Reports to the Government

Institutions and Cities 37

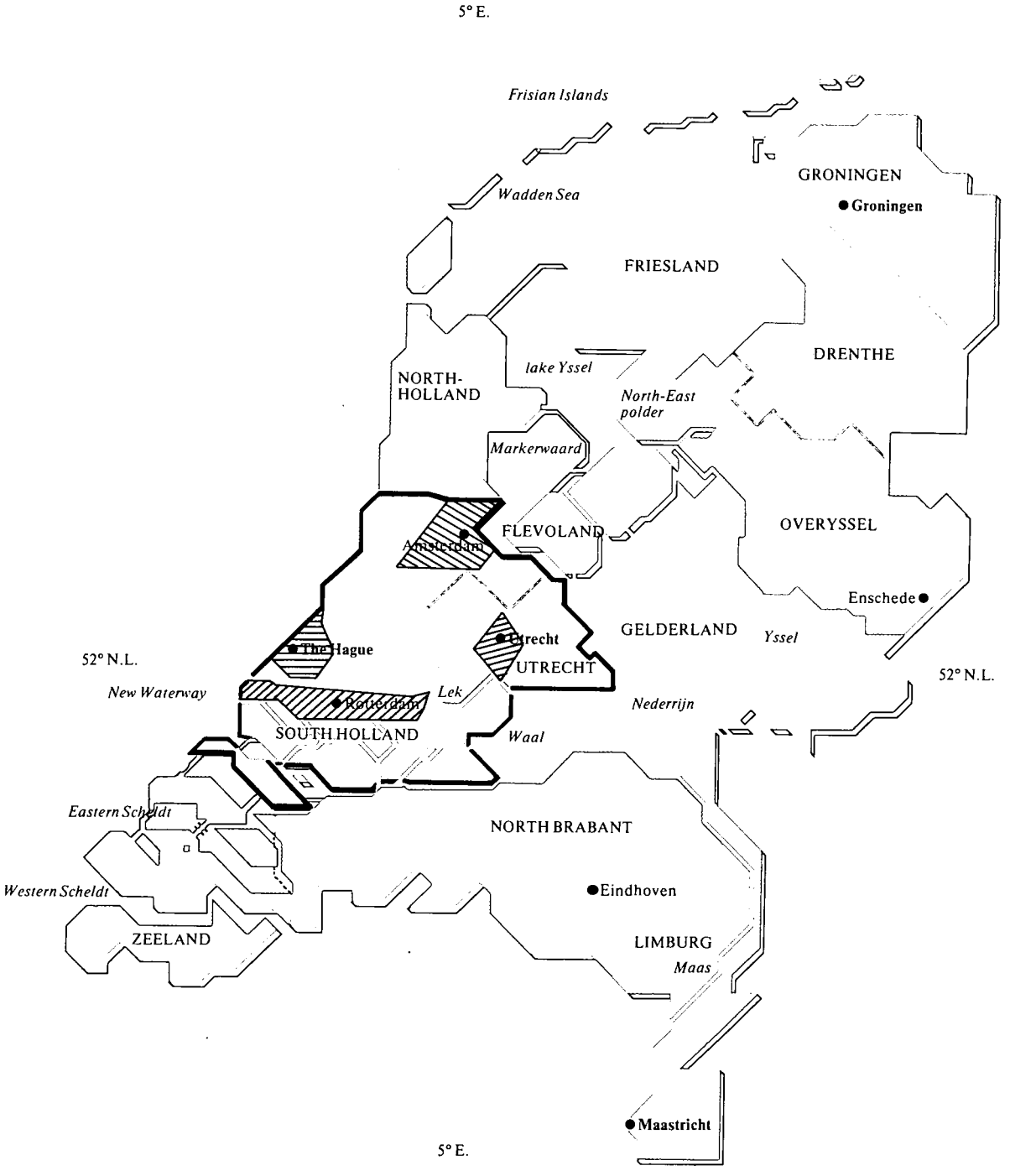
The Dutch Experience 1990

Revised Version

The Hague, 1990

Netherlands Scientific Council for Government Policy

Contents


5° E.
Frisian Islands
GRONINGEN
Wadden Sea
Groningen
FRIESLAND
DRENTHE
NORTH-
HOLLAND
lake Yssel
North-East
polder
Markerwaard
FLEVOLAND
OVERYSSEL
Amsterdam
Enschede
Utrecht
GELDERLAND
Yssel
52° N.L.
The Hague
UTRECHT
52° N.L.
New Waterway
Lek
Rotterdam
Nederrijn
SOUTH HOLLAND
Waal
Eastern Scheldt
NORTH BRABANT
Western Scheldt
Eindhoven
ZEELAND
LIMBURG
Maas
Maastricht
5° E.
0 10 20 30 40 50 60 70 80 km
0 10 20 30 40 50 miles
"Randstad" (Western Conurbation) including the Four Major Cities, annex the Metropolitan Areas; the 12 Provinces and some other towns with over 100.000 inhabitants.

