

Netherlands Scientific Council for
Government Policy

Tailoring Policy to the Needs of the Small and Medium- sized Business

Summary of the Thirtieth
Report to the Government

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PART ONE

SUMMARY

This report examines the function of the small and medium-sized business (SMB) in the Dutch economy. It seeks to show whether and in what ways such firms can make a worthwhile contribution to economic growth and employment. Attention is first focused on a number of characteristic features in which the SMB differs structurally from large enterprises. The main features are a limited capacity for absorption where government regulations are concerned, a constant increase in the importance of networks involving small, medium-sized and large firms in manufacturing industry, the competitive relationship between the 'black' segment of the personal services sector, the erosion of levels of provision in certain regions resulting from the decline in the number of retail businesses and the structural increase in labour costs in the labour-intensive SMB sectors.

Recommendations are then presented, aimed at improving the economic workings of the SMB in relation to the rest of commerce and industry. Alongside measures of a generic nature there is a need for a limited sectoral policy concentrating on cost differentiation in the various sectors. The Council sees possibilities for this in fiscal policy applied within an EC context and, in the longer term, in the introduction of a partial basic income.

The recommendations in this report are based in part on preliminary opinions produced at the request of the Wetenschappelijke Raad voor het Regeringsbeleid (WRR - Advisory Council on Government Policy) by outside experts. These preliminary opinions are contained in Part Two of the report, a summary of which is included with this translation. The Council chose the SMB as a subject of study because, particularly in the last few years, a number of persons and institutions have argued that growth in employment must come about precisely in the small and medium-sized business area, and that it will not be possible to achieve economic growth coupled with growth in employment in the market sector within the relevant constraints in the fields of quality of work, the environment, energy and physical planning without harnessing the dynamic of the SMB. Taking this as its starting point, the Council is adopting an instrumental approach to the SMB. Thus the function of government policy is not in the first instance to assist self-employed entrepreneurs as such, but to stimulate the contribution which the SMB can make to employment and economic growth. Only to the extent that a strengthening of the position of the SMB leads to an improvement in the socio-economic structure is there any justification for framing policy measures designed to favour this category of enterprise.

The SMB heading covers a very varied range of firms. It is a category of enterprise to be found in almost all sectors of trade and industry, though not to the same extent in all fields. Even so the small and medium-sized business is not merely a smaller version of the large enterprise. As the sectors in which the SMB is strongly represented are geared primarily to the domestic market, the importance of the SMB to the export of goods and services from the Netherlands is relatively small.

Future government policy should be aimed primarily at creating the right conditions. Government must be expected to take on the responsibility of establishing a favourable climate within which entrepreneurs can operate successfully. This means removing obstacles which make it difficult for an entrepreneur to make a second or third start in business.

An effective SMB policy requires a framework of general policy measures, because the varied nature of the SMB area means that an

essentially sector-specific policy will encounter problems of implementation.

In order to improve the operation of the SMB in the economy as a whole it is necessary for government policy to take account of the structural characteristics of such businesses. The form and content of government measures are often geared too one-sidedly to the organisation and capacity for action of the large enterprise. This puts the SMB at a disadvantage because the absorption capacity of such firms is much smaller than that of more complex large enterprises. Simplification of general regulatory provisions and, at the same time, a substantive body of regulatory provisions which take account of the problems of the small-scale enterprise form a necessary condition for the achievement of a balance between small, medium-sized and large firms in this respect.

A network of subcontracting and supply activities has arisen between large, medium-sized and small firms, particularly in manufacturing industry. The modern industrial production process requires a balanced structure of enterprise size in the various sectors. The government can do little to achieve that balance through direct regulatory action. Policy should create the conditions which will afford the SMB access to the most recent developments in the fields of technology, financing, marketing and organisation. An integrated system of advice with full regional coverage offers the best possibilities for this. The transfer of know-how also plays an important part here.

A separate approach to the SMB in fiscal legislation can be justified on the grounds of the different purposes served by the income of the entrepreneur in such firms. Apart from spending on personal consumption his income also serves to maintain the income source itself. Retention of profits as a basis for attracting outside capital is an essential function of the entrepreneur's own income. The Council therefore considers it expedient to examine the possibility of stimulating the formation of personal capital within the SMB by way of risk-bearing loans, financing reserves and special legal status for the self-employed businessman.

The operation of the retailer in a comprehensive distribution network has been under pressure for a number of years. The small retailer is disappearing in small rural centres and inner cities as a consequence of shrinking margins and the raising of critical turnover levels. The maintenance of this part of the infrastructure, particularly for the benefit of less mobile groups in the population and to safeguard the viability of the areas concerned, perhaps calls for a measure of financial support to this sector, in the form either of an operating subsidy or a reduction in labour costs.

A sector which is of great importance in terms of growth in employment is that of commercial personal services. Moreover this sector offers jobs which conform to the wishes and qualifications of future job seekers. It is precisely in this sector, however, that competition with the black economy constitutes a major problem. The only way to check the spread of this phenomenon is to lower the production costs of the small and medium-sized firms with which the black economy competes. However the Council does not see any ways of applying sector-specific measures at national level in order to achieve a sectoral cost differentiation which is capable of implementation and proof against fraud. Since we are dealing here with labour-intensive production processes offering little scope for increases in labour productivity, the obvious approach would be that of lowering labour costs. Sectoral differentiation of wages, taxes and social security contributions would be difficult to achieve in the Dutch economy, however. The introduction of a partial basic income, as

proposed by the Council in its report 'Waarborgen voor zekerheid' (Guarantees of security), could in the longer term make a contribution to strengthening the competitive position of firms exposed to competition from the black economy. A similar effect could be achieved by a system of sectoral variations in VAT rates applied within an EC context.

1. INTRODUCTION

The small and medium-sized business (SMB) is often assigned an important role in the process of economic recovery. The SMB is expected to make a substantial contribution to job creation and economic renewal, both in the Netherlands and in other countries. This interest in the SMB is not in itself sufficient reason to launch an investigation into the future development potential of this category of enterprise. In particular when it is a question of framing recommendations for government policy in the longer term, a category-based approach of this kind needs to be justified. To begin with, therefore, we shall examine the background which led to preparation of this report by the Council on the small and medium-sized business.

It should first be pointed out that the term 'small and medium-sized business' refers to a highly heterogeneous body of firms, to be found in almost all sectors of the economy. A fully comprehensive description and analysis would require an extensive study which, in addition, would need to be fairly detailed. The extent to which the SMB is represented in each sector varies considerably. Generally speaking, sectors in which the SMB is a common feature are mainly geared to the domestic market. The recommendations in this report are based on a study of the position of the SMB in manufacturing industry, retail trade and personal and business services. The study was carried out by outside experts at the request of the Scientific Council for Government Policy (WRR). Part Two of the Dutch version of the report takes up the conclusions of the study in the form of preliminary opinions. A summary of Part Two is included in this translation.

