a stylized future scenario from both a liberal and a Dutch model perspective. The globalized scenario emphasizes the strengthening of the international competitiveness through greater labor market participation and is fed not only by classical liberal values, but especially by neo-classical economic theory. In the Dutch model scenario, further employment growth is necessary to face the consequences of globalization, but costs are traded off carefully in processes of negotiation.

The increased labor market participation of women

The most significant change in the Dutch labor market between 1960 and 2005 was the increased labor market participation of women. In the 1960s, most women stopped working after marriage, or when expecting their first baby. The career effect of marriage diminished in the subsequent decades and had disappeared in the 1990s. The career effect of children diminished, but is, nevertheless, still substantial (Kalmijn and Luijckx 2006). Women's labor market participation increased from 39% in 1990 to 54% in 2005, mainly established via flexible jobs.

Most women in the Netherlands work in part-time jobs. In 2005 61% of women were working in part-time jobs, in comparison to 15% of the men (SCP, 2006, p.145, based upon OECD). In comparison to men, women are also over-represented in temporary jobs. In 2005, 9% of working women had a temporary contract, in comparison to 7% of men (SCP, 2006, p.82, based upon CBS/EBB). This effect is, at least partly explained by differences in labor market careers, as especially younger workers have more often temporary contracts (Liefbroer 2005). Finally, and probably related to the over-representation in temporary jobs, women have the higher risk of unemployment. Women's unemployment rate was 7.7% in 2005, in comparison to 5.6% for men. Growth of unemployment among women was slower than among men during the period 2000-2005 (SCP, 2006, p. 87; based upon CBS/EBB).

Underlying and contributing to the increasing labor market participation of women is the rapid increase of the educational attainment of women, with labor market participation highly correlated with educational attainment. In 1990, 17% of women with elementary school and 71% of university-educated women were active in the labor force; in 2001 these figures had shifted to 26% and 84% respectively. As career prospects of women improved, women started to improve their educational credentials. Whereas women had considerably lower educational attainment than men in the 1960s, differences in educational attainment almost disappeared in the 1990s.

The strong increase in educational attainment strengthened the labor market position of women. It explains why despite high levels of unemployment, wage differences between men and women did not increase, but decreased. In 1972, the monthly wage of a full-time working woman was about 57% of that of a full-time working man; this had increased to 81% in 2004 (SCP, 2006, p. 188; based upon CBS/Inkomensstatistiek). Corrected for age, educational level, job level and job experience, the wage differential in the market sector between men and women had decreased to about 7% in 1996, but did not further decrease since then (Emancipatiemonitor, 2006, p. 190-191).

Next to this still substantial wage discrimination, we should note that women work in different jobs from men. Men are working in a greater diversity of jobs and are more evenly distributed among the sectors. Typical female jobs are jobs in personal services, mostly jobs that are labor-intensive and badly paid. In the 1980s, Schippers (1987) characterized the situation as one of 'unequal pay for unequal work', and this segregation has continued. Segregation indices show substantial and non-decreasing segregation indices between sectors and occupations, but also that the smaller differences in jobs levels have further diminished (SCP, 2006, p.86; based upon CBS/EBB).

The division of unpaid labor has changed somewhat, as women in response to their increased labor market participation, cut back their number of unpaid work hours from 42.6 in 1980 to 35.5 in 2000. Men have increased their unpaid work somewhat from 17.4 hours in 1975 to 20.0 hours in 2000. These figures show that the division of unpaid labor is still far from equal. However, other measures show more equality. One such measure is the total number of work hours, that is paid and unpaid, for men and women. Whereas women had a slightly higher number of work hours in 1975 (46.5 for women, 44.7 for men) this had reversed in 2000 (47.5 for women and 49.8 for men). In addition, the number of task combiners, that is men and women who spend at least 12 hours per week on paid work and the same number on household work and family care. The share of task combiners among women increased from 14% in 1975 to 39% in 2000; the share of task combiners among men from 14% in 1975 to 29% in 2000.