Summary

In 'Institutions and Cities' the Scientific Council for Government Policy focuses on the growing importance of metropolitan regions in international economic and social relations: in addition to their major role within national economies they have a nodal function in international networks as concentration and transfer points for goods, services and information, and as the cores of the metropolitan regions the Netherlands' cities must be able to fulfil that nodal function effectively. This is a vital national interest: the cities' economic and social importance is such that what happens to them concerns us all.

Despite the upturn of the national economy, trends in the Netherlands' major cities - Amsterdam, Rotterdam, The Hague and Utrecht - still leave much to be desired, if to differing extents, and our analyses lead us to conclude that without additional action and new policies the improvements that are needed are unlikely to occur. The position at the level of the metropolitan regions, i.e. encompassing the central cities and peripheral municipalities, is broadly similar to the national picture.

We attribute the inadequate response to metropolitan problems primarily to a skewing of institutional relationships. In both finance and decision-making Dutch local authorities, even those in the largest cities, are highly dependent on the centre, while certain vital functions which extend across municipal boundaries within the metropolitan regions cannot be performed adequately for lack of a suitable administrative structure. If they are to develop and pursue active policies of their own city authorities need to be given greater administrative and financial elbow-room; they also need to be made more accountable (as their counterparts in other countries are) for the economic and social trends affecting their areas.

Against this background we make a series of recommendations relating in turn to the cities' economic development, their social problems, urban social amenities and financial and administrative relationships.

Economic development
To enhance city authorities' concern with the fortunes of the local economy the share of their revenues derived from local taxes and charges should be increased, thereby encouraging speedier and more flexible responses. We return to this point under the heading of financial relationships.

Our cities' international appeal as locations for business and industry depends on improvements in the physical infrastructure, and while the Fourth Memorandum on Physical Planning laid sound foundations in this area we believe the national interest to require that the cities be given greater priority. Specific areas where we consider the need for action to be urgent are: the strengthening of the country's intercontinental ports (the Port of Rotterdam and, particularly, Schiphol Airport); the creation of a Randstad Rail system, building on existing infrastructure and with links to

the developing international high-speed network; and coordinated improvements in metropolitan public transport.

Action to ease the movement of business traffic is vital. This may require tighter controls notably on car-borne commuting, but we must avoid creating a situation where measures such as tolls and peak-hour surcharges on the annual vehicle licence erect barriers around the cities that further erode their competitive position at home and abroad.

As in other countries, central government should pursue economic development policies geared to what in the international context are growth sectors in the metropolitan economy. Steps already taken in this direction should be followed up as soon as possible.

Social problems
Remedies for the cumulation and concentration of social problems in the cities are also to be found, in our view, in the activation of local responsibilities: local government must come to feel more strongly the need to pursue appropriate policies.

In this connection we recommend action to strengthen the cities' weak social structure by rectifying the currently skewed pattern of housing tenure whereby social rented housing is concentrated in the central cities and owner-occupied housing in the fringe municipalities.

We also favour increasing local government's contribution to funding welfare assistance, with allowance made for structural inequalities between 'strong' and 'weak' municipalities. A pilot scheme could be established, involving a small number of cities, under which each local authority would receive a payment from central government equivalent to its additional contribution and would retain any surplus resulting from a reduction in the numbers on assistance; safeguards could be incorporated for a situation in which the numbers on assistance rose by more than the national average. In this way municipalities would be rewarded for creating conditions leading a reduction in assistance entitlements.

Alongside the existing instruments (work-experience placements, job pools and the like) action against unemployment should make greater use of initiatives within industry. Greater interaction is needed between employment policy, training and employment services, with a more concrete role for the job-seekers and firms themselves. Measures to promote a culture of enterprise within the cities should incorporate a specific focus on the long-term unemployed and ethnic minorities.