The sectors examined vary so greatly that they present a differentiated picture of the contributions which may be expected from the SMB to job creation and economic growth.

The report does not approach the SMB primarily as an element of the Dutch economy to be stimulated in its own right. Separate attention to small and medium-sized businesses is justified only to the extent that strengthening them would help to improve the socio-economic structure. The report should be read in the context of that background consideration.

2. NEGLECT OF COMPLEMENTARITY

Primary justification for research into the future potential of the SMB lies in the complementary relationship between the large enterprise and the small or medium-sized firm. This relationship is not of the same importance in every sector. A new network is developing between large enterprise, small business and medium-sized firm in manufacturing industry in particular. This amounts to a change in the external organisation of the industrial production process, which may have consequences for government policy on industry.

There are a variety of relations between the SMB and the large enterprise. Although on the one hand they are in competition, on the other their activities are complementary. It is virtually impossible for a single firm to carry out all the phases of production. Firms are to a greater or lesser extent dependent on one another. In this report the main focus of interest is the pattern of relationships which exists between large and small firms. With the specific aim of stimulating the recovery of economic activity - and the concomitant growth in employment - a government policy is needed which takes account of this pattern of interactions between different categories of enterprise. A policy which in practice geared primarily to firms of a particular size, or which has the equivalent effect in its operation, can only be effective to a limited degree. It makes one link in the chain of production stronger, while weakening another at the same time. After a while the strong link will realise that the weakest link also influences the tempo of development.

As we have said, the formation of structural networks between firms is particularly noticeable in manufacturing industry, in subcontracting and supply. These activities are not limited to the 'hard' sections of the industrial sector however; they also occur in the field of business services. The main element is the process of subcontracting, whereby the subcontractor carries out certain operations or sections of the production process or produces particular components or services to the specifications of the contracting firm. In other words, the subcontractors produce work done to order.

Research in this field reveals that the development of structural networks cannot be attributed exclusively to economic recovery. It is to some extent the result of deliberate company policy. The background to this is a concentration of attention on the core company and on smaller-scale production¹. The process of subcontracting and supply goes in steps, bringing about a certain hierarchy in the relationship between large and small firms. It often happens that large firms contract work out to a firm of a somewhat smaller size, while the latter in its turn subcontracts the work to even smaller firms². This may give rise in the longer term to a change in the industrial structure. Present government policy has not yet taken account of this new complementarity between firms in a suitable regulatory framework. There is the danger of uneven

¹ From a lecture by A.B.M van der Plas (Philips) quoted by NRC-Handelsblad of 4 February 1987: 'Extrapolating the indicated trends for Philips means specialization in core activities, (...) widely ramified patterns of cooperation with both large and small enterprises (...)'

² F.A. von Dewall, C.W. Kroezen, R.J. Schmidt and C. Valk, *De relatie tussen grote en kleine bedrijven in de industrie* (The relation between large and small enterprises in manufacturing industry); Nederlandsche Middenstandsbank, Amsterdam, March 1985, p. 4.

development occurring between and within industrial sectors which may have the effect of slowing down economic expansion. More attention must be devoted in this context to small-scale enterprise, particularly in the industrial sector.

The intermeshing of the production activities of large and smaller firms in manufacturing industry spurs on both types of firm to technological innovation. Precisely where subcontracting and supply have a bearing on the application of new technologies, it is important to the balanced development of manufacturing industry that new technologies should be within the reach of the SMB. There is thus also a need for an 'integration policy' within which the large enterprise and the SMB can complement one another in such a way that the industrial network structure will be free from inhibiting effects in future.

The changes in the industrial sector outlined above are not taking place in the Netherlands alone; they are also in evidence abroad. They are related to a number of technological innovations and reactions to them on the demand side of the market. A key factor in the competitive strength of Dutch manufacturing is not just its capacity for differentiation and diversification, but also the speed at which new technologies are introduced. Also important is the ability to adapt to new or different customer requirements. Optimal complementarity between large, small and medium-sized firms, but complementarity which can adapt to a constantly changing context, promotes competitive strength. In view of the speed and variability of the adjustment processes referred to here, a dirigiste government policy would be inappropriate. It should instead concentrate on removing obstacles standing in the way of the necessary adjustments. Examples of such obstacles might be rules which impede or delay access to the market, insufficient availability of venture capital, rigidities on the labour market, rules which result in the preservation of a structure once established, inadequate physical, technical or administrative infrastructure or the non-availability of adequately trained staff. In other words, an 'integration policy' calls for close attention to the supply side of the market.

The phenomenon of complementarity is also in evidence in the commercial personal services sector, where, however, it takes an entirely different form from that in manufacturing industry. The accent here is on the relationship between informal activities outside the SMB and the formal economic activities of the SMB. On the one hand SMBs, for example in the field of do-it-yourself articles and tools, are the intermediate suppliers of the informal circuit; on the other hand SMBs in the sectors of repair and maintenance and personal services find themselves in competition with persons who offer similar services in the informal sector. Thus in some areas of SMB activity the growth in the informal economy is a positive sale factor because the firms concerned supply those who offer informal services to the consumer³. Certain SMBs and providers of informal services have interests in common here. In a roundabout way however they compete with other parts of the SMB sector.

Government policy has not yet found any solution to these sectoral problems. Although control is exercised to combat illegal activities, it is mainly concerned with the prevention of fiscal fraud and misuse of social security money and - under pressure from representative organisations - the control of 'cowboy' operators. However, such government measures are not dictated in the first instance by the problem areas

³ R.J. Mulder, 'De zwarte sector van de economie, een modelmatige benadering' (The black economy, a model-based approach), in: *Maandschrift Economie*, vol. 50, 1986, no. 5, pp. 362-375.

which are to be found in this connection in certain SMB sectors. A future SMB policy which seeks to establish better conditions for the growth of production and employment in this sector of the economy will require a number of interrelated measures in this area.

3. LEVEL OF PROVISION

Distribution occupies an important place within the economic process. Goods and services must be made available to the consumer at the right time and in the required quantities. In the retail sector in particular major changes have occurred over the years in the structure of distribution. These changes, reflected mainly in the blurring of trade demarcations and the broadening of stock ranges, have made it possible for the large firm to exploit its advantages of scale to the detriment of the SMB. That, coupled with the development of shopping complexes and changes in the field of regional and local planning, has caused a steady decline in the number of retail businesses and establishments.

The trend towards a shift of market share in favour of chain-store firms has increased since 1980. Between 1980 and 1983 the number of small independent grocery shops fell by nearly one third. The number of large firms (including cooperatives) increased by nearly one fifth. The market share of this group rose over that period from 42% to 55%⁴. Smaller traders are thus being forced out of the market at a rapid rate.

