The intergovernmental financial relations between the three countries of the Kingdom of the Netherlands

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This article is to be considered as a vignette in the broad subject of intergovernmental financial relations in composite states. It concerns the interaction between the governments in the three countries of the Kingdom of the Netherlands in the field of financial relations within the one constitutional framework.

It also highlights the importance of these financial links for the intergovernmental relations in the Kingdom of the Netherlands in general.

1. Introduction

The Kingdom of the Netherlands is a composite state, which consists of a European part and a Caribbean part.

The Caribbean part consists of two autonomous areas, Aruba, an island in front of the Venezuelan coast, and the Netherlands Antilles, consisting of 5 islands: Curacao, Bonaire, St. Martin, St. Eustace and Saba. The latter two islands are close neighbours of the British West Indies.

The two parts are very uneven in their characteristics. The population of the Netherlands amounts to almost 16 mill. and its GDP to $376,8 bill. The two Caribbean areas together have a population of 282,233 and a GDP of $4,4 bill. 1.

In the following the European part of the Kingdom of the Netherlands will be referred to as "the Netherlands", and the two Caribbean areas will be referred to as respectively "Aruba" and the "Netherlands Antilles". Each of the three entities is called “a country”.

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The Kingdom of the Netherlands is a democratic monarchy. The relationship between the three countries is laid down in the Charter of the Kingdom of the Netherlands, which entered into force on 29 December 1954. Under the Charter the countries are autonomous in their internal affairs and equal in the conduct of common interests. The Charter has long been considered as embodying a phase towards complete independence for the overseas countries.

The Charter received recognition by the U.N. Each of the Countries has a constitution of its own. However, the Charter is the foremost constitutional document. (Art. 5,1) It refers to and is supplemented in certain institutional aspects by the Constitution of the Netherlands. In the event of inconsistency the Charter prevails. (Art. 5.2)

The Charter may only be amended in agreement between the three parties. The rules for constitutional amendment have to be followed in the procedure of approval in the three countries. (Art. 55)

The three countries are bound together by a common nationality; all citizens of the three countries have the Dutch nationality. (Art. 3 jo. Art. 60)

Although the main object of this article is to deal with financial relations, a meaningful discussion of the subject has to be preceded by an outline of the constitutional relations between the three Countries under the Charter (= section 2). In section 3 the intergovernmental financial relationship in the Kingdom will be explored. In section 4 some comparative notes will be made, comparing this intergovernmental financial relationship with the one in federal states.

2. Constitutional relations

In the preamble of the Charter a new constitutional order in the Kingdom of the Netherlands is announced. In this new order the three countries conduct their internal interests autonomously and their common interests on a basis of equality.

To this definition is added a general commitment to accord each other assistance.

As regards its structure the Kingdom is sometimes classified as a pseudo-federal one. The division of powers between the Kingdom and the countries, as laid down in the Charter, gives rise to such classification.
All “Kingdom Affairs” are listed in the Charter. Amongst these are the self-evident ones like foreign relations and defence, questions of nationality, extradition and admission, and the nationality of vessels. (Art. 3) Also amendments to the powers of parliament and to the power of the King are matters of the Kingdom (Art. 44), as well as the safeguarding of fundamental human rights and freedoms, the rule of law and the integrity of administration. (Art. 43)

Being part of the Kingdom does not prevent the overseas countries to be a member of a multilateral organisation in their own right. (Art. 28) The treaty by which such membership is realised, has to be signed or adhered to by the Kingdom Government.

Apart from the fixed list of “affairs of the Kingdom” the Charter presents a list of subjects for voluntary consultation and co-operation between the three countries. (Art. 37)

The three countries may enter into mutual arrangements, which by mutual consent may be upgraded into a Kingdom Statute or a Kingdom Ordinance. (Art. 38)

The Charter also allows for the possibility of a Kingdom Ordinance by which the Kingdom Government makes the necessary provisions when the Governments of Aruba or of the Netherlands Antilles do not adequately perform their duties. (Art. 51)

This article has never been implemented.