Urban social amenities
Education, employment services and health care and social work can be used to influence economic and social trends. To this end greater provision is needed, in the context of the functional decentralization taking place under the reforms now initiated, for a metropolitan input: in the space now being created for local actors the municipalities should be given a new and larger role.

Financial relationships

In keeping with our wish to give urban municipalities a greater interest in local economic and social trends we favour some decentralization of local-government finance. Local authorities currently receive 63% of their revenues directly from central government as grants while a further 27% comes indirectly from central government as general grant from the Municipalities Fund; only 10% is derived from local taxes and charges. We believe that such local revenues should be brought more closely into line with the amount of general grant of the municipalities fund, making up perhaps 20-25% of the total, thereby strengthening local authorities' concern with those elements in their tax base which are subject to local influence while maintaining the equalizing function of general grant. Municipalities' freedom to use general grant as they see fit is an important principle.

The policy of abolishing specific grants should continue, but with the focus shifting to the relatively small group of large specific grants which have so far remained untouched.

If municipal powers of taxation are to be widened to generate more local revenue the most obvious route is via real-estate tax. The current linkage between the tax rates for users and owners is intended as a brake on local tax revenues and in keeping with the central thrust of this report we recommend its abolition. Other options for increasing local revenues include existing taxes (such as the betterment and infrastructure levy and the building-sites tax) and the introduction of new taxes; fees and charges, widely used in other countries, could also be used to increase local income.

The administrative framework

In the Netherlands more than in other countries the various sectors of public policy tend to be dealt with separately at national level; in the cities many problems come together. This circumstance limits metropolitan areas' capacity to act and does not promote administrative vigour.

Our decentralization proposals focusing on selected policy fields (education, health care and employment services) are aimed at improving this situation, but in addition we believe that some way must be found of binding metropolitan municipalities together more tightly than is possible under current legislation governing formal inter-municipal cooperation: only then can certain strategic functions be properly performed at regional level. To this end we recommend the creation of new limited authorities, at the level of the metropolitan regions, with specific powers withdrawn from the central and peripheral municipalities in the areas of public transport, housing provision and environmental planning and protection. Such an approach would allow the establishment of a system of metropolitan administration in the Netherlands without doing violence to the existing structure of local government. It would also enable expansion of the territory of the central municipalities to be limited to those cases where it is essential (of the cities considered in this report, only The Hague and Utrecht).

In the longer term the creation of regional authorities could lead to changes in the powers of the provinces.

Introduction 1

In this country there is a need to organize thinking on the role and importance of our major cities from a *national* viewpoint, determining what policies are required to revitalize their economies and tackle their growing social problems, and in 1987 the Scientific Council for Government Policy, recognizing this fact, initiated preparations for this report. Our view was shared by others, among them politicians and administrators, including in the cities themselves; the Fourth Memorandum on Physical Planning, then on the point of publication, was the first government policy statement to include a systematic review of the cities' position.

The Scientific Council for Government Policy felt that in addition to the Fourth Memorandum, which quite rightly put the spotlight on the major cities but did so primarily from a planning viewpoint, a broader exploration was needed of metropolitan problems and their possible solutions in which the main tasks facing policy-makers in different sectors were charted together with the longer-term administrative and policy changes that they entailed.

Our report covers the metropolitan regions of Amsterdam, Rotterdam, The Hague and Utrecht. While not world cities, in terms of their functional significance and the areas over which their influence extends these four are firmly in the second tier of European cities. The Netherlands' other cities follow some way behind; this is true even of Eindhoven, which is often mentioned as the country's fifth city and whose importance is indeed steadily growing. Our report should not however be seen as a monograph on four particular cities: rather is its subject 'the Dutch city' in a general sense, and as such its analyses, conclusions and recommendations apply in principle to the cities mentioned and to any others eventually acquiring similar status, whatever their number.

This report is not, despite its length, comprehensive. Nor could it be: a city is almost a world in itself and urban policy encompasses almost every policy field. It would be an illusion to suppose that detailed scenarios could be compiled for the future of our cities or of urban policy: too many policy choices are involved which can only be determined in the interplay between the various parties concerned, since the scale of the problems and the opportunities which exist are not everywhere the same.
We were thus faced with a choice: we could either delve deeply into a small number of issues we saw as crucial or adopt a more wide-ranging approach. That we opted for the latter means that, with a few exceptions, our recommendations are couched in general terms and in some cases are mainly intended to point in a particular direction.