The resulting decline in the number of sales outlets is not evenly spread over the country as a whole. A distinct contraction in the network of provision, hence also a reduction in the level of provision, has occurred in particular regions and districts. Where the viability of 'corner shops' in towns and small rural centres has been undermined, people have to cover ever-increasing distances to do their shopping. This is a particular problem for the elderly and disabled who are less mobile and for persons with small children to look after. Many of these people do not have a car, and bicycles and public transport do not offer them a convenient means of getting around. This contraction is a matter for concern, since it means that a minimum level of infrastructural provision is no longer guaranteed for the whole population.

The deterioration in distribution of the retail sector, particularly food retailing, is not satisfactorily offset, for example, by mobile stores or the home delivery of groceries. That is because the problems of distribution are approached exclusively at the level of business economics. Shrinking margins and increasing overheads mean that the 'critical turnover' level is constantly rising, with the result that many smaller retail businesses are forced to close. The independent shopkeeper cannot take the social benefits of the business into account in his or her calculations. Without targeted government measures these benefits of a comprehensive distribution network will give way to social disadvantages. In this case too, however, an exclusively conservationist policy will be inadequate in the long term. If aspects of the 'corner shop' which are not strictly determined by business economics are to be retained, it must also be recognised that the traditional corner shop will have to change in many respects. Even in areas where there has been a contraction in the distribution structure, the consumer is imposing different and more exacting demands than in the past. To the extent that distribution has to be performed by small retailers, they too will experience the effect of changes in production and wholesale distribution.

⁴ Inkrimping en verdringing in de kruideniersbranche (Contraction and retrenchment in the grocery trade), EIM-mededelingen; September/October 1984, Zoetermeer, 1984.

4. LABOUR-INTENSIVE ENTERPRISE

Growth in large-scale production processes alone cannot be relied upon to secure the recovery of employment in the private sector of the economy. Growth in the labour-intensive branches of industry can bring a solution to the unemployment problem closer. Most segments of the SMB sector are characterised by the very labour-intensive nature of their activities, particularly when the work of self-employed entrepreneurs and members of their families is considered as well as jobs occupied by employees⁵. The potential contribution of the SMB to job creation is another major reason for the Council to investigate the future potential of this type of enterprise.

A relatively large number of young people and women work in SMBs. This has partly to do with the sectoral structure of the SMB. Thus in retailing and in the hotel and catering trade, in which the SMB is strongly represented, part-time work is very widespread. At present about 136 persons are employed in these sectors for every 100 full-time jobs. In the private sector as a whole the ratio is 114:1006. Measures to promote employment in the SMB may be of great value in combating unemployment, particularly among women and young people, where it is relatively high.

SMBs currently provide 57% of jobs in the private sector and about one-third of total employment. Although the share of the SMB in employment, both in the economy as a whole and in private industry, declined between 1950 and 1975, the trend reached a turning point in 1975. For the first time since 1950 employment in the SMB grew faster in the years 1975-80 than in the economy as a whole. In the period 1980-85 the share of the SMB in private sector employment increased, which points to more stability than elsewhere, at a time when total employment was on the decline⁷.

Against this background it might be asked whether it is not desirable, from the point of view of employment, to give more encouragement to labour-intensive and small-scale production processes, while not ignoring the need for technological development and the important, albeit indirect, contribution of the large-scale and capital-intensive sectors to employment. The labour-intensive home market sectors must be one source of new jobs. These sectors are by their nature less immediately sensitive to international developments and thus more open to the influence of policy measures. An area to be investigated will be what government policy should be used to stimulate growth in employment and in the national product by way of the SMB. A key consideration here will be the relationship between the SMB and the large enterprise.

⁵ See Part Two of this report.

⁶ Ibid.

⁷ A.F.M. Nijssen and J. van der Tuin, 'Kleinschalige werkgelegenheid, een wenkend perspectief?' (Small-scale employment, an attractive prospect?); in: *Kroniek van het Ambacht, Klein- en middenbedrijf*; nos. 5/6, 1986, p. 145.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

The SMB comprises a very heterogeneous group of enterprises, so that any set of policy measures will always vary in its effects on individual areas within the group. However it will not be possible for a future SMB policy to be an intricate one because it must be capable of implementation. But it must tie in with the main structural features of these firms, which impose specific requirements in respect of the form and content of SMB policy. Policy measures in respect of these enterprises will only be effective if their implementation is simple and transparent. Because they are less formalized in their structure and their staff are less specialised, the SMB's capacity to absorb government policy is more limited than that of larger firms. The policy developed hitherto has not taken sufficient account of these requirements. Moreover, as the regulations are amended fairly often, it is difficult for the SMB to keep track of the regulatory provisions in force.

The Council considers it necessary for government policy to take more account of the important role played by certain parts of the SMB sector in the Dutch economy as a whole. For the purposes of this report, manufacturing industry, personal and business services and the retail trade have been studied in more detail (see Summary in Part Two). This has revealed that, in manufacturing industry, a process of structural change is under way in the external organisation of the production process, brought about partly by technological developments. The complex subcontracting and supply network which has arisen is imposing increasingly exacting demands on the quality and organisation of production in small and medium-sized industrial firms. This intermeshing of activities means that industrial SMBs also need to make technologically high-grade products in order to continue to satisfy the requirements of their larger customers. To maintain this complementarity between the SMB and the large firm, however, it is important that the SMB should not lag behind in the transfer of technological, organisational, commercial and financial knowledge. The government should create conditions which will remove unnecessary obstacles to progress by SMBs.

In the personal services sector the relationship with the informal economy is of particular importance. High labour costs in this sector tend to squeeze out the formal SMB. This not only jeopardises a balanced spread of the supply of such services but also inhibits the growth of employment in such small firms. It is important that personal services supplied by SMBs should offer plenty of scope in the future for part-time employment, particularly for women⁸. Until it is possible to achieve a differentiation of labour costs geared to a sectoral increase in labour productivity, an important route to renewed growth in employment will remain closed.

⁸ It may also be noted here that the quality of work in small firms certainly does not fall short of that in large firms. Although the employment conditions and working environment are usually better in larger firms than in smaller ones, job content, working relationships and job satisfaction in small businesses are greater. These conclusions can be drawn from the study undertaken by the Economic Institute for the Small and Medium-sized Enterprise at the request of the WRR: *Kwaliteit van de arbeid in groot en klein Kleinbedrijf*, Zoetermeer, November 1986.

The retail sector also calls for special attention. Because of shifts in favour of large firms a situation threatens to develop in which large groups of consumers experience increasing difficulty in supplying their daily needs. In small rural centres and inner cities the balanced distribution of retail business is under threat. If no alternative systems of distribution are found, it will only be possible to maintain the social function of the retail shop by means of permanent operating subsidies.