As regards the institutional set-up of the Kingdom, each country has its own council of Ministers, its own legislature and judicial organisation.

There is no separate central authority in the Kingdom of the Netherlands. Instead, a two-cap-construction of the Netherlands Government has been introduced. The Netherlands cabinet fills the role of Kingdom Government and is supplemented by permanent representatives of the overseas countries (the so-called Ministers plenipotentiary) when "affairs of the Kingdom" are on the agenda. The cabinet is only to meet in this composition when the matter under discussion also actually touches upon the interests of one or both of the overseas countries (Art. 10,1), or when the legislation under consideration is meant to be actually implemented in Aruba and/or the Netherlands Antilles. So, not only the formal definition of the matter is decisive
to classify it as a Kingdom-issue; added thereto there has to be an actual interest of the matter for one of the overseas countries.

The Minister plenipotentiary may oppose a decision by the Kingdom cabinet that he thinks detrimental to his country. Deliberations on the subject will then continue in a reduced reconciliation committee of the Council of Ministers of the Kingdom.

A Minister plenipotentiary may only be overruled when the exclusion of his country in the matter to be regulated, could be inconsistent with partnership in the Kingdom. (Art. 12,1) A straightforward veto-power is given to the overseas countries when they object to being bound by an international economic or financial agreement that, in their opinion, harms their interests. (Art. 25)

The Directorate General for Constitutional and Kingdom Affairs, acting under the responsibility of the Netherlands Minister for the Interior and Kingdom affairs, is conducting the administration of the Kingdom of the Netherlands. The costs of the administration are to be divided amongst the three countries to the extent of the benefit of the action to Aruba or to the Netherlands Antilles. The ratio used for the division of the costs has to be approved by consensus between the three parties. (Art. 35)

In fact all costs are budgeted in Chapter IV of the annual budget of the Netherlands Government. The budget of this Authority – i.e. apparatus costs plus the costs of financial co-operation - remained at the average about 0.1 % of the Netherlands Governments’ total annual budget during the period 1995 - 2002.

As regards the parliamentary legislative activity and control of the Kingdom, the Netherlands parliament is acting as the Kingdom-parliament (Art. 15).

Draft Kingdom Statutes are submitted to the parliaments of the countries in which their provisions are intended to apply. These parliaments have to report prior to the debate on the draft by the Second Chamber in the Netherlands, being the main legislative forum of the Netherlands. The Ministers Plenipotentiary as well as delegates from the parliaments overseas have the right to attend that debate, to furnish information and to propose amendments. They do not have the right to vote. Their action may lead to a postponement of the vote and renewed rounds of consultations. The absence of voting rights on behalf of the overseas legislatures seems indeed a serious defect in the Kingdom’s legislative procedure.
The Ministers plenipotentiary of Aruba and of the Netherlands Antilles are empowered to submit a draft for a Kingdom Statute to the Netherlands parliament on behalf of their governments.

The highest judicial power in the Kingdom is lodged in the High Court of the Netherlands, which is the court of cassation in the Kingdom in civil and penal law cases.

3. Financial relations

Federal states and federal like entities usually implement an equalisation-mechanism by which the least prosperous component states are assured of a reasonable part of total government income enabling them to exercise their autonomous powers. The mechanism functions under responsibility of the central federal authority by way of federal tax-legislation or by actual transfers from the central treasury, or a mixed system. The grants may often be divided into general purpose ones - i.e. no links attached - and conditional ones.

The situation in the Kingdom of the Netherlands is rather special and differs from the one in federal states in this aspect. The Kingdom itself does not have a common currency, or a treasury, or a budget. It does not even have legal personality under civil law. Each country in the Kingdom has its own currency, its own central bank and is responsible for its own monetary and budgetary policy, inclusive tax-legislation. However, this structure does not preclude a continuous flow of money out of the Netherlands treasury into Aruba and into the Netherlands Antilles7. Income per head of the population in the latter two countries is about one third less than that in the Netherlands.

