

duced if a joint EU initiative does not materialise. The government will also propose the abolition of tax relief on interest paid on loans for consumer goods.

Review of individual and government responsibilities

A new balance needs to be found in social security in the allocation of responsibilities between the government, individuals, companies and the two sides of industry. Rising levels of unemployment, especially among the less well educated and among older people, necessitate a policy which will make people less reliant on social security. The future of invalidity benefits as a basic provision is not in question. Child benefit legislation will be amended during the present government's term of office. Entitlement to widows' and orphans' benefit will be restricted considerably. The reallocation of responsibilities will bring about changes in other areas, too. The creation of jobs in the section of the labour market in-between the statutory minimum wage and the lowest wage scales governed by collective agreements will be encouraged by doing away with the requirement that all jobs at this level be subject to a collective agreement. It will also be made possible for employers in particular sectors to apply for temporary dispensation from the provisions of the Minimum Wages Act.

Expenditure in the care sector will grow in the future, given the expected ageing of the population. The resources available will have to be deployed more efficiently than at present. The limited introduction of market forces can make an important contribution here. Specialists will no longer receive a fee per treatment, and individuals will be given greater personal responsibility through the introduction of an excess for medical costs.

Infrastructure

A sound physical and knowledge infrastructure are vital for economic competitiveness and the creation of jobs. Priority will be given to the further development of Schiphol and Rotterdam as mainports and the extension of the European high-speed train network to destinations in the Netherlands. With regard to the freight line between Rotterdam and the German hinterland (the Betuwe line), a study will be carried out to see whether there are any affordable alternatives or whether some other form of construction is desirable along the proposed route. Once a definitive decision has been made, any additional costs will be weighed against other priorities in the area of major infrastructure investments. The completion of urgent investment projects will be accelerated thanks to the Investment Fund (5 billion guilders over the period 1994 to 1998). Input into the Economic Infrastructure Improvement Fund (FES) will be reviewed, as will the criteria which projects must meet in order to be eligible for funding. Soil clean-up activities, necessary in connection with building projects in inner city areas, and activities contributing to the creation of a national ecological network (network of protected areas) will be added to the list of qualifying criteria.

Budget deficit

Policy during the present government's term of office will be determined by a ceiling of 3.3% of GDP imposed on the budget deficit for 1995 and 1996, to be lowered to 3.1% GDP in 1997 and 2.9% in 1998. The framework for expenditure is based on a forecast of cautious economic growth, thereby purposely reducing the likelihood of having to modify expenditure because of economic setbacks. Any extra revenue due to economic growth will be used in the first place to reduce the budget deficit to 2.7% or less of GDP in 1998 and, after that, to supplement the police and justice budget by 100 million guilders. Any revenue remaining after that will be used either to reduce the budget deficit further or to reduce tax and social security contributions within the parameters set out in the coalition agreement with regard to income policy. The need for measures to improve the economic infrastructure is a separate issue.

As regards the financial outlook for 1994 and 1995, the budget deficit (agreed norm) in both years is expected to come to 3.0% of GDP, which, for 1995, will make it approximately 2 million guilders below the ceiling set in the coalition agreement. Leaving aside incidental factors, the deficit will fall by 0.4% of GDP in 1994 and 1995.