We conclude that during the last decades women in the Netherlands have substantially increased their labor market participation. This process shows some convergence in the careers of men and women: women work much more often and stay longer in paid jobs, their educational attainment is about the same as that of men, wage differences have decreased, and men have taken up a greater

part of the household work. Nevertheless, as Kalmijn and Luijkx (2006) and Luijkx, Kalmijn and Muffels (2006), demonstrate, there certainly is no equality in the careers of Dutch men and women. The situation is probably best described as a 'one-and-half-earner' or 'modern breadwinner' economy, in which men have the full-time positions and women work in part-time. Women are still primarily the homemakers, but also have a job, that, as secondary earner, grants them some independence. Men are still primarily the family income earners, who, more often than before, combine this with household chores. The differences in careers of women and men are therefore still substantial.

Is further convergence to be expected? Statistics indicate further increases of the labor market participation of women, due to the increased educational attainment of women. Furthermore, the increased labor market participation of women in the Netherlands, as it has developed until now, is hardly contested. Two scenarios prevail. In the first scenario, the over-representation in part-time jobs is only a transition stage to a more equal participation in full-time jobs, thus equalizing the career differences between men and women. According to this scenario, further progress has to be made in removing the obstacles to women's labor market participation. This scenario is propagated by liberal politicians, neo-classical labor market economists and feminists, and has been accepted by successive governments. This scenario, however, is feared by large parts of the Dutch population, as it is felt that this will lead to further redistribution of risks (SCP, 2004).

In the second scenario, the large share of part-time jobs is applauded as a Dutch solution to the global challenge. According to this scenario, women's increased labor market participation was mainly attributed to the growth of part-time work, and this has not only strengthened the international competitiveness of the Dutch economy, but also facilitated the redistribution of risks in the welfare state. In this scenario, it is acknowledged that positions of men and women in the present situation are far from equal. The present situation is either more or less accepted (by conservatives), or perceived as a transition stage to a new division of labor in which, depending on their resources and ambitions, women will increasingly take the role of first earner, and men increasingly the role of second earner. This scenario is supported by large parts of the population, who prefer policies that are aimed to improve the combination of paid work and the raising of children, to shorten the working life and to regulate the risks of unemployment.

The evolving labor market position of younger workers

Not only women, but also youth in the age category 15-24 years increased their labor market participation. Labor market participation in this age category had been decreasing for decades, as the number of years in education expanded. Despite the increasing educational attainment, especially of women who quickly caught up with men, labor market participation of younger workers increased.

The solution to this paradox is, again, the growth of part-time work in the Netherlands. Salverda (2005) has shown that the growth of youth employment was caused by the expansion of part-time employment. The share of full-time workers in youth employment declined from 67% in 1987 to 48% in 2002 at the cost of the share of part-time employment. A large and increasing share of the part-time jobs are small jobs, that is jobs of less than 20 hours per week. Many of these jobs are temporary and/or badly paid. In 2001 in the Netherlands 50% of all flexible jobs were occupied by young workers (Salverda, 2003, p. 338).

This growth of part-time work among young workers is the result of two developments. One development is the increase of the student labor market participation. This increased from 3.7% in 1981 to 37.1 in 1997 (Van der Meer and Wielers, 2001). The increase is caused by the lower stipends provided by the government and the more generous tax facilities to increase the students' income. Most students now have a small job that is a job of 12 hours or less. Their employment contracts are temporary or vague in their duration. It is clear to all parties that these students will give up their jobs after finishing their studies, or after finding a career entrance job. The jobs are small and badly paid, and retrenchment protection after conflict is hardly valuable.

The second development is the change in the relationship between the labor market, the educational system and the social security system. In the 1970s, there was a clear boundary between the educational system and the labor market. Students invested in their educational career or, having decided that they had reached their highest attainment, left the educational system and started to work. After having crossed the boundary to the labor market, there was no return. The rights of younger workers in the labor market were modelled on those of older workers. A minimum youth minimum wage had been established and young, unemployed workers received benefits depending on their age.

