

Where the Dutch State Can Step Back: State and Business since 1940

J.Konstapel,Leiden,26-10-2026.

The answer in brief

The Dutch state is three things at once, and history shows that only one of them has ever shrunk for long: the state as employer and executor. Between 1985 and 2017 its own administration fell from 8.4% to 5.4% of all workers, through privatisation and cuts. The state as financier never shrank: collective care rose from 0.8% to 9.3% of GDP without a single lasting dip, and the burden of taxes and premiums still stands near 39% of GDP against 14% in 1938.

So "government to zero" splits into three questions with different answers. Civil servants can go much further down than now; that has precedent. The executing layer between state and citizen (zbo's, care and education institutions) is where most collective work actually sits, and retreat there has so far meant moving work, not removing it. The financing role is the core of the Dutch post-war settlement and has never been reversed.

This essay was asked to answer one question: in the relation between state and business since 1940, where can the government be pushed back, if possible to zero? It reads the history in four layers: the state's roles, where it already stepped back, what kind of work it does, and where the money goes. The method borrows from [The Great American Job Shift](#) and [The Fundamental Fractal](#).

How the numbers were made

Every occupation gets the Holland type on which O*NET 31.0 scores it highest, and those types are then counted over the Dutch workforce. The chain has four links:

1. **Types per occupation.** O*NET 31.0 gives each of 798 American occupations a score on all six types (Realistic, Investigative, Artistic, Social, Enterprising, Conventional).
2. **From American to international occupations.** O*NET's own ESCO crosswalk links 434 international (ISCO-08) occupations to those scores. Each ISCO occupation takes the type with the highest average score.
3. **Dutch counts.** The 1960 and 1971 censuses (IPUMS-International samples, 6–7 major groups), Eurostat's labour force survey by major group (1992–2025) and by 2-digit group (2011–2025), and occupation by sector (2011–2025).
4. **A place on the hexagon.** Put the six types around Holland's hexagon in his order. The weighted average of the workforce is then one point: its angle says which way work leans, its distance from the centre how one-sided it is.

Three limits matter. The 1960 and 1971 censuses know only six or seven groups, and managers are not separate, so those years carry a range. The switch from ISCO-88 to ISCO-08 breaks the series in 2010/2011. And the level of detail moves Realistic and Conventional by about five points; the trends do not move.

The roles of the state, 1940–2025

Since 1940 the state grew mostly as a payer, much less as an employer. Its own administration never exceeded about 8% of all workers, while its spending passed half of GDP.

Role	Indicator	Around 1950	Peak	Latest
Employer	Collective domain (government, education, care) in total employment	19% (1950; 15% in 1930)	27% (1985)	26% (2020)
Employer	Public administration, defence and police in total employment	7.2% (1969)	8.4% (1985)	6.6% (2025)
Producer	Value added of the public sector, % of GDP	8.6%	13.6% (1980)	12.5% (2020)
Financier	Collective spending, % of GDP	27.6% (21% in 1938)	58.6% (1983)	42.5% (2018)
Financier	Social security, % of GDP	4.8%	19.7% (1983)	11.8% (2018)
Financier	Collective care, % of GDP	0.8%	9.8% (2012)	9.3% (2018)
Tax collector	Taxes and premiums, % of GDP	25.5% (14% in 1938)	41.5% (1987, 1993)	38.8% (2018)
Supporter of business	Transfers to firms, % of GDP	4.1%	5.4% (1985)	1.4% (2015)
Owner of business	State companies: PTT, DSM, Postbank, KLM stake, NS	large	until 1986	sold or separated 1986–1998

Two things follow for the question of retreat. First, the state as employer is small and has shrunk before. Second, the state as payer is large and has never shrunk structurally, except for social security after 1983. Most of what the state pays for is done by people who are not civil servants: 1.7 million in care and 400,000 in subsidised education against 221,000 at central government.

Where the state already stepped back

The Netherlands has run one large experiment in pushing the state back, from 1983 to 2017, and it worked for the state as employer and owner but not for the state as payer.