A second qualification concerns the relationship between the major cities and other local authorities. There are elements in our analyses, conclusions and recommendations which refer explicitly or implicitly to that relationship but we have not subjected it to systematic study. Our focus is always on the

major cities and/or metropolitan regions, albeit without losing sight of the wider context. While we therefore do not seek to pronounce on that relationship we nevertheless recognize that it will play an important part in the debate on and implementation of our proposals.

A similar qualification applies to those of our proposals (e.g. on the administrative and financial framework of local government) which have implications not just for the major cities or metropolitan areas but for the whole municipal tier. Here too it is from the viewpoint of our central concern, the future of this country's cities, that our conclusions and recommendations are formulated, albeit the considerations behind our proposals do include the recognition that in some cases putting those recommendations into practice would require general changes at municipal level. It should be borne in mind here that while the problems which prompted this study are generally more severe in the cities many are also to be found elsewhere in less concentrated and cumulated form.

An advantage of the approach adopted was that it allowed us to look at our central theme - best defined as the *conditions* for urban revitalization - from many angles. We focused notably on the question whether the institutional framework in which urban development takes place is up to the job and in particular whether it incorporates the kind of self-regulating mechanisms and incentives needed for an adequate response to international economic challenges and problems relating to social structure and urban amenities.

Answering these questions demands an appreciation of the nature of contemporary urbanism, the key features of which can be summarized as follows:

a. *internationalization*: metropolitan areas increasingly serve as strategic nodes in networks extending across national frontiers and as such they are increasingly involved with one another and in competition with one another;

b. *regionalization*: regions, and more particularly metropolitan regions, are increasingly taking direct and independent action; as elements within nation states they are entering into relationships of their own within and beyond national borders;

c. *shifts* are taking place (linked with the phenomena of internationalization and regionalization) in the rank order of metropolitan areas and the links between them. Rank orderings and functional linkages which had remained fairly stable since the industrialization of the United States and north-western Europe have begun to change for the first time, with shifts taking place within and between countries and even between continents;

d. urbanization and its effects are *spreading* over ever larger areas. This means that the cities and their immediate environs are inextricably bound up with one another and jointly determine the nature and fate of the metropolitan areas, in which the city forms a more or less powerful centre. It also means that the cities are undergoing a process of spatial and functional differentiation whereby they are increasingly both competing with and

linked to their immediate and more distant neighbours, including middle-ranking cities and rural areas;

e. the cities are more than ever the object of large-scale *migration* at international level, producing a growing social and cultural differentiation. Many migrants are poorly equipped to take advantage of job opportunities, with the result that problems of poverty and unemployment are exacerbated.

These features of contemporary urbanism indicate the influences affecting cities' economic and social development. Successful urban policy must be based on considered responses to such influences; the test of our institutions' effectiveness is that they allow the cities to take advantage of international changes, not least in the interest of the country as a whole.

Our theme is developed as follows. Chapter 2 sets the Netherlands' metropolitan regions in the international context with a view not only to indicating relative positions but also to learning from policy strategies tried elsewhere in response to external pressures. In the context of this internatinal identification the main argument and the analytical framework of the report will be outlined in this chapter. Chapters 3-6 are concerned successively with the metropolitan economy, social problems in the cities, urban social amenities and the financial and administrative framework. While each of these policy areas has a dynamic of its own (so that e.g. social problems cannot be reduced to economic problems, or vice versa), there are many interactions between them; these too are considered in the report. Chapter 7, finally, recapitulates and brings together the analyses covering the four areas and sets out a number of policy recommendations.

'Institutions and Cities' was prepared by an Scientific Council for Government Policy internal project group chaired by Professor Anton M.J. Kreukels, who is a Council member; the project secretary was Willem G.M. Salet, who is a member of the Council's staff. Others participating in the project group during the report's completion were Professor Bernard M.S. van Praag (Council member) and Frans C.F. Bletz, Paul Haighton, Paul den Hoed, Monique G. van der Hulst, Gerrit J. Kronjee, Dr Cees W.A.M. van Paridon and Jan C.I. de Pree (Council staff members).

Analytical framework: the international dimension 2

2.1 Introduction

To bring out the relative position of the Netherlands' major cities, encompassing both social and economic circumstances and trends and their institutional setting, this chapter begins with a general exploration of the international context (section 2.2); in this way we hope to clarify the nature and scale of the substantive and institutional challenges facing the cities. The international context is also important because of the strong demonstration effects which mark urban culture: in terms of both problems and solutions it commonly happens that certain basic mechanisms come into operation in different cities and countries at roughly the same time, so that what has already happened elsewhere is often a pointer to new developments.