In the crisis of the 1980s, youth unemployment rapidly increased. As the number of new job slots decreased, labor market entry chances diminished, and a reservoir of school graduates, many of them receiving unemployment benefits, developed. Youth unemployment was perceived by the government and the policy makers as one of the worst consequences of the economic crisis. This view had a strong moral undertone, as it was felt that young people should contribute to society and be able to develop their talents, instead of receiving generous unemployment benefits ('no future'). Despite the shortage of jobs for all educational levels, the road to improvement was via the educational system, that is, the greater investment in educational qualifications. Young people were encouraged to stay longer in the educational system by the abolishment of the minimum youth wage and youth unemployment benefits.

What subsequently developed is the interdependence between the educational system and the labor market. Interdependence developed in different ways, not all of them related to youth, such as the fast growing investments of companies and organizations in the schooling of its employees. The background to this development was that policy makers and experts in the fields of labor markets and education wanted to increase the flexibility of the educational system in its

capacity to adapt to changing labor market demands (Van Hoof and Dronkers, 1980). To increase this flexibility, new ways of adaptation had to be developed. Policies that were deployed included the revitalization of the combined working and learning tracks, the introduction of apprenticeships in many schools, the development of new professional tracks, and greater emphasis on skills in higher education.

The growth of temporary contracts is part of the more gradual transition between the educational system and the labor market. Temporary contracts offer younger workers opportunities to gain work experience, and are hardly an employment risk for the employer. Research has been shown that, although there certainly is an increased unemployment risk, most of the younger workers find a fixed job after one or more temporary jobs. It is less clear whether the disadvantages of a flexible job at the beginning of the career, such as lower wages and worse career perspectives, are caught on by the later career development. Wolbers (2008) found in a prospective study only effects too small to compensate. Steijn, Need and Gesthuizen (2006), however, in a retrospective study over a longer period, found that the effects were fully compensated.

It is to be noted that the number of open, temporary job slots is highly dependent on the economic cycle. Young workers have a higher unemployment risk as they make the transition from school to work. During downturns youth unemployment grows at a faster rate than general unemployment (Salverda, 2004), with new graduates unable to find a job and less temporary contracts. During upturns, youth unemployment declines relatively rapidly due the fact that employers have only low wage costs and hardly any employment risks when hiring young workers. Not only unemployment rates, but also wages shows this erratic pattern.

Liefbroer (2005) investigated the effects of this growing employment uncertainty on the life course. He showed that the longer enrolment in education is the main reason for the postponement of family formation, but that training contracts and temporary contracts add to this effect, especially for women. The increased labor market uncertainty thus contributes to the postponement of marriage and family formation, although the effects are hard to disentangle from the improved career prospects for women.

The present picture is that of a complex interlacing of the educational system with the labor market, both during education and in the transition from education to labor market. Younger workers are highly over-represented in small and temporary job, but this is hardly disapproved. In the liberal scenario of ongoing globalization, the flexible young worker is the sign of the 'new patchwork career employee', willing to change jobs every couple of years. In this scenario fixed jobs with one employer do not offer the challenges that are satisfying for more than only a limited period. Instead, employees shape their own careers, that depends on the market conditions, but is mediated by the employee's employability. This scenario is fed by the increasing educational attainment of the population, the increased schooling opportunities for older employees, and the active labor market policies of government and companies.

In the Dutch model scenario, the flexibilization of the labor market contracts for young workers is accepted as the necessary prerequisite for a flexible economy and a flexible labor market. According to this scenario, the choice is between, at times, high youth unemployment without temporary contracts, or lower unemployment with temporary contracts. Furthermore, the longer, more gradual transition from education to the labor market is perceived as an achievement, not only because the negative effects of a loose labor market are now cushioned in the educational system, but also because it contributes to the necessary better equipment of workers in a globally competitive economy.