1. **Selling and separating, 1986–1998.** Postbank, DSM, the PTT (later KPN and PostNL), the KLM stake and the railways left the state or became independent companies. The PTT alone took almost 100,000 people out of the civil-servant count. Over thirty years the number of civil servants fell from 549,200 to 428,100, while education, academic hospitals and police together grew by 173,000 ([Binnenlands Bestuur](#)).
2. **Cutting, 2011–2017.** After the credit crisis government work fell by 71,000 full-time jobs.

3. **Regrowth, 2018–2024.** It then rose by 154,000, to 1.1 million full-time jobs: central government +30%, municipalities +18%, education +15% ([CBS](#)). Everything cut after the crisis came back twice over.
4. **Moving instead of removing.** Many tasks went to independent administrative bodies (zbo's). More than 100,000 people work there, and their combined budgets exceed the national budget ([De grote onbekende](#)). They no longer count as civil servants, but the state still pays.

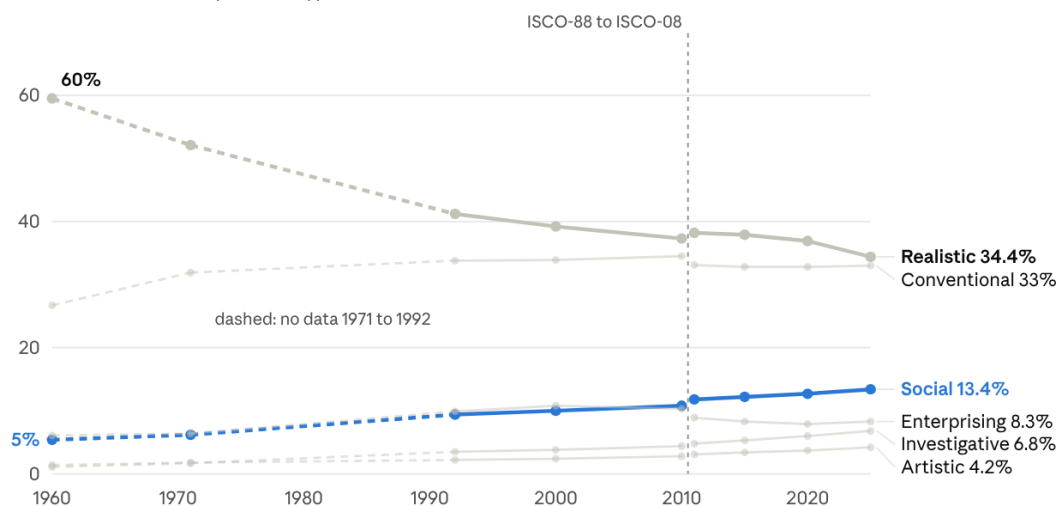
The Senate's inquiry into privatisation 1990–2010 ([Commissie-Kuiper, *Verbinding verbroken?*, 2012](#)) found the main flaw: the reasons for each step were unclear, ministries steered weakly afterwards, and nobody tested whether the task itself was still needed. Retreat without a decision on the task explains the regrowth: work left the books, the function stayed, and it came back.

Sixty-five years in six types

In 1960 six in ten Dutch workers did Realistic work; in 2025 one in three does. Social work more than doubled and Investigative work grew sixfold, while Conventional work held at about a third throughout.

Realistic work fell from about 60% to 34%; Social work rose from 5% to 13%

Share of all Dutch workers by Holland type, %



O*NET 31.0 × IPUMS-International censuses 1960 and 1971 (midpoint of range) × Eurostat Ifsa_egais 1992–2025