Section 2.3 gives an indication, set against the international background, of the broad challenges facing metropolitan policy; the specific tasks facing this country's cities in particular areas are detailed in subsequent chapters. Section 2.4 provides an overview of the analytical framework and points of view covered in our policy analyses.

The evolution of cities cannot be divorced from that of society in general. Until the last century cities were still very much free-standing entities, the nerve centres of early commerce and of industrializing western societies, but since then the phenomenon of the autonomous city has virtually vanished. Urban centres are still economic and cultural nodal points, but one of the most conspicuous features of the current situation is their growing incorporation into national and international frameworks. They do however tend to be marked by greater concentrations of social problems and in many respects display a compression of general social developments.

Urban life has expanded well beyond its original territory: urban activities have shifted to a much higher spatial scale and some of them - e.g. in the areas of physical planning, labour markets, housing and transport - have a new centre of gravity at regional level. Economic activity is increasingly dispersed and its sphere of influence spreads even further, extending in the Netherlands along development corridors stretching out from the west of the country. Indeed, the values and norms of Dutch society as a whole could be said to be those of an urban culture.

As in the course of time urban life has spilled over its former boundaries, so has an opposing development occurred: urban development is now affected by external influences, sometimes from far afield.

Urban demographic trends have for some time been dominated by migration, with migratory flows from other countries in particular having a considerable impact on population composition, while cities' economic

dependence is rapidly growing as a result of economic and infrastructural internationalization. The factors affecting the development of many types of urban activity can now be influenced at city level only to a limited extent. Many traditional businesses have disappeared and many urban firms have become part of concerns which operate in international markets and have their own networks and logistical chains. Functional links are developing between metropolises in specialized fields, familiar examples including the networks based on Tokyo, London and New York in South-East Asia, Europe and North America respectively. Many such networks can be identified in the areas of finance, trade, transport, production, services, science, culture and so on, and the strength or weakness of the metropolitan areas as engines of the national economy are increasingly determined by their position in these international networks.

In the area of government too policy determination has shifted to higher levels, more so in the Netherlands than in other comparable countries: many aspects of public policy have been centralized over the last forty or fifty years, leaving Dutch local authorities with relatively limited powers. In the 1980s the Netherlands' centralizing tendencies came to stand out even more clearly as both Scandinavia and countries in southern Europe (France, Spain, Italy and Portugal) undertook considerable devolution to the local and regional tiers of government. In many cases this involved financial decentralization, which then had consequences in the decentralization of substantive policy responsibilities [1].

Recognizing the many forms of interdependence linking cities and their wider environment we set out to explore the situation and prospects of the Netherlands' metropolitan areas in relation to that wider environment and the shifts taking place within it. We do not assume urban autonomy. Indeed, responsibility for metropolitan policy cannot be the exclusive preserve of local bodies, public or private: national and even international organizations and institutions also have parts to play, and our cities' prospects depend precisely on the ability of *all concerned* to make optimum use of their strengths in a constructive interplay [2]. The question whether, given the social and economic challenges facing the Netherlands' cities, the existing pattern of institutional relationships facilitates such a process is at the heart of this report.

The massive impact of external influences notwithstanding, the course of urban development is in no sense *predetermined*: in the four policy areas considered in this report there are fundamental choices to be made regarding both the substance of urban policy and the distribution of roles among the parties concerned with it. Our exploration of the international context is intended to help clarify the nature of those choices.

1] M. Goldsmith, 'Social, economic and political trends and their impact on British cities', in: Regenerating the cities, M. Parkinson, B. Foley and D. Judd (eds.), Manchester, Manchester University Press, 1988, pp. 28-38.

2] P.E. Peterson, City Limits; Chicago, University of Chicago Press, 1981.

2.2 International identification of the major cities

In what follows we explore the following four themes:
- economic activity,
- the urban social structure,
- social amenities in urban areas,
- the financial and administrative framework.