The disappearance and subsequent return of older workers

Labor market participation figures show low participation figures for older workers in the age category of 55-64 years. Among older women, labor market participation was very low (13% in 1982), and increased to 29.5% in 2002. Among older men, labor participation was low in 1982 (54.8% in 1982), decreasing even further to 43.5% in 1992, but then started to increase again, to reach a level of 55.8% in 2002. As the effect for women is mainly the effect of the traditional career pattern and the subsequent effects of emancipation, we will focus mainly on the first decreasing, and then increasing labor market participation figures for older men (see also Henkens and Kalmijn 2006).

During the economic crisis of the 1980s, companies and government institutions faced relatively high wage costs of older workers in combination with a relatively low flexibility. Many of these workers were working in manufacturing industries that hardly appeared competitive in the global competition. As these workers were often in long states of loyal service, retrenchment regulations had to be developed that did them justice. The underlying assessment was that chances of reemployment for most of these workers were low. On the one hand, their labor market flexibility was assessed to be low, as many of them had only lower education; and employers were not willing to invest in these workers, as costs were high and with short returns. In addition, competition in the labor market was strong, as better-educated young workers and women wanted to enter the labor market. It has been shown that the fast flexibilization of the Dutch labor market facilitated the entrance of women and young workers, but placed older workers in the disadvantage (Wielers and Van der Meer 2003). To prevent older workers from the unattractive prospect of unemployment, alternative ways of retrenchment were sought in the form of early retirement and disability.

Early retirement regulations were created by employers and unions with the approval of respective governments. These regulations gave older workers, at times from the age of 55 on, the possibility to build down their careers through part-time work and, subsequently, to leave the labor market before the official retirement age of 65. These regulations were attractive because of their relatively generous compensation (mostly through tax exemptions).

In addition, especially where no generous early retirement regulations were present, many employers took recourse to the disablement protection regulation to retrench older workers. Disablement legislation had been created in the 1960s to guarantee disabled breadwinner-workers a secure income. The benefit level was determined at 80% of the last earnings, which was relatively generous. The high benefit level was inspired by compassion with the male manual workers, who had lost family income due to occupational risks. In addition, eligible workers were assessed by physicians, who would make an estimate of employability. If employability was between 0% and 80%, the worker could appeal for disability benefits. In due process, labor market perspectives became part of the criteria to assess the employability. The outcome was that during the 1980s the number of older workers entitled to disability benefits persistently increased. This number amounted to almost a million in the beginning of the 1990s, which was proclaimed a new major crisis in the Dutch welfare state (Kuipers, 2004). It is only in recent years that the growth of the number of disabled workers was successfully controlled, mainly by less generous access criteria to its benefits.

During the 1990s, it was increasingly felt that the trend of shortening the number of productive years had to be redressed. A main reason was the prospect of the ageing population. As life expectancy increased, appeals to pensions and medical care were anticipated to also increase. In addition, the coming year of the large cohort of baby boomers of the post-war period would become eligible for pensions. Attempts of politicians to adapt the benefit system to the greater prosperity of the new cohorts have failed dramatically, as the pensioners are very sensitive in their voting behaviour towards such proposals, and thus have decided several elections. The only politically acceptable way to proceed was to increase the carrying capacity of the system, by lengthening work life, at least to the age of 65, and, preferably even thereafter. The proposal that was aimed to build down early retirement regulations, that already had lost much of their attractiveness, incited a huge demonstration, but was finally accepted.

Thus, despite the negative effects of flexibilization on the labor market position of older men, effects on social security were small, as the respective governments were able to meet the large costs of early retirement and disablement. The ageing of the population is now a main reason to redress these policies. The present picture is that older workers stay longer in the labor market, and thus are re-entering the labor market statistics. This is mainly caused by the change in government policies, but not the only cause. New cohorts of older worker are better educated and have more diverse work experience than older cohorts, and are therefore more flexible and employable.