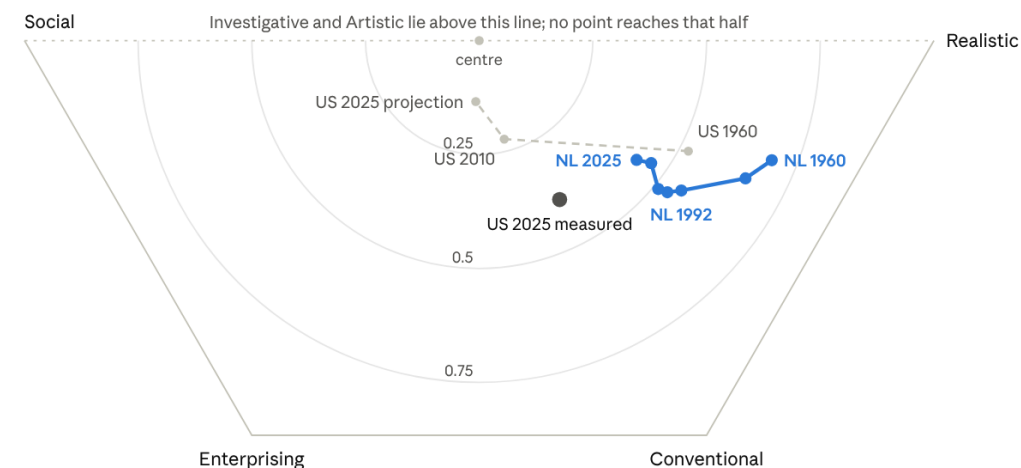
The shape matches the American story: a making economy turns into a caring and knowing one, and administration persists. The 1960 and 1971 points are the middle of a range of about four points, because those censuses do not separate managers.

The spiral

The Dutch centre of work moved from 0.70 to 0.43 of the way out toward a corner, and turned about 15 degrees, almost all of it before 1992. That is an inward spiral that has stopped turning but not contracting.

Dutch work moved steadily toward the centre but turned only a little

Weighted centre of the workforce on the lower half of Holland's hexagon; the centre is an even spread over all six types



Netherlands, 1960 to 2025

distance from centre 0.695 to 0.434

turn about 15 degrees, almost all before 1992

Same method, US 2025

26 degrees further round than NL

Dashed grey: my 2025 projection, not reproduced

Centre of gravity computed from the six-type shares above; US measured = BLS 2025 employment × O*NET 31.0; US projection = The Great American Job Shift

The turn runs from Realistic toward Conventional and Enterprising, the same direction as in the US. Measured the same way, American work stands about 26 degrees further round in 2025 and slightly closer to the centre. The much longer American turn in my earlier projection does not come back from the current data.

Who does which work

The collective domain (government, education, care) grew from 15% of Dutch employment in 1930 to 26% in 2020, and it carried the rise of Social work. Inside it, the work changed more than the size did.

Sector, 2011 → 2025	Workers (×1000)	Professionals	Clerks	Technicians and associates
Government	523 → 736	32% → 45%	16% → 8%	19% → 26%
Education	554 → 758	75% → 72%	6% → 5%	3% → 7%
Care	1,345 → 1,712	25% → 37%	7% → 5%	29% → 27%
Business	4,878 → 6,415	16% → 27%	11% → 10%	14% → 15%

Three movements stand out:

- **The civil servant as clerk is disappearing.** Government clerks fell from 84,000 to 60,000 while government professionals doubled to 332,000. The state grows, but in analysis, advice and oversight rather than in registration.

- **Care moves from caring to treating.** Personal care and service jobs fell from 29% to 23% of care; professionals rose from 25% to 37%.
- **Knowledge work moves into business.** Professionals in firms more than doubled, from 756,000 to 1.7 million. In 2011 almost half of all Investigative and Artistic work sat in the collective domain; in 2025 more than half sits in business.