A policy which does justice to the importance of the SMB in our economy can, in the Council's view, respond to the shift of emphasis already taking place towards more generic measures in the form of scale-related regulations which are easy to implement. This should be accompanied by an improvement in the transfer of knowledge to the SMB, with regionally based implementation coupled with the integration of knowledge transfer and advisory services in a number of fields.

5.2 Policy recommendations

The direction in which the Council is seeking its policy recommendations has been presented above. An important consideration is that the SMB can be expected to make a contribution to growth in employment and the national income. The policy recommendations are primarily qualitative in character. The first recommendations presented below are of a general nature. These are followed by specific recommendations relating primarily to retail distribution and to commercial personal services.

General policy recommendations

- The present system of government regulations applying to the SMB must be reassessed to make it simpler and more transparent. Regulations which exceed the degree of formalization of the SMBs should be brought more into line with their limited informational and administrative capacity, which constitutes a significant obstacle to the application of government regulations to the SMBs.
- Formal criteria, procedures and conditions contained in regulations applicable to the SMB should not change too quickly, as the limited informational and administrative capacity of the SMB cannot cope.
- Financial incentives should be accessible to the SMB. This means that the application procedures and conditions must be such that the information costs are not prohibitive and the structural characteristics of the SMB do not form an obstacle to the granting of such incentives.
- The transfer of knowledge to firms in the SMB sector must be organized on a regional and multidisciplinary basis. The closer to hand the knowledge source is, the more use the SMB entrepreneur makes of it. One aspect of regional organization could be to link the transfer of knowledge with such institutions as the Chambers of Commerce. In conjunction with these institutions a transparent and simple advisory structure can be achieved in the form of 'enterprise centres' which maintain contacts with knowledge institutions of different levels and in different disciplines. It is important here that attention should not be devoted in the first instance to isolated, partial recommendations, but that the whole problem area should be kept in view. Advice in sub-areas often makes for inadequate solutions to the problems of the SMB operator. Integrated advice in a region is therefore a necessary condition for the optimal transfer of knowledge. Further integration of the existing advisory services (Government Industrial Consulting Service, knowledge transfer

bureaux, Regional Institutes for Small and Medium-sized Business, Chambers of Commerce) should be considered in this context.

The Advisory Committee on the Extension of Technology Policy (Dekker Committee) recently argued in favour of the formation of a regional advice infrastructure for the benefit of the SMB. Transfer of knowledge is an important element in a climate designed to promote growth in the SMB sector⁹.

- A large proportion of firms in the SMB sector encounter considerable obstacles in the financial field. The formation of the firm's own venture capital in the start-up and growth phases is often a difficult process. Fiscal legislation plays a role here. Under the present legislation, more advantages are accorded to financing by outside capital than to the use of a firm's own capital. The cost of financing by outside capital is tax-deductible, while the formation of the firm's own capital is taxed relatively heavily. Newly-established firms in particular need capital of their own which may serve as a basis for the attraction of outside capital. The Council recommends that a study be conducted as soon as possible to determine the specific difficulties involved in the implementation of fiscal measures to stimulate the formation of an SMB's own capital. Possibilities here are the introduction of a financing reserve, special legal status for self-employed entrepreneurs and a form of risk-bearing loan. The notion of a financing reserve would make it possible to leave the portion of profits invested in the firm untaxed by removing this sum from the fiscal profit concept. This would involve an appropriation to the financing reserve from the profits for the year. A financing reserve of this kind would be of particular value to self-employed entrepreneurs who do not have the legal status of a private limited company (Besloten Vennootschap - BV), but are governed by the rules on income tax. The marginal rates of income tax increase as profits rise, whereas the rate of corporation tax remains constant at a maximum of 60% of the top marginal rate of income tax. A limit could be imposed on the untaxed reserve facility in order to prevent the misuse of appropriations to financing reserves. Special legal status for self-employed entrepreneurs would, under certain conditions, enable entrepreneurs (and their employees) to cover economic risks through capital formation. A risk-bearing loan could offer a financing instrument combining the features of outside capital and venture capital. The lender in this instance would make a loan to the firm and would be able to offset any losses on the capital supplied against his or her taxable income. Newly-established businesses are often obliged to call on entrepreneurs' immediate circles of friends and relatives to attract venture capital. The introduction of the risk-bearing loan would make it easier to raise such capital.

In this context mention might also be made of the possibilities offered by share options. If these could be offered to SMB employees, an effective instrument would become available for the raising of risk-bearing capital. These staff options would however have to be exempt from tax.

An aggressive policy on the SMB would, in the Council's view, require action to stimulate the dynamics of this sector. This could be achieved by increasing the scope for moving into and out of business activity. It should be possible to set up a business quickly and

⁹ Adviescommissie voor de uitbouw van het technologiebeleid (Advisory Committee on the Extension of Technology Policy), *Wissel tussen kennis en markt (Interaction between know-how and market)*; The Hague, 1987, Section 5.

without encountering many obstacles. This will require appropriate procedures for the granting of the necessary licences on establishment, expansion or change of business. In addition the financing of new and growing businesses calls for more facilities than are available at present. It is precisely here that financing problems often arise.

Another aspect of dynamics arises on the winding up of a business. This may have serious consequences, particularly if it is accompanied by insolvency or the virtually total loss of the entrepreneur's private capital. The bad reputation left by bankruptcy often prevents an entrepreneur from starting again. The consequences of the financial risks which are nevertheless so characteristic of self-employment thus constitute a factor inhibiting the development of new-business activity. The employment of staff can also form a hindrance if the business has to contract or be wound up. More flexible dismissal law and an adjustment of the insolvency legislation on the same lines would be of great importance to the promotion of dynamics in the SMB. Although absolutely fraud-proof legislation in these areas is impossible, the Council considers it desirable and necessary, taking into account the situation abroad too, that government restrictions in these areas be removed as far as possible. In this way a substantial improvement will be achieved in the business climate for the SMB and important conditions will be created for the dynamic development of these enterprises.

Specific policy recommendations

The specific policy recommendations relate to the retail trade and to commercial and other personal services.