In the liberal scenario of globalization, the increase of labor market participation should be encouraged, not only to increase the number of producers, but also to retain valuable experience and knowledge. This scenario is mainly propagated by neo-liberal economists and young workers, who are not willing to contribute to the pensions of the babyboomers. In the Dutch model scenario, it is acknowledged that the pension system can only be financed when

older workers keep working until the age of retirement, but it is also felt that a secure pension is only a fair provision for old age. This scenario is supported by the pensioners and older workers themselves, and, probably, by most of the Dutch population.

The globalized versus the Dutch model

The globalization and Dutch model scenarios have been prominent in the Dutch political debates about the welfare state since the economic crisis of the 1980s, and since then a specific relationship between the two models has developed. The globalized liberal model is the radical, even utopian model, from which present practices in the Netherlands are criticized. These criticisms are not very popular among the Dutch population, but often are guiding in the development of new policies. These new watered down liberal policies are generally accepted by the Dutch population as necessary to increase future competitiveness. Nevertheless, whereas foreign observers see the development of peculiar welfare state, that is either social-democratic or conservative or a mixture of both, Dutch citizens themselves perceive or fear the gradual erosion of their welfare state (SCP, 2004).

HUMAN CAPITAL AND INEQUALITY

The globalization thesis predicts that globalization exacerbates inequality between workers of different educational levels. Better-educated workers are better equipped against the increased risks of globalisation. The lower educated are anticipated as worse off for two central reasons. Firstly, due to globalization, international competition is expected to focus on wage costs, implying that especially low-wage jobs will be transferred from developed to developing countries. Secondly, skill-based technological change and the growth the 'knowledge society' mean that higher-educated workers will have more opportunities. Furthermore, new technologies are developed that increasingly replace lower educated workers (Juhn et al., 1993). From these arguments follows the prediction that inequality between the different educational levels will increase. The famous Krugman-thesis and also explicated by others in the field (e.g., DiPrete et al. 1997) is that these developments work out differently depending on the institutional context. In the more flexible American labor market, wage differentials will increase; whereas in the more regulated European market, unemployment chances for lower educated workers will increase. The fear that unemployment and poverty is concentrated among lower educated workers has spread to Dutch politicians and policy makers.

Differences in labor market participation in the Netherlands between educational levels are large. Labor market participation increases steeply with educational level. Only 38% of inhabitants with only elementary education had a paid in 2002, in comparison to 86% of the university graduates. Paul de Beer

(2006) presented an overview of developments in unemployment, incomes and job levels charting whether these differences in educational level and employment have increased over the last decades. His conclusions, confirmed by Gesthuizen (2008) in more detailed analyses, can be summarized as follows.

Labor market participation. Figures that include students are available from 1992. They show large, but remarkably, stable differences in labor market participation between the better and the lower educated during the period 1996-2006, but the divide is not widening. The labor market participated of the most highly educated is at the high level of about 85% and did not change during the period. The middle category shows an increase from 56% to 62%, the lowest category (elementary education) an increase from 43% to 46%. Thus, there are no indications that the divide in labor market participation has deepened since 1992.

Unemployment. Unemployment among lower educated workers grew relatively sharply in the beginning of the 1980s, but declined relatively fast in the later 1980s. From about 1990 on, unemployment among lower educated workers was about twice as high as that of higher educated workers, and unemployment among unskilled workers even three times as high, but there are no signs of further deterioration, as odds ratios of unemployment chances between different levels of education are stable.

Income inequality. Income inequality in the Netherlands has developed erratically since the 1980s, but has not grown substantially (Eurostat). Wage differentials between educational levels are computed as rates of return to education. Different data sources show different results, but the general picture is that the relatively high returns in 1970 (estimates about 7%-11%), declined in the beginning of the 1980s and then stabilized in the second half of the 1980s and the beginning of the 1990s at the level of 5%-7%. From about 1995, rates of return are increasing, but not very fast. De Beer estimates an increase of the rate of return from 6.3% in 1991 to 8.4% in 2003. This last figure is only slightly higher than the lowest estimate for 1970. These are not strong indications that the income inequality between better and lower educated workers has increased substantially since 1970.