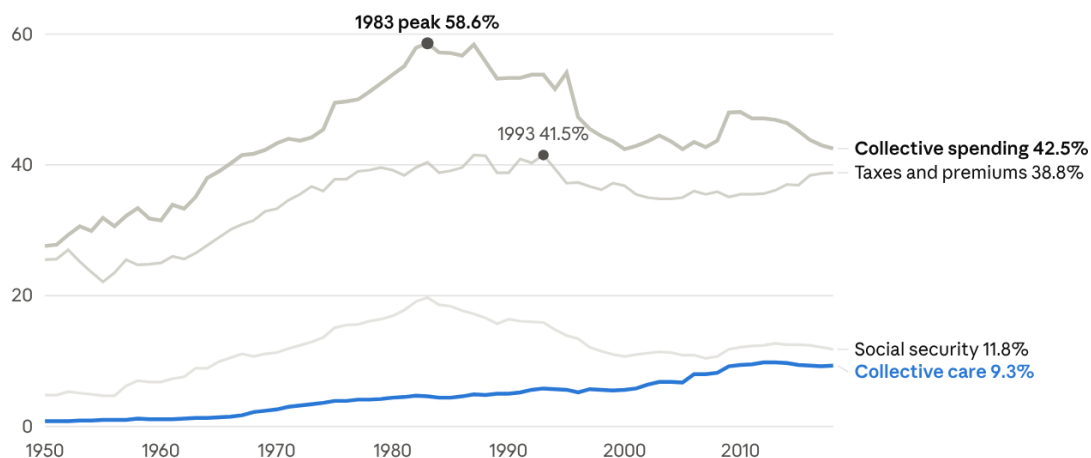
Handwork and enterprise stay where they were: about three quarters of Realistic work and two thirds of Enterprising and Conventional work is done in business, in both years. At this level the Holland key is too coarse for a full type profile per sector; the occupation shifts above are measured directly.

The money side

Collective spending rose from 28% of GDP in 1950 to a peak of 58.6% in 1983 and fell back to 42.5% by 2018. Collective care is the one line that never turned: from 0.8% to 9.3%.

Spending swung up and back; collective care only went up

Netherlands, % of GDP



CPB, De Nederlandse economie in historisch perspectief (2023), data chapter 5 · 1950–2018

The burden did not swing with spending. Taxes and premiums kept rising for a decade after the spending peak and stand near 39% today, against 14% in 1938. What changed is who pays: taxes and premiums on income and labour rose from 12% of GDP in 1950 to 27% in 1983 and are 22.5% now, while taxes on capital and profit fell from 5.5% to 4.4%. Direct transfers to firms shrank from about 5% of GDP in the mid-1980s to 1.4% in 2015, before the pandemic support of 2020.

Entrepreneurs and the self-employed

The share of the self-employed is almost the same as fifty years ago, but they are different people. In the 1960 census 15.8% of the labour force was self-employed and 4.8% helped in a family business: farmers, shopkeepers, craftsmen. The national accounts show 18.2% self-employed in 1969, a low of 15.3% around 2000–2005, and 16.4% (1.7 million) in 2025.

The farmers and shopkeepers left; the freelancer without staff (zzp) arrived. Their share of all self-employed rose from 60% in 2002 to more than two thirds in 2011, and the number reached almost 1.3 million in 2024. In 2025 the line turned for the first time: 62,000 fewer zzp'ers, mostly young ones, after the tax authority began enforcing the rules on disguised employment.

On the hexagon this matters less than the debate suggests. Self-employment is a contract, not a type of work: a zzp nurse does Social work, a zzp plumber Realistic work. The Enterprising share of Dutch work fell slightly over these years, from about 10% to 8%, while the number of self-employed rose.

The map: where the state could go to zero

Of the 1.1 million full-time jobs in government in 2024, the part with the clearest precedent for retreat is rule-based execution: paying benefits, collecting routine taxes, issuing permits. That is where the clerk already halved. The core of force and justice has no precedent for retreat at all, and the financing of care and education is a political settlement, not a staffing question.

Part of the state, 2024	Full-time jobs	What it mainly does	Precedent from history	Reading for "to zero"
Social security funds (UWV, SVB)	25,500	Pays benefits by fixed rules	Social security spending fell from 19.7% to 11.8% of GDP after 1983	Rule-based; strongest candidate for replacement by processes
Central government (incl. tax authority, defence)	221,000	Policy, tax collection, defence, justice	–19,300 in 2011–2017, then +50,600	Split: routine tax and registration can shrink far; defence and justice are the core monopoly
Municipalities	183,700	Permits, registers, social domain since 2015	–25,100, then +28,100	Registers and permits shrink; the social domain grew by decentralisation
Joint municipal bodies	92,100	Safety regions, public health, shared services	Mostly created by moving tasks	Shared execution; candidates for contract or process
Other bodies incl. police	177,800	Police, zbo's and other agencies	Zbo's: tasks moved out, not removed	Police is core; zbo tasks need a decision per task
Provinces and water boards	23,800	Spatial planning, water management	Small and stable	Water safety is infrastructure, not administration
Subsidised education	402,300	Teaching	Never shrank as a share of work	The state finances; schools execute; zero means ending public finance of education