- With regard to the *retail trade* it is considered that an operating subsidy or a reduction in labour costs may well be necessary in order to maintain a comprehensive distribution network in small rural centres and inner cities. As far as a reduction in labour costs is concerned, it will not be possible to achieve a fraud-proof system of provisions which is simple and capable of implementation on a sectoral basis. The practical difficulties associated with an appropriate sectoral differentiation of labour costs have convinced the Council that a solution is only possible in the longer term by way of the partial basic income. Despite the problems and opposition which the introduction of a basic income provision of this kind would bring in its train, it would have an effect comparable to that of sectoral labour cost differentiation, while the negative side-effects would remain limited. However, if a partial basic income were to be introduced only in threatened areas of the retail sector, considerable implementation problems would arise. As an instrument, the partial basic income would only be feasible if introduced on a general basis for the population as a whole.
- Local authorities will need to be more circumspect in giving planning permission for large-scale out-of-town retailing establishments. Considerations relating to socially desirable distribution patterns should play a key role here.
- With regard to *commercial personal services* it is necessary in the first instance to bring the informal economy under control. This can only be done effectively by lowering the market price of formal services. Only in this way will this distortion of competition be tackled at its economic heart. Of course there are also non-economic factors which provide an incentive to informal economic activities, but a major reason for the existence of the informal sector is still the price difference between work on which tax is paid and work done on a

'moonlighting' basis. This applies in particular to activities in the field of skilled manual work and personal services, such as fitting appliances, car servicing, painting and decorating, hairdressing, gardening, building maintenance etc. An indication of the primary effects of such a measure can be found in a study conducted by the Economic Institute for Small and Medium-sized Business, investigating the relation between employment and price reduction in the motor trade¹⁰. It is estimated that a 10% price reduction on repair and maintenance work in the motor trade would lead to an increase in employment by 4500 to 6500 working years. Overall this means that a 1% price reduction would correspond to almost a 1% increase in employment.

The introduction of the partial basic income could in the longer term help to strengthen the competitive position of the personal services sector as against the black economy. A similar effect could be achieved if sectoral variations in VAT rates could be introduced at EC level. Another argument in favour of this move is the fact that the informal economy is not a specifically Dutch phenomenon, but also occurs elsewhere in Europe. An EC policy under which VAT rates could be varied according to the relationship between the informal and formal economy would be of great value in effectively combating the informal economy to the advantage of the official SMB.

- The achievement of an effective cost reduction in the field of commercial personal services would therefore require a radical readjustment of government policy. It is possible that the sectoral variation of VAT rates at Community level would be more readily implemented than provision for a partial basic income at national level. Indeed the latter instrument would require a complete restructuring of the social security system, while the sectoral variation of VAT rates at EC level would require less far-reaching institutional changes.
- Measures also need to be taken in the non-financial sphere to discourage informal activities. The concern here would be on the one hand to lower access thresholds to the formal sector and on the other hand to raise thresholds of access to the informal sector. More streamlined and faster procedures for those starting out in business would tend to lower thresholds, as would the simplification of a number of administrative requirements for SMBs. Access to the informal sector could be made more difficult by measures such as the setting up of special anti-fraud teams, the introduction of a social-fiscal number and better coordination between the various authorities (Economic Intelligence Department, Municipal Social Service, Chambers of Commerce, tax authorities) which would encourage the exchange of relevant information.
- The Council is of the opinion that measures to favour SMB sectors which are highly sensitive to competition from the informal economy are necessary because of the substantial contribution which these sectors should make to growth in employment - employment which also offers opportunities to persons who cannot be placed in high-tech activities. If these measures are not taken, no significant growth in employment can be expected in the private sector.

¹⁰ Economic Institute for the Small and Medium-sized Enterprise, Meer werkgelegenheid in de reparatiesector? een verkennende studie (More jobs in the repair trade? An exploratory study); Zoetermeer, March 1985.

PART TWO

SUMMARY

The intention in the second part of the report on the small and medium-sized business (SMB) is to provide preliminary opinions from which to construct the policy recommendations formulated in Part One. The problem area with which this report is concerned is: what contributions can the SMB make in the future to the promotion of employment and economic growth. External constraints in the field of the quality of work, the environment, energy and physical planning had to be taken into account here. The aim of this report is, on the basis of a consideration of the relevance of government policy to these problems, to develop conclusions on the nature and content of future government policy. There is a need in this connection, in particular, for signals as to whether or not a sectoral policy should be pursued.

In order to do justice to the variety of forms taken by the SMB, a sectoral approach has been adopted but, within that framework, flexibility has been applied in the choice of fields for attention in each sector, depending on their relevance. This part of the report is structured around a classification by sectors, i.e. manufacturing industry, retail trade, commercial personal services and business services. Thus not all SMB sectors are covered. In order to bridge this gap and nevertheless to give a picture of the SMB which is complete in quantitative terms, we discuss the position and function of the SMB within the national economy. However, we begin with a general, quantitative consideration of the everyday reality of the SMB.

Everyday reality of the SMB

The self-employed entrepreneur, as an individual, is of crucial importance in the SMB. His or her authority is very wide-ranging, certainly in small firms, and is often exercised alone or shared with few others.

The attraction of business enterprise seems for many to lie precisely in this self-employment (freedom and independence in choices of objectives etc) and in fulfilment of personal values. Potential in these respects is closely bound up with smallness of scale as a precondition for the independence and the personal touch which the entrepreneur wants. Profit does not seem to be the overriding consideration for most entrepreneurs. More important factors seem to be work which appeals to them, the esteem in which they are held as professionals and personal relations. Many self-employed entrepreneurs are content with a modest income based on profit from their business.

Information and communication are closely interconnected. The self-employed entrepreneur is strongly oriented towards personal contacts and the spoken word. Absorption capacity is often low, but there is much room for improvement in respect of senders of information and channels of communication. Most small businesses make use of direct business contacts as their first and main source of information: customers, suppliers, colleagues. Outside advisers are rarely consulted. This applies to an even greater degree to the information counters of government departments and the like. An entrepreneur's personal information network may be his or her principal asset.

Although smallness of scale is attractive as a precondition for independence and the personal stamp, it carries significant disadvantages.

In terms of business economics these often amount to higher costs or lower yields per unit product. However, operation on a large scale also has disadvantages such as a disproportionate increase in procedures. The strengths and weaknesses of small and large enterprises are often a mirror image of one another. Thus a certain complementarity can be discerned.

In overall terms, the characteristics of the small business (employing fewer than 10 persons) point to a certain potential for dynamism. In many firms however the first concern is stability. Innovations are generated more often by a drive to self-fulfilment than the quest for profit, growth or power. Motivation is often internally oriented.

Only a minority of small firms grow into medium-sized firms (employing 10-99 persons). Such growth entails the loss of both smallness of scale (by definition) and the independence and the personal character of the business. Unless a clearly defined strategy is pursued, which is usually not the case, there are also dangers inherent in the financial structure during the growth phase.

In its way the SMB, intuitively and often in an unstructured manner, makes a contribution to maximizing market efficiency and innovation. Here too there is complementarity with the large enterprise. With regard to the contribution made by the SMB to employment it is generally the case that in times of recession the SMB tends to retain jobs more readily than large firms, while in times of high economic activity there is less growth in employment than in the large enterprise. Job content and quality in the SMB tends to be proportionately greater because of the relatively high degree of integration and variation in tasks.

The contributions of the SMB to markets, innovation and employment are also more dependent on management strengths and weaknesses than those of the large enterprise. Here too the analysis shows the situations are often reversed. The strong points of the SMB (capacity for prompt and effective action, motivation, work done to order etc) are often the weak points of the large firm. On the other hand, the strengths of a large enterprise often lie in areas where small firms are weak (scale effects, lack of information, communication problems etc). Thus here too there is a dynamic complementarity which manifests itself in particular in the field of innovation. Large firms often produce the basic innovations while the SMB, through a process of diffusion, secures their widespread application to the benefit of the economy as a whole.