Job level. Available data are sketchy and show erratic results. Nevertheless, the trend during the period 1977-2004 is that lower educated workers were not driven out their lower jobs by globalization and the push for better educated workers.

Flexible jobs. De Beer does not report about developments in flexible jobs, probably because consistent time series are not available. Table 2 shows the distribution of different employment contracts over educational levels. The table distinguishes between the share of full-time contracts, part-time contracts, and the category flexible, which is temporary contracts and contracts without a previously fixed number of work hours. The table does not show a clear relationship between educational level and participation in part-time work. The share of part-time contracts varies from .32 to .41, but not in descending order. There is, however, a clear relationship between flexible jobs and educational

level. The higher the educational level, the lower the share of flexible relationships. It should be kept in mind, however, that categories are shown in terms of the highest attained diploma. Many students in higher education are active in flexible jobs, classified as lower level graduates (mostly intermediate general or intermediate occupational).

Table 2. *Distribution of educational level by employment contract, Netherlands, 2002*

Education Level	Full-time	Part-time	Flexible
Elementary	0,48	0,32	0,20
lower general	0,37	0,41	0,22
lower occupational	0,59	0,30	0,11
intermediate general	0,45	0,37	0,17
Intermediate occupational	0,59	0,36	0,05
higher professional	0,58	0,39	0,03
University	0,64	0,34	0,01
Total	0,56	0,36	0,09

Source: CBS/Loonstructuuronderzoek

The conclusion is that neither labor market participation figures, nor figures about distribution of unemployment, income and job levels give clear indications that the labor market position of lower educated workers has substantially worsened in comparison to that of higher educated workers. This outcome is unexpected, and clearly in contradiction to theses of the effects of globalization, such as the Krugman-thesis. The explanation of these unexpected results is in the development of the job structure in comparison to the increase of educational levels in the labor force.

Table 2 showed a slow process of regradation of the job structure, that is the share of jobs in the lower job levels declined somewhat, whereas the share of jobs in the higher job levels increased. Lower level jobs did disappear in manufacturing, but new jobs were created in services, such as cleaning personnel, hairdressers, janitors etc. These jobs are hard to export to low-wage countries. In comparison, the share of better-educated workers in the Dutch labor force grew much faster. The share of the labor force with a university or higher professional diploma increased from 13% in 1979 to 29% in 2002 (CBS, Statline); the share of workers with elementary education decreased during the same interval from 23% to 8%. Consequently, an only slightly smaller share of lower level jobs became available for the much faster decreasing share of lower educated workers, and thus were able to retain their labor market position, despite strong competition from better educated workers.

PART-TIME WORK IN THE NETHERLANDS

A flexible labor market was the key to the change in policies that were set in place after the economic crisis of the 1980s. The underlying analysis was that greater flexibility was necessary to increase labor market participation in order to stimulate international economic competitiveness, but also sustain the social security system. The outcome was a growth of flexible jobs in 1990s, signalled by a growth in temporary jobs, and, unique to the Netherlands, a formidable growth in the number of part-time jobs. This growth of part-time jobs was the basis for job growth and gains in labor market participation. Interestingly, the growth of part-time jobs has not contributed to the growth of inequality in the Netherlands. Part-time jobs were created on all job levels, thus for all educational categories. The growth of part-time jobs seems even to have resisted the growth of inequality, as the job growth in the Netherlands was identified by De Beer as the main cause of non-increasing differentials. Nevertheless, the evaluation of the flexibilization policies in the Netherlands should not only depend on its outcomes in terms of job growth and social inequality, but also on the intrinsic value of part-time jobs.

In most of the international literature, the analysis is that part-time work reduces the labor costs of employers and increases the income and unemployment risks of workers. This negative evaluation goes back to Atkinson's (1984) argument about flexibilization as a cost reduction strategy of employers. The consequence of this strategy is that part-time workers are peripheral workers with low wages and without promotion perspectives. In Atkinson's analysis, employers receive all the benefits of part-time employment, whereas part-time workers bear the costs.