Part of the state, 2024	Full-time jobs	What it mainly does	Precedent from history	Reading for "to zero"
Collectively financed care (not civil servants)	about 1.7 million workers	Treatment and care	Only rose since 1950	The state finances and regulates; zero means ending collective financing

Sources: [CBS 2025](#) for full-time jobs and changes, Eurostat for care workers, CPB for spending. The last column is my reading of the precedent, not a measurement.

Two lessons from 1983–2017 apply to any new attempt. First, decide per task whether it is still needed, before deciding who does it; the Kuiper commission found that this step was skipped, and the work came back. Second, the state's own work has already shifted from registering to overseeing: government professionals doubled since 2011. Pushing that layer back means fewer rules to oversee, not only faster processes.

Conclusions for pushing the state back

Eighty-five years of Dutch data give a clear order of where retreat has worked and where it has never happened.

1. **The state as owner can go to zero, and nearly has.** The large state companies were sold or separated between 1986 and 1998.
2. **The state as employer can shrink far; it has done so before.** Administration fell from 8.4% to 5.4% of all work between 1985 and 2016. The clerk is already disappearing, from 16% to 8% of government staff since 2011. Rule-based execution (benefits, routine taxes, registers, permits) is the first candidate for replacement by processes.
3. **Retreat without a decision on the task comes back.** Cuts of 71,000 jobs in 2011–2017 were followed by growth of 154,000 in 2018–2024, and tasks moved to zbo's stayed on the public budget. The order matters: first ask whether a task is needed, then who does it.
4. **The state as financier has never shrunk, except social security.** Collective care went from 0.8% to about 9% of GDP and education stays near 5%. Taking the state out of these means ending collective financing, a choice about the post-war settlement rather than about civil servants.
5. **The state as overseer is the growing layer.** Government professionals doubled since 2011. Fewer rules is the only lever that shrinks it.
6. **Business already carries the new work.** Since 2011 most growth of knowledge work happens in firms, and transfers from the state to firms fell from 5.4% of GDP (1985) to 1.4% (2015). Work does not need the state to grow; the burden on labour (22.5% of GDP) is what business still carries for it.

What the Holland data add: the Dutch spiral contracts steadily toward a balanced mix of work, with or without a growing state. The turn of the state pendulum (1983 spending peak, 1993 burden peak) and the turn of the work spiral (stopped around 1992) are separate rhythms, so shrinking the state need not stop the spiral.

Open points: the 1947 census (only in printed CBS volumes) for a true 1940 baseline; a task-by-task list of central and municipal functions; and the matching processes for each candidate task, which is the subject of the follow-up report on reducing civil servants to zero.

Sources and data

- [O*NET 31.0 database — Career Interest Types](#)
- [ONET crosswalks — ESCO/ISCO to ONET-SOC](#)
- [IPUMS-International — occupation, 1960 census and 1971 census](#)
- [Eurostat lfsa_egais — employment by occupation, 1992–2025](#)
- [Eurostat lfsa_egai2d — employment by 2-digit occupation, 2011–2025](#)
- [Eurostat lfsa_eisn2 — occupation by economic activity, 2008–2025](#)
- [CPB — De Nederlandse economie in historisch perspectief, data per chapter](#)
- [CBS StatLine — labour volume by industry, 1969–2016](#)
- [BLS — National Employment Matrix 2025](#)
- [CBS — number of zzp'ers fell by 62,000 in 2025](#)
- [ESB 1983 — occupational structure 1960, 1971, 1977](#)
- [J. Konstapel — The Great American Job Shift](#)
- [CBS — Meer mensen in dienst bij de overheid \(2025\): full-time jobs by part of government, 2011–2024](#)
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- [BZK — De grote onbekende: zbo's \(2019\)](#)
- [Eerste Kamer — Commissie-Kuiper, Verbinding verbroken? \(2012\)](#)