The financial transfers from the Netherlands treasury to the Netherlands Antilles or Aruba are based on Article 36 of the Charter of the Kingdom of the Netherlands. The Article reads in short: “The Netherlands, the Netherlands Antilles and Aruba accord each other aid and assistance.” Article 36 provides for more than just a possibility. In the official explanatory memorandum to the Charter it is said that the partnership of the three countries in the Kingdom of the Netherlands has its consequences also when the countries are acting
within the field of the autonomous powers, which are allotted to them under the Charter.

So, the Charter creates in Article 36 a bond, which is without specific engagement except where the interests of the partnership as such would be involved. In this way Article 36 respects the autonomy of the countries to the maximum, which was an important feature in order to convince the General Assembly of the United Nations of the acceptability of the Charter in 1955.

The co-operation provided for in Article 36 is an activity between autonomous countries. In each instance of co-operation the consensus between the Netherlands and Aruban or Netherlands Antilles’ authorities involved is required. Special consultative or executive bodies may be established for this co-operation. (Art.37)

To prepare for the ever-ongoing negotiations and consultations, and the travelling involved, special representatives of the Netherlands government are established in both overseas countries.

At least once a year a general high-level discussion on ministerial level takes place to evaluate the current projects and programs, and to discuss intended projects.

The financial transfers from the Netherlands treasury were used by both Caribbean countries in many fields of public investment and government care. This assistance being based on the Charter of the Kingdom is an intra-Kingdom affair. It differs as such from the Official Development Aid (ODA) granted by the Netherlands Government to foreign countries in the Third World in accordance with DAC criteria. The Netherlands ODA quotum is 0.8 % GDP, or about $ 3.72 bill. Euro in its 2002 budget. In the same budget year financial assistance to the Netherlands Antilles and Aruba amounted to a sum equivalent of 3.36 % of the Netherlands ODA. Calculated on a per capita basis in both countries as well as in absolute figures, this amount is higher than the bilateral financial assistance granted by the Netherlands to any single foreign country in the third World. According to DAC figures the Netherlands financial assistance equals 93 % of all financial aid flowing into both countries.

So the Netherlands is taking very seriously the rather undefined commitment of Article 36 of the Charter. The more so where both Caribbean countries have been pro-
moted in the DAC list of developing countries into the category of the most advanced under these countries.

Financial assistance has grown into the major activity in the daily governance of the Kingdom’s affairs. This fact is reflected in the annual budget of the Netherlands Directorate General being the central authority for Kingdom Affairs. In the period 1992 - 2002 the budget post for financial co-operation constituted about 95% of the total amount of the budget of that central authority.

The arrangements made under this financial co-operation between the Netherlands and both Caribbean countries have a less formal status than the bilateral agreements about development co-operation concluded between the Netherlands and Third World countries. Whilst the latter have status under international law, the former do not have any legal standing. They can seldom be considered more than politically binding despite the fact that they are sometimes titled Protocol or Covenant. Decisive for their political ranking is the approval by the Council of Ministers of the Kingdom. Principal decisions like multi-annual financial commitments or decisions about priority projects and programs belong to this category. However, most of the arrangements are administrative arrangements between competent authorities made by exchange of letters and annexes.

Financial assistance by the Netherlands to the Caribbean countries took place in the majority of cases by way of co-financing projects. These transfers may be labelled specific grants. In the general practice of federal states specific grants enable the donor-authority to influence the way the grants are to be spent by attaching conditions to its assistance. The Netherlands authorities originally refrained from involving themselves too much in this way. Respect for the autonomy of the Caribbean partners prompted the Netherlands authorities to keep their distance. Also the selection of the projects remained very much a matter for the authorities in both Caribbean countries.

It must be observed that the financial assistance given by the Netherlands did not lead to financial self-reliance of Aruba or of the Netherlands Antilles.
The assistance has mainly been spent on public investment in infrastructure. A great part of public investment by the Caribbean authorities has in this way been paid out of the Netherlands budget under Article 36 of the Charter. Also other budget posts in the budgets of the overseas partners became gradually (partly) financed by Netherlands assistance, so that at last the main contribution of the two Caribbean countries to their own budget consisted in financing the personnel costs of their bureaucracies.