However, the actual balance is more complex. Employers do not only have benefits, but also costs from part-time work, such as the fixed costs of training and recruitment. Many employers prefer not to employ part-time workers, as they are afraid of increasing 'organisation costs'. Some jobs, such as management or supervision jobs are not accessible for part-time workers, as they demand at least full-time presence, and may demand overtime. The more general rule is that for employers, part-time employment relationships are only acceptable in organisations with increased demand at peak hours. Many service organisations, that cannot produce on stock, have such peak hours demand.

In addition, part-time work is a feasible option for those restricted by primary activities, such as the taking care of children or their education (Hakim, 1997). In part-time employment relationships, the worker is often under-employed, but many workers in full-time employment relationships are over-employed (Reynolds and Aletraris, 2006; Sousa-Posa and Henneberger, 2002; Stier and Lewin-Epstein, 2003). In this literature, the Netherlands is a country of over- and not of under-employment. In most countries, women are more often over-employed than men, but the Netherlands is an exception, probably due to its high share of part-time jobs.

The implication is that part-time work can be an attractive alternative employment relationship to a full-time relationship for some categories of employers and workers. But this does not explain why in the European context and especially in the Netherlands the share of part-time jobs has grown so considerably. The literature does not provide a clear answer to this answer. Neither supply side nor demand side explanations are satisfactory. Euwals et al. (2005) computed demand side effects, extrapolating the distribution of part-time jobs in the jobs structure in 1992 to that of 2002, that is after the job growth of the 1990s. Their main result is that only about 20% of part-time job growth can be explained from labor demand factors, such as the growth of the service sectors and the decline of manufacturing. Supply-side explanations, that focus upon cultural factors, such as the specific position of women in family and labor market (e.g. Pfau-Effinger, 1998) are neither satisfactory, as it is clear that this position has changed considerably during the last decades. A further supply side explanation is the low level of child care facilities in the Netherlands, but is to be doubted that better child care facilities would substantially increase the labor market participation of women (Portegijs et al., 2006; Plantenga, 2006).

Government policies also do not provide an adequate explanation. Growth of part-time work was, as we have argued, not an explicit aim of any of the political parties, nor explicitly stimulated by the government. Legislation was restricted to laws that protected part-time workers from wage discrimination. A 1993 law entitled workers in very small jobs (less than 13 hours) to minimum wage and vacation money. A 1996 law forbade pro rata discrimination between full-time and part-time workers for hourly wages, vacation money, overtime hours, bonuses and training. The 2000 law assigned workers the right to adapt their number of work hours to their own preferences, thus assigning workers a right to part-time work. The pattern of interventions is not one of increasing opportunities for employers, but of strengthening of the position of the worker, and finally reverses the decision right in the employment relationship. It may be interpreted as legislation that is directed to decrease the attractiveness of part-time work, were it not that this legislation only came when the growth of part-time work already had developed, and the point of no return had long been passed.

A more detailed analysis is presented by Tjeldens, who studied the growth of part-time work both in the sector of banking (Tjeldens, 1989, p. 235-240), as well as on the level of collective labor agreements (Tjeldens, 2002). Banks started to hire part-time workers when in the very tight labor market of the end of the 1960s they had to take recourse to new categories of workers, such as married women, who only could be hired in part-time. The share of part-time workers among the women workers declines in the 1970s, but started growing again after 1979, mainly because women, willing to stay in the banks, wanted to reduce work hours after marriage or the birth of children. This development was unwillingly accepted by management, that, however, started to see opportunities to increase organizational efficiency, and, furthermore, felt obliged to find acceptable ways of shortening work hours, as was agreed in the collective labor

agreement. The dam then was broken. Despite management's restrictive policies, women, with an appeal to the collective labor agreements, increasingly demanded to work part-time, whereas management adapted the organization to this development.