The position and function of the SMB

Small and medium-sized businesses are defined as private profit-making undertakings employing no more than 99 persons. This category of firms accounts for almost 30% of the output of the enterprise sector as a whole, a significant proportion of which is contributed by manufacturing industry and by wholesale and retail trade. The production of the SMB, in contrast to that of the large enterprise, is fairly evenly spread over the sectors.

The sectors in which SMBs predominate are generally characterized by lower labour productivity and are thus more labour-intensive than those in which the large enterprise is the norm. At the same time this implies that relatively less energy is consumed in the SMB production process than in that of the large enterprise. SMB production is mainly geared to the home market. Sub-contracting and supply to the consumer market play a major role here. The SMB labour force, which accounts for more than half of private sector employment, is characterized by a predominance of self-employed entrepreneurs, young people and

women. The average level of education is comparatively low and vocationally oriented. The quality of the work - certainly in terms of its intrinsic characteristics - can be considered relatively high. These characteristics must be taken into account in any decision on a policy aimed at stimulating SMBs, the more so as a number of policy-relevant categories are involved. Self-employed entrepreneurs can contribute to a renewal of the economic process. Young people often gain their first work experience in a small or medium-sized enterprise, while the increasing presence of women on the labour market can be catered for by the provision of SMB jobs.

Manufacturing Industry

If positive expectations for the development potential of manufacturing industry are ultimately to be realised, it is of great importance that:

- exports of manufactured goods should show a favourable trend;
- arrangements for cooperation between small and large manufacturing enterprises should take on a more structural character (supply networks);
- technological know-how should be disseminated to a sufficient degree throughout all sectors and enterprise size categories in manufacturing industry (information networks).

With regard to exports we would draw attention to the importance of increasing the number of exporting firms in manufacturing industry. The SMB in particular lags far behind the large firms in this respect. Because the relatively poor export performance of SMBs in manufacturing industry is not entirely structural in origin, a selective government policy may provide valuable stimulus. The major problems for the SMB are a lack of export marketing techniques and a shortage of knowledge in many areas. The government could play a part here - more than it does at present - by means of measures to strengthen the infrastructure in the form of publicity, transfer of information, credit insurance and the like. Attempts could be made to increase indirect exports from SMBs by the involvement of trading houses. Measures could also be applied to stimulate the opening up of new markets, particularly in the developing countries, while at the same time retaining European export markets.

A major proportion of SMBs in the manufacturing sector supply the purchasing departments of the big industrial firms. Instead of competing with one another, small and large-scale production processes often complement one another. There are indications of structural trends in which large firms concentrate increasingly on their own core activities and subcontract parts of their production. Thus supply networks have arisen which are assuming increasing importance for the overall performance of Dutch manufacturing industry. A necessary condition for the optimum functioning of these supply networks, which often develop gradually over a period, is that small firms should, like larger ones, be able to operate flexibly and at a technologically advanced level. The presence of know-how (sufficiently well-trained staff) and the availability of financial resources (to finance modern, high-grade equipment) are thus absolutely essential. The clients may often be willing to invest in these areas of subcontracting companies. In order to prevent the excessive dependence of supplier firms on the larger firms, measures to strengthen structures are required to increase the transparency of the market for finished products. An overall improvement of the commercial policy of supplier firms would be necessary in order to guarantee that their work is of a sufficient standard. Cooperation can thus be based on competition rather than on total submission to the dictates of the client. Consideration should no doubt also be given to the development by trade associations of standards for client/supplier relations.

An essential condition for improved export performance and full participation in supply networks is that an SMB should be sufficiently innovative. The policy on priorities, which developed into a technology policy, also made explicit reference to this aspect - and the same is certainly true of the discussions pursued subsequently. Because most small and medium-sized manufacturing firms cannot conduct basic research, most innovations must reach the SMB by way of dissemination. A technology policy which is not geared exclusively to a strategy of 'picking the winners' will thus also endeavour to increase the general effectiveness of manufacturing industry by promoting the widest possible dissemination of technological know-how. An important precondition for such a policy is a change of strategy from 'technology push' to 'demand pull'. Such a shift of policy can be put into effect precisely by the promotion of supply networks and the placing of government contracts. It is also of great importance that the government should remove obstacles to financing, knowledge transfer and training. The range of instruments developed by the government to stimulate innovation is still insufficiently geared to the very sector for which it was mainly intended, ie the SMB. INSTIR (Innovation Stimulation Regulation) with its 100-hour research and development criterion, is the most salient example of this. The government could also ensure that the transfer of know-how is tailored more exactly to the requirements of the SMB, ie by providing a decentralized and integrated advisory service.

All things considered the future prospects of manufacturing industry as a whole and the SMB as a constituent part of it seem positive for the first time in many years. However, even with these favourable prospects, the main contribution of manufacturing industry is likely to be in the area of economic growth (added value). Because of continuing structural increases in labour productivity the contribution to employment is likely to be relatively modest. But the fact remains that a manufacturing sector which is functioning efficiently generates significant multiplier effects, particularly in the direction of business services and wholesale trading.

The retail trade

Although the retail trade, thanks to high catch-up demand and a reduction in prices, due in particular to a sharp drop in energy costs, is currently in a phase of moderate expansion, it has to be assumed that the growth in retail turnover will remain small in structural terms. Because of this a section of the retail sector, particularly some large store chains, is seeking alternative sale possibilities in the field of personal services. These include skilled tradesmen's services, copying, photograph processing, passport photography, finance, catering activities, travel services and holiday home letting. It will no doubt be possible in the future to add a number of other activities to this list. In short the retail sector is showing a strong trend towards diversification across sectoral boundaries, the trend being set by changes in the needs and behaviour of consumers.

Prospects for employment in the retail trade are gloomy, because of both the limited scope for expansion and economies of scale and automation, both of which tend to increase efficiency and reduce the demand for labour. The closure of small shops will also mean job losses. On the other hand a further increase in part-time work is likely.

In the retail sector the SMB is rapidly losing ground to the large enterprise. Although this process is furthest advanced in the food sector, a clear decline in the market share of the SMB is also to be observed in the consumer durables sector. Unfortunately it is not possible to provide a statistical analysis of this trend. The definition of the small and medium-sized business is based on the legal concept of an enterprise

which is also applied by the Central Bureau of Statistics. However this excludes from the observation many different forms of ownership which play a part in determining the position of a business in distribution.

The strong trend towards concentration in the retail trade constitutes a real threat to the SMB and to the extent of coverage afforded by the distribution network. This also applies *mutatis mutandis* in respect of the far-reaching internationalization and automation which are taking place. On the other hand the internationalization of the retail trade, wholesale trade and manufacturing industry acts as a brake on the formation of monopolies both on the procurement market and on the consumer market.