2.2.1 Economic activity

The impact of global economic restructuring on urban economies is profound: technological innovation, the migration of industry to low-cost producer countries and the subsequent economic modernization of some of those countries have brought major geopolitical and economic shifts and forced the pace of structural change in the west's traditional urban manufacturing centres. These shifts of economic power, recently much discussed, include global movements, notably from western Europe and the eastern seaboard of the United States to the Pacific rim; they also include shifts within continents, such as the movement of activity from the north-eastern 'frost belt' to the southern 'sun belt' in the United States and the growth alongside the traditional manufacturing areas of northern Europe of centres in the Alpine region (Munich, Zurich, Milan), with its repercussions along various spatial corridors.

In considering such spatial shifts it must be borne in mind that processes generally alter structures only in the longer term and that new spatial configurations often prove unstable. Urban areas whose traditional concentrations of manufacturing industry made them engines of national growth are often still of great economic importance on account of sheer size, even if their growth is now less rapid than that of other areas. What matters is whether, in a period of economic transition, the traditional centres can eventually acquire a new dynamic role for themselves. The changes in spatial patterns that take place over time often present a very different picture from cross-sections at a given moment and 'out-dated' urban areas can develop a new appeal after modernization, as witness New York and even Pittsburg in the American 'frost belt', Dusseldorf on the fringes of the Ruhr and the miraculous revival of Glasgow on the periphery of the British and European economies. Location *outside* new spatial and infrastructural configurations clearly does not prevent urban development, even if it presents additional challenges.

While external influences on urban economies (in the form of world-wide economic changes) cannot be affected by urban policy, the widely differing policy consequences that may be drawn from them do have a major impact on the development of urban areas. International comparisons are highly instructive in this respect. In Britain and the United States a number of old manufacturing centres went through an accelerated economic transition in the 1980s; in West Germany, in contrast, the advancing urban areas of the south experienced rapid development but the traditional industrial centres notably of the Ruhr were propped up with massive state support and without proper renewal of the economic structure.

In Britain there are wide regional differences, broadly between north and south, but the combined strategy of strengthened market forces on the one hand and an active economic-development policy for urban areas on the other has meant that even in peripheral regions (western Scotland, north-eastern England, the Midlands, Wales) much obsolete industry has gone and advanced manufacturing activities (from high-technology to offshore) and business services are now growing and developing; Liverpool, on Merseyside, remains the back marker in the race for economic recovery. In prosperous Germany, in contrast, traditional industries in declining areas have been protected: in the Ruhr, for example, rationalization was needed notably in the mining sector, but federal, regional and local policy long remained geared to protecting outdated industries. A recent report by the Sachverständigenrat (Expert Economical Council) found that between 1978 and 1986 50 billion marks had gone into 'cosseting' the coal and steel industry alone [3], but despite this the area's steady decline spread to a number of other industries. Economic renewal in the Ruhr's currently most successful city, Essen, compares poorly with the far greater dynamic of British cities which previously had a similar profile. How urban economic policies respond to external developments clearly matters.

The changing nature of the west's economy has left deep marks particularly in urban areas, since it is there that traditional manufacturing industry was concentrated. The importance of manufacturing in urban areas has declined considerably over the last twenty-five years. Geographical movements have also had an impact. Fluctuations and local variations aside, the general pattern was one of an initial sharp decline in population as a result of the departure to the suburbs notably of the middle class; this selective exodus of population was quickly followed by a more general loss of economic functions and employment as firms and other institutions left for the suburbs and beyond. One result of this process was greater interdependence between the metropolitan cores and their surrounding areas in terms of residential, employment and amenity provision.

This process, and the associated movement of population, industry and wealth from the cities to the suburbs and beyond, was first charted in systematic and penetrating fashion by Hoover and Vernon [4], who found that commuting was taking place over ever greater distances and that this 'double suburbanization' was associated with a regrouping of economic functions in the metropolitan cores and suburban areas. The trend towards more diffuse patterns of urbanization still continues in western countries and could extend to entire national territories. The spread of the suburbs around metropolitan cores is extending ever further out into rural areas.

[3] Sachverständigenrat, Arbeitsplätze im Wettbewerb, Viertes Kapitel, Wirtschaftliche Erneuerung altindustrieller Problemregionen: Das Beispiel Ruhrgebiet, Jahresgutachten 1988/1989 (Jobs in competition, chapter 4, Economic renewal in industrial problem regions: the example of the Ruhr); Annual Report 1988/1989; Stuttgart, Kohlkammer, 1989, pp. 183-211.

[4] E.M. Hoover and R. Vernon, Anatomy of a Metropolis, the changing distribution of people and jobs within the New York Metropolitan Region; Cambridge Mass., Harvard University Press, 1959.