In this development, workers could successfully appeal to the collective labor agreements, as these assigned them increasingly the rights to reduce their work hours. Tijdens traces the development back to the agreement of Wassenaar in 1982, in which part-time work was one, and certainly not the most important way to reach shorter worker hours, as demanded by the trade unions in exchange for wage moderation. When replacement ratios of general work hours shortening proved to be low, especially women groups in trade unions and companies started to demand, at first, non-discriminating conditions for part-time work, and, later, the right to determine their own work hours. This development was incorporated in the collective labor agreements, and, finally, codified in the respective laws.

The growth of part-time work in this explanation thus is the outcome of path-dependent corporatism. Opportunities created in the 1980s in agreements of employers and employees representatives fostered these types of jobs. At first, relatively high costs for all were involved including organizational costs for employers and wage costs for employees. However, in due course, the organization adapted, and wage differentials reduced following a path-dependent process of cost reduction.

CONCLUSION: CORPORATISM AND PATH DEPENDENCY

The central goal of this paper was to explore the underlying causes and (un)intended consequences that globalization has had on labor market outcomes in different phases of the life course in the Netherlands. Our first aim was to explain why and how these outcomes emerged followed by an examination of the impact of globalization and rise in flexibilization on inequality structures.

To achieve this, we first provided a history of the link between globalization and institutional development – specifically the welfare state – within this small open economy. This was followed by a discussion of the growth the Dutch welfare state, its attempts to deal with the economic crisis and large state expenditures in the 1980s and the aftermath of the Dutch job machine and the millennium crisis. This history highlighted the resilience of more social-democratic tendencies to provide a safety net for the worst risks, but with a growing recognition that the welfare state could no longer fund long durations of unemployment or disability. The crisis of the 1980s also prompted considerable changes in Dutch labor market policies, also in a response to the growing global need to remain and become even more competitive in the international market. This was a period of considerable job growth, relative stability in job quality, with a clear rise in labor market participation (particularly of women) and

flexibilization of the labor market via temporary jobs, part-time employment and the growth of temporary employment agencies.

The growth of flexibilization has had mixed effects on the life courses of individuals in the Netherlands. Where the growth of fixed-term contracts and part-time work permitted youth and particularly students and women to enter the labor market in large numbers, these jobs were often characteristic of either 'stop-gap' jobs for youth or unequal or dead-end jobs for women. Yet many argue that both youth and women embrace these flexible positions and do not necessarily equate them with uncertainty or lack of prospects. Women's employment careers have changed considerably from originally leaving the labor market after either marriage or particularly the birth of the first child, to a large number of women combining motherhood with part-time work. The persistence of the 'modern male breadwinner' or 'one-and-a-half' earner model has meant that men's employment careers have remained relatively stable, with only a slight deterioration in prospects, which is highly related to educational level and age. Considerable changes have taken place in the careers of older men, who went through considerable pressure and acceptance to enter early retirement and disability during the 1980s. This trend is increasingly negated with more attention to working longer to age of 65 and beyond.

What is perhaps the clearly unique characteristic of the Netherlands is the fact that it achieved higher levels of flexibility via part-time labor for women, but also increasingly for men. The culmination of flexibility in the form of part-time labor and highly targeted fixed-term contracts follows a path-dependent process of flexibility in this country. It was the outcome of the process to increase the international competitiveness of the Dutch economy and to sustain its social security system. A main means to achieve these goals was the flexibilization of the labor market. In the process, led by political parties and corporatist actors, the option of part-time work was offered as one way to exchange work hours reduction to the demanded wage restraint. Especially married women, who wanted to continue working after childbirth, appealed to these regulations, and it was only then that employer started to perceive the labor cost reduction potential of part-time work. The growth of part-time work was the unintended side-effect of the transition to more flexible labor market and a broader carrying capacity of the social security system. It developed in a path-dependent process, rooted in corporatism.

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On-line Data Sources

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Central Planning Office: www.cpb.nl

OECD: www.oecd.org

Eurostat: epp.eurostat.ec.europa.eu