The relatively strong position of the large firm rests on the following foundations:

- economies of scale;
- a better position in the acquisition of trading sites;
- a stronger position on the procurement market;
- greater scope for automation;
- a broader base for a marketing policy.

The commercial SMB organizations have not reacted decisively enough to the concentration of power among the large chain stores or to the decline in consumer spending during the depression years which lie behind us. This is in part a consequence of conflicts of interest within these organizations, competition and the reluctance of participating retailers to align their policy with that of the organization. Many, in relative terms, larger and more profitable SMB retailers have set up their own organizations or have entered into commitments with large chain stores as franchisees, thus further weakening the position of smaller businesses. Nevertheless it seems likely that SMBs will be forced to enter into greater commercial cooperation in order to maintain their position in the long term.

The extent of the network of outlets is a serious cause for concern. This has been impaired both by economies of scale and by an increasing trend towards establishments outside population centres. These developments raise the threat of purchasing power being withdrawn from existing shopping centres and put the level of provision in small centres and old inner city districts under pressure. The government could take action here by offering existing centres space and facilities under acceptable conditions. One recommendation might be the integration of several activities aimed at the consumer. The viability of small neighbourhood shopping centres and shops in small population centres could also be strengthened by widening their range (neighbourhood economy). The presence of shops is just as socially important to residents as that of non-commercial service agencies. This applies in particular to the less mobile consumers. It would seem justifiable on social grounds therefore to offer operating subsidies to shopkeepers in these centres.

The question of shop opening hours is a topical one. Certain groups of consumers have a clear need for longer opening hours at the end of their working day. In view of the costs this would entail for smaller shops, however, preference should be given to allowing more scope for the staggering of opening hours rather than extending them.

Attention has been drawn to the relatively weak position of commercial cooperation arrangements in the retail trade compared with the large chain store firms. This is probably one of the main reasons for the weakening of the market position of the SMB, especially in the food

sector. Nonetheless commercial cooperation in the retail trade is becoming increasingly inevitable for the SMB. The government has a responsibility here to guide this process along the right lines. A possibility might be to draft legislation for a licensing system regulating the rights and obligations of the members of a trade organization. The provision of advice to individual entrepreneurs considering joining a scheme could be of value. A watchdog body to deal with possible complaints about compliance with cooperation contracts might also be desirable.

It is generally known that the income of a self-employed entrepreneur serves not just to finance his private expenditure but also as a source of investment capital and a means of maintaining venture capital at a level commensurate with the developing range of his business. This multiple function is recognized and catered for by government through the self-employed person's deduction from income tax and wealth tax. This provision is not unreasonable in general terms. However it does not alter the fact that the SMB has great problems to contend with. Indeed at present rates of taxation it is hardly possible to maintain sufficient reserves to finance expansion and investment. This is a serious problem particularly for young and active entrepreneurs. Then there are the financing problems arising on transfer of the business. It is in fact extremely difficult to buy out retiring entrepreneurs and to guarantee them and their partners good provision for their old age. In family businesses the business capital is eroded by inheritance tax and by the claims of co-heirs of the incoming entrepreneur. Accordingly, the question arises of whether the mixing of private income and capital and business profit for fiscal purposes is fundamentally right and whether it might not be preferable by far to distinguish between them as large firms already do. Also the progressive rates of income tax which are applied to unincorporated businesses are difficult to reconcile with the fixed rates for incorporated businesses. The principle of equal burdens is clearly called into question here.

It is to be hoped that the preparatory work on the introduction of a special legal status for the self-employed - attention being devoted here amongst other things to the fiscal profit concept in the light of the triple function of a self-employed person's income, the position of a spouse who also works in the business and the taxation levied on transfer of the business - will result in a clear separation between private income and business income.

The laws governing the establishment of businesses legislation have, from a historical point of view, given enormous stimulus to education for the small entrepreneur. Nevertheless the professional ability requirements have not prevented about 60% of new businesses from closing within a few years. It might also be wondered whether the Establishment of Businesses Act diplomas still measure up to the demands of business enterprise under present-day conditions. Moreover many 'quasi'-businesses operate in the black economy and the grey areas between it and the formal sector, in which competence requirements play no part.

Against this background it would be preferable to replace the establishment legislation by a licensing system based on the standard of business plans. Anyone wishing to start a business would have to submit his or her business plan for the approval of a body designated for the purpose. The main assessment criterion for the granting of a licence would be the feasibility of the plans. The designated bodies could in principle be the same institutions (possibly supplemented by others) as those dealing with the allocation of credit guarantees. This proposal ties in with current practice, whereby business plans are taking on an increasingly important

role, particularly in the assessment of creditworthiness. The great advantage of this system over establishment legislation is that the qualities of the future entrepreneur can be assessed with the business plans, in relation to the nature and scope of the business. Thus, for example, allowance could be made for the influence of a trade organization which the person concerned plans to join. Moreover the prospective entrepreneur would be compelled to make thorough preparations, which would prevent many failures. The vetting bodies would also need to have authority to impose compulsory monitoring for a few years as a condition for an establishment licence, as can be done under the procedure for credit guarantees. Such a licensing system would also have an influence on the training of future entrepreneurs, since the importance of practical knowledge and practical experience would receive greater emphasis under this arrangement than in Establishment of Businesses Act diplomas.

Commercial personal services

It is clear from developments in the commercial personal services sector that there is scope here for further economic growth and for an expansion in employment. It has been demonstrated that there is an unmistakable link between growth in personal prosperity and growth in the demand for personal services. For a large part of the population prosperity is still increasing. Moreover changes are taking place in the social order which in all probability will increase the demand for services. Points coming to mind here are the continuing reduction in family size and the increase in the number of married women working outside the home. The implication in both cases may be that services which used to be provided within the family now have to be sought elsewhere. This development is in line with Engel's law, which predicted a greater demand for luxury items as prosperity increased. However this law did not take account of the continued rise in the price of luxuries, particularly personal services. Increased leisure and the modern aids which manufacturing industry has made available to consumers may in certain cases offer a way out. In many cases, however, cheap services will be sought in the black economy. It is generally easy enough to locate an alternative to the formal sector. The access threshold to the black economy is often low. Relatively little capital is needed, and it is usually possible to get by with little training.

The government could tackle the black economy in various ways in addition to combating fraud. The first of these would be employment, to which the very labour-intensive commercial personal services sector in particular could make an important contribution. Low productivity rates in the formal sector have combined with an expected growth in demand for these services to create an area of inelasticity from which the only outlet is the black economy. However the quality of the work required in this sector is generally relatively low. Precisely because of this, the creation of formal job opportunities in the commercial personal services sector would seem to offer prospects for a large number of long-term unemployed who would stand virtually no chance in the face of the requirements currently imposed by the demand side of the labour market. Secondly, there is clearly a task for government in arranging for a network of repair and maintenance activities which is as transparent and accessible as possible, and in ensuring that less mobile consumers and those less well acquainted with the informal networks are not deprived of numerous services of this kind.