Financial dependency of both countries increased when the Netherlands Government started in the mid-80’s also to grant direct budget-assistance to them, thereby moving from its earlier position that such assistance would be contrary to the responsibility of the countries for their own financial policy. The argument given for this move was that the reduction of the budget deficit would raise the interest of private investors and thus improve the economic situation in the Caribbean countries.

The Netherlands decision in 1991 to grant the greater part of its assistance in capital expenditure à fond perdu was the third element that affected financial discipline. By that time the burden of interest payments had become too heavy for the Caribbean countries’ budgets. The earlier, outstanding loans, however, as well as those budget loans, which might be supposed to yield revenues, had still to be repaid.

About 1990 the Netherlands government set an other main priority for its financial co-operation: the promotion of ‘good governance’ in the Caribbean countries of the Kingdom. The introduction of this new priority was inspired by an important political development. In this year the Netherlands Government expressed for the first time that it no longer aimed at independence for both Caribbean countries.

This change of perspective also brought about a break in the practice of just summarily examining the project-proposals drafted by the overseas authorities before granting them the financial assistance. A stepping up of actual co-operation had to accompany the grants. Donor and recipient had to commit themselves to the details of the project.

The new policy gave rise to a substantial increase of technical assistance. A certain tension between the concept of autonomy, as practised so far, and the intensive co-operation aimed at under the new policy could be foreseen.
From 1993 onwards the economic and financial situation in the overseas countries worsened quickly, especially in the Netherlands Antilles.

During 1996-1997 the financial situation in the Netherlands Antilles and Aruba was the subject of a number of reports written on the request of the Netherlands Government.

The reports also held policy-recommendations concerning financial assistance. The Netherlands financial assistance got on firmer ground. Economic growth of Aruba in the period 1986 - 1995 rose to an average of 7.6% annually. Its per capita income was $17,700 in 1995 and increased since then to $28,000. The country belongs to the most prosperous countries in the Caribbean.

As regards Aruba the prospect of financial self-reliance does exist. On 11 March 1999 it has been agreed between the Netherlands and Aruba that over a period of 10 years an amount of $218 mil. is to be made available by the Netherlands Government to put Aruba’s finances on a healthy basis in accordance with IMF criteria. Out of this amount also the existing debts to the Netherlands government have to be paid. So, in the year 2010 Aruba will, probably, be financially self-reliant.

As regards the Netherlands Antilles the abovementioned reports underlined that one of the main defects that undermined the effectiveness of the Netherlands financial assistance was the delay in drafting a comprehensive development plan by its government. The Wawoe-report underlined that the Netherlands Antilles will remain financially dependent if it does not organise itself so as to end the critical economic and financial situation.

The expertise of the IMF was invoked to repair this situation. As a result the Government of the Netherlands Antilles agreed on 10 May 1997 to a Structural Adaption Plan aimed at a financial reorganisation of the country. On that day it signed a Memorandum on Economic Policies drafted with the IMF that also monitors the implementation of it.
In January 1998 the Netherlands Government linked up with this development in a letter to the Netherlands Parliament setting out future policy.\textsuperscript{16}

In the letter the Government expressed its opinion that stricter guarantees had to be created for an effective use of the financial assistance made available to the overseas countries. In accordance with the abovementioned Structural Adaptation Plan she put first priority on the reduction of the budget deficit of the Netherlands Antilles government. She made her financial assistance dependent on concrete progress in this respect.

Moreover, the Netherlands Government wanted the annual high-level consultations about the financial assistance in future to be held on the basis of elaborated programs. Financial assistance had to be switched from projects to programs, in first instance to programs in the social-economic field. By that time the amount for (co-)financing projects in this latter category totalled 36% of all financial assistance to both countries.

The money made available by the Netherlands authorities for each program agreed upon would have to be administered in a professional way free from political manipulation or patronage by a new development bank to be established in each of the overseas countries.

