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Disappointment

Alexander Pechtold, leader of the Liberal democratic party D66 said the budget is 'a great disappointment' and 'almost a political crime'. It is extremely irresponsible of the the government to make the next generation pay for the recession, he was quoted as saying in the Volkskrant. In particular he condemned cuts in spending on education.

Too little too late

Mark Rutte, leader of the free-market Liberal party VVD, said the budget plans are 'too little too late'. The cabinet is fast becoming a think-tank which looks at options to tackle the crisis but does not take any action, he said.

Boring budget

'This is the most boring budget I have ever seen,' Erasmus University professor Bas Jacobs told the NRC. Sweder van Wijnbergen, a professor at Amsterdam University, said the budget was a testament to the cabinet's poverty of ideas. 'The cabinet is in a panic, has no idea what to do and is buying time by hiding behind commissions and big stories about 2015.'

Sensible proposal

The cabinet has published a 'sensible' budget for next year in light of the difficult economic circumstances the country is facing, according to the main employers' organisations VNO-NCW, MKB-Nederland and LTO. The budget has not put extra financial strain on businesses although credit remains a point of concern. They also want more investment in infrastructure, know-how and a far-reaching revamp of the public sector.

Difficult choices ahead, says finance minister

The government is to set up 20 special commissions to examine all areas of government policy with a view to cutting some ministries' spending by up to 20% in the future, finance minister Wouter Bos confirmed on Tuesday. 'Difficult choices with painful consequences' will have to be made because of the gloomy economic situation, Bos said in his annual financial statement to parliament. Bos said spending will have to be slashed from 2011 onwards to get government finances back on track. By next year, the treasury will face a shortfall of €40bn, requiring drastic cuts, the minister said. But major cuts are not on the table for 2010 in order to stimulate economic recovery. By delaying major cutbacks for a year, the government hopes to establish a 'broad social and political debate' next year on how to proceed. The decisions which have to be made should be taken by as many people as possible, the Labour minister said. 'Everyone understands that bills have to be paid at some point.'



The Netherlands needs to deal with a number of 'fundamental political considerations' and work out 'how we can ensure the Netherlands is cleaner, more intelligent, stronger, more robust and shows greater solidarity, albeit with possibly fewer resources,' the minister said. After his speech, Bos dismissed claims that the government was delaying difficult decisions until after the 2010 local elections and the general election in 2011. The recession also offers the opportunity for everyone to be involved in making fundamental choices, Bos told reporters.

Queen: all must share responsibility

Everyone must work together to contribute to the country's strong economic and social future, queen Beatrix said in her traditional budget day speech on Tuesday afternoon. 'The government calls on all Dutch citizens and everyone living in the Netherlands to play their part,' the queen told her audience of ministers, MPs and other dignitaries. 'All of us have a responsibility, young and

old, members of the public and administrators, employees and employers. The government hopes that everyone realises this and will act accordingly.' Beatrix also referred to a 'lack of integration within some groups in society, rude and disrespectful behaviour by many in public spaces and criminality among groups of young people'. The government would not only take action against those responsible but is also tackling the causes of this problematic behaviour, she said.

MAIN POINTS

- State debt to reach 65.7% of GDP in 2010
- Budget deficit to reach 4.8% of GDP in 2009, 6.2% in 2010
- No economic growth next year
- Unemployment to hit 8% end 2010
- Spending power to go down by an average 0.25%
- No changes to income tax or value added tax (btw)
- Employer wage admin costs cut by €380m
- €220m in extra tax breaks for innovation
- Aid budget cut by €600m to €4.7bn, still 0.8% of GDP
- €75m less for workforce reintegration
- Child benefit and student grants frozen
- €1bn extra for part-time jobless benefits
- €150m extra for urban renewal
- €416m extra to combat youth unemployment, boost training
- €300 extra for waterways and coastal protection
- Slight increase forecast for health insurance premiums
- 300 'family and child' centres to open nationwide by end-2010
- Extra mobile communications frequencies to be auctioned
- The 60 watt lightbulb to be phased out in 2011
- More effort to increase flexible working hours
- Planning procedures for new roads to be accelerated
- Integration course target in 2010 remains 60,000

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PM hits back

Prime minister Jan Peter Balkenende hit back at critics who say the budget merely postpones difficult decisions by dismissing them as 'rhetoric'. And he rejected the claim from both inside and outside parliament that the decision to spend the coming six months considering fundamental policy changes means the cabinet is procrastinating. 'Absolutely not. But we're talking about far-reaching and complicated issues so we must take care,' he said.

Elderly to pay

Socialist Party leader Agnes Kant said the cabinet is letting ordinary people pay the bill for the recession. 'Bankers are left out. But elderly people today and in the future will have to raise the money to pay the debts,' she told the Volkskrant.

Lack of urgency

The government's highest advisory body, the council of state, says the cabinet's decision to spend another six months looking into areas where cuts can be made does not reflect the urgency of the situation. Nor has the cabinet made it clear when actual decisions on cutbacks will be taken. The cabinet's credibility is therefore at risk, it said.

'Cabinet should go'

The cabinet has totally lost its way and should be dismissed, according to Geert Wilders, leader of the anti-immigration PVV. 'How dare the cabinet take measures against the ordinary citizen while it is spending billions on banks and left-wing hobbies. Pots of money are being thrown away on more asylum-seekers and immigrants, development aid and urban renewal. That is unrealistic and anti-social,' he is quoted as saying.

Budget is 'odd'

The FNV trade union federation told the Volkskrant that it is 'odd' that unemployment does not appear to be a priority and that the government is planning to cut spending on getting the jobless back to work. The CNV federation said it was pleased the cabinet aimed to increase solidarity among citizens but said it wanted to see more action rather than words.

Indecision won't win votes - papers

Most of the Dutch newspapers are scathing about the cabinet's indecision on long term measures to get the government's finances back on track and are convinced that local elections next year and the general election in 2011 play a role. The government's strategy is 'understandable but not without risk' the Financieele Dagblad says. The political landscape in the Netherlands makes it more or less impossible to expect a coalition with a large stable majority. 'It is uncertain whether the next cabinet will be able to find sufficient basis for the necessary cutbacks and reorganisation,' the paper says. The Volkskrant meanwhile says the 30th speech by queen Beatrix was one of her better ones with a 'coherent' message and she made it clear that it would not be right to push the consequences of the economic crisis onto the next generation. But like the FD, the Volkskrant agrees that the cabinet's short term policy of stimulating the economy is sensible. But it also asks what the government has done and is doing to safeguard the future financial stability of the country. Proposals to be worked out by civil servants and presented in June next year will be 'far too late' the paper says. 'If the coalition thinks that it can survive the local elections in March by putting off painful decisions, it is deceiving itself,' concludes the Volkskrant under the headline 'Wanted: leadership'. The Telegraaf says the plan to come with ideas to cut government spending by 20% within the next year is 'vague' and 'unacceptable'. 'A government is there to govern and make choices. And if internal conflicts make those choices impossible, it is time to go and ask the voters to have their say.'



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DICTIONARY

Prinsjesdag

Always the third Tuesday of September, *Prinsjesdag* is the day the government presents its spending plans for the next year. The event is as famous for its hats as the financial implications.

MEV

The annual *Macro Economische Verkenning* or macro-economic outlook is published by the government's economic policy advisor CPB to coincide with the budget. It contains all the forecasts which ministers have used to work out their spending plans and calculates what the effect of those policies is likely to be.

Algemene Beschouwingen

These are the 'debates' in parliament which always follow the budget. First comes a two-day general debate, then the financial debate and over subsequent weeks, debates on individual ministry spending.