An important condition for the achievement of the objectives mentioned above - the creation of jobs, for members of the labour force with or without training coupled with the maintenance of a good level of provision - is dependent on keeping down the price of labour in the commer-

cial personal services sector. Only in that way will it be possible to resist pressure to some extent at least from the black economy. The government has a number of options open to it for moderating the price of commercial personal services. Ideas on this point are formulated in more detail in Part One.

Business services

In recent years great changes have been occurring in the business services sector. The number of firms and persons employed has increased considerably; completely new types of business have appeared and entirely new services have made their entry onto the market. A striking development has been the appearance of a large number of small firms on the one hand, accompanied on the other by a considerable increase in economies of scale (accountancy).

In assessing and evaluating these changes and expansion it is important not to lose sight of the complementary nature of business services. Business services do not constitute a self-contained branch of service provision; they form a sector complementary to the rest of business and industry. That complementarity arises from two factors:

1. demand for business services from manufacturing firms, other service-providing firms and government, in connection with the reporting of company results and the occurrence of problems in organization or in the introduction of innovations;
2. the supply of business services by other firms and the public sector, due to privatisation and hiving off of previously internal services.

The second factor leads in particular to an increase in the number of firms in the business services sector. The first has a major influence on the volume of work in business services.

To the extent that expansion on the services market is not determined by the requirements of regulations (compulsory auditing), the demand for business services may be influenced by favourable company results in other sectors of business and problems in those companies. Not infrequently outside experts are called in when problems in the organization cannot be solved internally. In a somewhat wider context business services are called upon by other firms, particularly when they are undergoing reorganization or innovation (premises, production system, work organization).

Generally speaking the supply of business services in the economy seems to have a more beneficial effect on company results than on the employment situation. After all, business services contribute more to productivity in the firms to which they are supplied, in manufacturing industry for example, than to the expansion of employment in manufacturing industry. Not infrequently an increase in the number of persons employed in business services is a direct consequence of the disappearance of jobs in other sectors. Little is known as to the extent of this phenomenon.

There is no reason to expect that the relatively vigorous growth in employment in business services which has occurred in recent decades will continue at the same rate. Indeed that growth has already fallen off somewhat since 1980 and in any case was not equally vigorous in all sections of this category of enterprise. Nevertheless it is possible to expect an increase in the number of firms in the business services sector. A large number of these will be offshoots and spin-offs from existing large organizations. Their contribution to employment will not be very great.

The increase in organizational economies of scale in chartered accountants' practices and firms closely allied to them may be expected to have a negative rather than a positive effect on employment. There will still be a demand for highly qualified staff however.

On the whole business services are not a problem area requiring the development of a specific policy. Because of the complementary nature of the business services sector, however, it is indirectly sensitive to policy measures relating to other sectors of business and industry and government institutions.

The Council has published the following Preliminary and Background Studies (in Dutch)

First term of office

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- V 2 I.J. Schoonenboom en H.M. In 't Veld-Langeveld, De emancipatie van de vrouw (*Women's Emancipation*) (1976)
- V 3 G.R. Muster, Van dubbeltjes en kwartjes, een literatuurstudie over ongelijkheid in de Nederlandse inkomstenverdeling (*Dimes and Quarters: a Literature Study on Inequality in the Distribution of Income in the Netherlands*) (1976)
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- V 5 A.Ch.M. Rijnen a.o., Adviseren aan de overheid (*Advising the Government*) (1977)
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Second term of office

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The Council commissioned a number of experts to carry out preliminary studies for the report 'A Coherent Media Policy'. The following studies were published in a separate series entitled 'Media Policy Background and Preliminary Studies' (in Dutch):

- M 1 J.M. de Meij: Overheid en uitingsvrijheid (*The Government and Freedom of Speech*) (1982)
- M 2 E.H. Hollander: Kleinschalige massacommunicatie; locale omroepvormen in West-Europa (*Small-scale Mass Communications: Local Broadcasting Forms in Western Europe*) (1982)
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- M 4 L.P.H. Schoonderwoerd, W.P. Knulst/Sociaal en Cultureel Planbureau: Mediagebruik bij verruiming van het aanbod (*Media Use and a Wider Media Range*) (1982)
- M 5 N. Boerma, J.J. van Cuilenburg, E. Diemer, J.J. Oostenbrink, J. van Putten: De omroep: wet en beleid; een juridisch-politologische evaluatie van de Omroepwet (*Broadcasting – Legislation and Government Policy: A Legal and Political Evaluation of the Broadcasting Act*) (1982)
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- M 9 K.J. Alsem, M.A. Boorman, G.J. van Helden, J.C. Hoekstra, P.S.H. Leeftang, H.H.M. Visser: De aanbodstructuur van de periodiek verschijnende pers in Nederland (*The Supply Structure of Regular Press Publications in the Netherlands*) (1982)
- M10 W.P. Knulst/Sociaal en Cultureel Planbureau: Mediabeleid en cultuurbeleid; Een studie over de samenhang tussen de twee beleidsvelden (*Media Policy and Cultural Policy: A Study of the Interrelationship between the two Fields of Policy*) (1982)
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2. *Structuur van de Nederlandse economie* (Structure of the Netherlands Economy), 1974.
3. *Energiebeleid op langere termijn* (Long-term Energy Policy,) 1974. Reports 1 to 3 are published in one volume.
4. *Milieubeleid* (Environment Policy), 1974.
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11. *Overzicht externe adviesorganen vna de centrale overheid* (Survey of External Advisory Bodies of the Central Government), 1976.
12. *Externe adviesorganen van de centrale overheid, beschrijving, ontwikkelingen, aanbevelingen* (External Advisory Bodies of the Central Government: Description, Developments, Recommendations), 1977.
13. *'Maken wij er werk van?' Verkenningen omtrent de verhouding tussen actieven en niet-actieven* ('Do we make Work our Business?' An Exploratory Study of the Relations between Economically Active and Inactive Persons), 1977.
14. *Overzicht interne adviesorganen van de centrale overheid* (Survey of Internal Advisory Bodies of the Central Government), 1977.
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17. *Etnische minderheden – A. Rapport aan de Regering; B. Naar een algemeen etnisch minderhedenbeleid?* (Ethnic minorities – A. Report to the Government; B. Towards an Overall Ethnic Minorities Policy?), 1979.
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Reports nos. 13, 15, 17, 18, 28 and 31 have been translated into English; English summaries are available of Reports nos. 16, 18, 19, 20, 25, 26, 27 and 29; Report no 23 has been translated into German.