In the letter assistance for projects promoting “good governance” was expressly excluded from program assistance. In an earlier budget statement\textsuperscript{17} the Government of the Netherlands had declared that in her opinion the Kingdom as such has a responsibility of its own in this field. In the January-letter she specified the subjects she was thinking of in this connection. It mentioned co-operation in the field of the administration and local government, security, maintenance of the order of law and duties in the field of matters concerning the Kingdom as a whole, like the coastal guard and criminal investigation. Co-operation concerning these subjects would have to remain organized by way of projects. Thus the duties and rights of the parties in each project may be defined in detail. The letter recommends that especially the commitments on projects of “good governance” are approved on cabinet level.

The letter also includes a time path. Program assistance in the social-economic field had to be fully introduced in the year 2000, had to be evaluated in the year 2002 and might be extended into other fields from the year 2003.
The policy announced in the January letter did not prevent that the budget deficit in the Netherlands Antilles, which had been targeted on 2% GDP in the Special Adaptation Plan, increased to 7.4% GDP in 1998. The Netherlands Antilles government asked for a delay of 2 years for the 2% GDP target. Part of the Netherlands financial assistance was suspended until revised arrangements would have been made between the IMF and the government of the Netherlands Antilles. The Netherlands government officially declared the Netherlands Antilles' government to be in arrears as regards the repayments on loans due in 1996 and 1997\textsuperscript{18}.

A new Netherlands Government presented to the Parliament an elaborated version of its policy concerning its intra-Kingdom financial co-operation in a comprehensive document of 14 June 1999, titled “A Future in Co-operation”\textsuperscript{19}. The principal purpose of the policy defined therein is the promotion of financial self-reliance of the two Caribbean countries.

In the document the Netherlands Government admits that the financial co-operation under the Charter had resulted in certain dominance by the Netherlands authorities in decisions concerning investment in the Netherlands Antilles and on Aruba. This had diminished the effectiveness of the co-operation.

The Netherlands Government confirmed its intention to follow a program-approach for co-financing the development of the two countries instead of its former support of specific projects. It wanted to entrust the funds, which she would transfer, to independently operating development banks.

Moreover, it established 4 priorities on which the co-operation will be concentrated: good governance, sustainable economic development, education, the maintenance of the order of law and human rights.

The two overseas governments would decide on the projects to be initiated under the program and be responsible for their implementation. The Antillean and Aruba authorities had to submit their requests for co-financing to the independent development bank, which would make the money available under the conditions defined in the regulations for the bank. The regulations had to be drafted in agreement between the Netherlands and the overseas authorities. It was assumed that political tampering with the allocation of the money could thus be prevented as much as possible.
The fourth priority would be excepted from the program approach. Co-operation in that field would only be continued by way of projects. This sector of co-operation represents at the moment about 12% of the value of ongoing projects.

The introduction of the revised format of financial co-operation and the provision of new financial means would be dependent on two conditions i.e. sound financial policy based on international standards and on sound governance. The Netherlands Antilles’ government had to create in both aspects a new situation, which offered sufficient guarantee for an effective financial co-operation.

The conditions of the co-operation being thus defined by the Netherlands Government, the judgement about the progress made towards those international standards is left to the IMF.

As mentioned above the Netherlands Antilles’ Government did not meet the deadlines set in its arrangement with the IMF under the Special Adaptation Plan. In September 2000 an agreement was concluded between the Netherlands Antilles government and the IMF about a set of measures to reduce the budget deficit. The measures were initially carried out by the Antillean government, which gave the Netherlands government occasion to support the Antillean budget with a certain amount. However, the measures recommended by the IMF did not lead to the intended reduction of the country’s budget deficit because of a loss of tax revenue and an increase in expenditure. On the suggestion of the IMF the Netherlands Government granted extra budget support to compensate for the loss of tax revenue caused by the New York disaster of 11 September 2001. The IMF suggested a set of prior actions necessary to cut expenditure. The Antillean government, however, did not give any follow up to the IMF suggestions. So, the Antillean budget deficit ran up to 4,2% GDP in 2001.

The budget presented for 2002 showed a deficit of only 1,6% GDP. This seemed to correspond with the IMF recommendations. However, doubts about the estimates of the amounts of revenues and expenditures prevailed. Subsequently the IMF demonstrated that the budget fell short of the target by $40 mil.20

In the meantime the Netherlands government follows a double track in its financial co-operation with the Antillean government. She gives additional budget support
when recommended by the IMF. Next to that she gives "regular aid" which is a con-
tinuation of her project aid that is now regrouped into programs. Also in the cluster
of projects concerning sustainable economic development she lets herself be guided
by IMF and World Bank advice.
The development bank that is to finance the projects proposed by the Antillean gov-
ernment, has not been established as yet. So, also "regular aid" still means direct
support of the Antillean budget.
In Aruba the development bank is functioning since January 2002 and programs
have been established. However, discussions about financial co-operation between
Netherlands and Aruba authorities are somewhat hindered by the debate which has
arisen over the question of the actual contents of the relationship with the Nether-
lands when Aruba will indeed achieve its financial self-reliance, as planned, in 2009.
In this connection the Netherlands Minister responsible for Kingdom Affairs stated
in the Netherlands parliament in April 2002 that financial solidarity is and will re-
main an essential element of partnership in the Kingdom. Referring mainly to the
Netherlands Antilles he added that a continuation of the existing constitutional rela-
tionship necessitates an internationally credible economic and monetary policy of
each country. “A fundamental change under the Kingdom’s Charter will be neces-
sary, when it becomes evident that this could not be achieved. For no country is to
govern itself and have the costs thereof be borne by another one.”

This statement was supported by an important part of the members of the Nether-
lands parliament.

4. Comparative notes
In the above it is indicated how the intergovernmental financial relationship in the
Kingdom of the Netherlands has an impact on the autonomous status of the overseas
composite parts of the Kingdom. In order to underline the characteristics of this in-
tergovernmental relationship a few comparative notes will follow comparing this
relationship with the practice in federal states.

A. In federal states the federal government usually regulates the institutions of
intergovernmental financial relations and the sharing of total government
revenues.
In the Kingdom of the Netherlands such central federal authority is lacking. The Charter only provides for a general obligation of mutual assistance between the countries of the Kingdom. Implementation of this article requires in every phase of preparation of the assistance the consensus between partners. In fact the mutual assistance consists only of a sharing of Netherlands government revenue with Aruba and the Netherlands Antilles.

The obligation to mutual assistance does not preclude the Netherlands from attaching conditions to its assistance in respect of matters that pertain to the autonomous powers of both Caribbean countries

\[ B. \] In federal states the aim of the redistribution of tax revenue and the transfers from the federal treasury is to achieve a degree of equalisation of the financial capacity of all component states.

In the Kingdom of the Netherlands the achievement of financial self-reliance by the Caribbean countries is the main policy-aim of the financial assistance granted. Progress along this road is measured by the IMF in accordance with IMF norms. Moreover, as regards the achievement of a sufficient degree of sustainable economic development, the judgement of the American Development Bank is of importance.

So, it is not the degree of prosperity in the Netherlands itself that is setting the criterion for the volume of assistance needed to equalise more or less prosperity in the three countries of the Kingdom. The criterion is set by the standards developed by foreign bodies, i.e. international organisations, and based on their experiences and observations in the same region.

\[ C. \] In federal constitutional constructions the concept of equalisation of financial capacity is carried by the idea of the integration of the component states into the federal structure.

In the intergovernmental financial relations between the partners in the Kingdom the motive of integration is lacking. The strictly autonomous powers attributed by the Charter to the countries in the monetary, financial and economic policy fields are
indicative in this question. Actually, the Netherlands, being one of the equal partners in the Kingdom, is more integrated in these fields with the Member-States of the European Union than with its Kingdom-partners. This situation also seems to prevent the Kingdom to develop into a “real” federation. For this would imply an extension of the territorial scope of the Treaty on the European Union over non-European territory. It is very doubtful that all EU Member States would agree to such extension.

\[D\] In federal states the amounts to be redistributed among the states are established by an act of the federal legislature, which includes the approval of (a house representing) the states.

The volume of financial assistance by the Netherlands to Aruba and to the Netherlands Antilles is determined by the Netherlands Parliament when giving its approval to the annual budget of the Netherlands Government. The Netherlands Government is then free to spend the money for the purpose as she sees fit. The approval is given by way of a Netherlands Act.

\[E\] In a federal state the ratio between the totals of respectively the specific grants and the general-purpose grants might be taken as an indication of the measure of autonomy that a component state is allowed to exercise. The amount of general-purpose grants tends generally to be the larger of the two categories of grants.

The financial co-operation in the Kingdom of the Netherlands consists for far its greater part of specific grants. This seems in contrast with the frequent statements Netherlands government about her recognition of the autonomy of the two overseas countries. The announced swing from project-aid to program-support reduces this contrast only marginally.

\[F\] Concluding remarks

- Both Caribbean countries are at the moment financially more dependent on the Netherlands than in colonial times.\(^{22}\)
• The institutions of intergovernmental financial relations in the Kingdom of the Netherlands show no parallelism with those in federal states.

• The intergovernmental financial relationship in the Kingdom of the Netherlands has grown into a major determinant in the constitutional set-up of the Kingdom.

_Malden, November 2002_

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NOTES

1  2001 figures. Source: CIA World fact book


3 In 1975 Surinam, a former overseas country part of the Kingdom of the Netherlands, has indeed realized independence.


5 All references to Articles are references to Articles of the Charter.

6 Amendments have been made when Surinam became independent in 1975 (see note 3) and when Aruba acquired a "status aparte" and thus became a separate country under the Charter in 1985. The last amendment took place in 1995 (Staatsblad 1995,1) when the final objective of independence for Aruba was deleted from the Charter.

7 In the period 1969 - 1995 the financial assistance amounted to about $ 2 bill. i.e. an annual average of $ 300 per capita. See: Edo Haan, p. 320.

8 The Netherlands negotiators of the Charter had to take into account that they were closely followed by the UN Committee on Information from non Self-governing Territories, the UN Trust ship Council and the General Assembly. The South American states were at the time very much opposed to lasting bonds of territories in the America's with states on other continents. The Bogotá Conference of May 1948 of the Pan American Union had accepted a resolution on this point. The critical monitoring by the UN may also explain the remarkable phenomenon that the Charter not only unites the three countries in one constitutional bond but also sets them very clearly apart at the same time.

9 Development Assistance Committee (DAC) of the Organisation of Economic Cooperation and Development (OECD)

10 Edo Haan p. 222.

11 Budget statement 1990-1991 Second Chamber nr. 21800 Chapter IV nr.2, p. 8


13 Edo Haan p. 234

14 See Staatscourant [Official Gazette], 12 March 1999, p. 3

15 Report by the Commission Modalities of Financing referred to by Edo Haan, p. 223.


17 Budget statement of 1992-1993 Second Chamber Nr.22800 Chapter IV, nr.2, p. 4: “Also the Kingdom government has a responsibility concerning the quality of the administration in the Countries. Next to the primary responsibility of the Countries themselves, the Kingdom has to offer a guarantee for the solidarity of the administration in the Countries”. The 1993 statement has been added to by the budgetstatement of 1998-1999 Second Chamber Nr. 26200 Chapter IV, nr.2, p. 5: “because of its duties under the Charter the Netherlands Government is co-responsible for the maintenance of fundamental rights and freedoms as well as of the order of law.”

Before the introduction of the Charter of the Kingdom in 1954 both Caribbean countries enjoyed very prosperous times. The government on the islands could pay for infrastructure investments without the need of lending on the capital market; it even lent money to the Netherlands government. In 1958 the GDP per capita was still 50% higher than in the Netherlands. The gradual automation of the oil industry on the islands and the mishap that befell that industry after 1966 made an end to the financial capacity of the islands.

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