In Europe the tendency to de-urbanization was first noted in the old industrial areas of Britain and West Germany (1980) [5]. A follow-up study in 1988 found that the exodus from the cities and urban areas (to 'half-way areas') had resumed after a brief period of stabilization and was now spreading to other European countries. Indeed, in just a few decades the population of some old industrial cities has virtually halved. There are exceptions to this general trend, however; these include the great metropolises, such as London and Paris, which continue to exercise a considerable power of attraction, while a number of urban areas have special background features which put them on a development path of their own. As we shall see, the Netherlands' major cities fall into the latter group.

In general cities have sought expansion in services while the modernization of manufacturing has spread deep into rural areas. Again, though, urban development is not predetermined: some cities have held onto their manufacturing industry and others have been able to attract new forms of manufacturing. Indeed, for new types of industry at the interface between manufacturing and services the cities are, at least in principle, highly suitable locations. Some cities have achieved better results than others in the service economy. What is everywhere clear is that the economic links between urban and non-urban areas are becoming more important and that cities will have to carve out a new economic position for themselves in this competitive (and at the same time cooperative) interplay of forces. In such an 'urban field' (Friedmann, Miller), 'urban realm' (Webber) or 'metroplex' (Meltzer) [6] there are far more cultural and morphological variants than in the somewhat hierarchically ordered patterns of the past.

Here in the Netherlands the process of suburbanization from the 1960s onwards was for a relatively long period restricted to population (in fact in the last decade urban populations have again begun to rise) and it was not until the late 1970s that the exodus of economic functions began. This process is still very much under way and the size of the geographical areas involved continues to grow, so that the Randstad is no longer a defined urban area. Economic restructuring has meant a sharp decline in manufacturing in Amsterdam and Rotterdam (its level was already traditionally low in The Hague and Utrecht). The growth areas of the urban economy are in business services, particularly the new activities associated with Schiphol Airport. The modernization and renewal of manufacturing, in contrast, is concentrated along eastward and southward development corridors outside the Randstad; the new service industries too are beginning

[5] P. Hall and D. Hay, Growth Centres in the European Urban System; London, Heinemann Educational Books, 1980. P. Cheshire, D. Hay et al., Urban problems and regional policy in the European Community; Luxembourg, Office for Official Publications of the European Communities, 1988.

[6] J. Friedmann and J. Miller, 'The urban field as human habitat', in: Journal of the American Institute of Planners, Nov. 1965, vol. 31, no. 4, pp. 312-320. M.M. Webber, 'The urban place and the non-place urban realm', in: M.M. Webber et al., Explorations into urban structure; Philadelphia, University of Philadelphia Press, 1964, pp. 79-90. J. Meltzer, Metropolis to metroplex, the social and spatial planning of cities; Baltimore and London, Johns Hopkins University Press, 1984.

gradually to spread along these corridors. These are not favourable developments from the viewpoint of the major cities' economic position.

International observers such as Peter Hall have pointed out that government attempts to curb spatial suburbanization through forms of 'urban containment' are doomed to fail: the diffusion of urban activities over a wide area is a fact and cannot be curbed by the imposition of artificial 'containers' [7]. Dispersed development need not be a threat to the cities, though, provided that the latter can hold onto a prominent role. Diffusion does not necessarily entail erosion of the urban economy. While the international examples show the geographical dispersal to be largely beyond the influence of government the economic fate of the cities certainly is not.

2.2.2 Social structure

Many different social problems coexist in cities, often combined within particular social groups or urban neighbourhoods. For the purpose of this report we made certain choices in this area. Recent reports of the Scientific Council for Government Policy have covered a number of problems of an unmistakably urban nature: 'Law Enforcement' dealt at length with issues relating to public order and narcotics policy, while 'Immigrant Policy' focused on the position of immigrants, who are largely concentrated in urban areas. In this report our social analysis is concerned with *poverty* and *unemployment*, two issues which became a major focus of policy in this country and elsewhere in the 1980s. These are central problems which are associated, in fact if not of necessity, with other problems or indicators of deprivation (such as educational level, health and experience of employment), and the channels through which government can bring influence to bear on them are scattered over a range of policy areas.

Social developments in the cities are bound up with the economic trends discussed earlier. The large-scale and often sudden loss of jobs in manufacturing has created unemployment problems of a qualitative and structural nature. The rapid rate of economic transformation and its concentration in urban areas have led to a cumulation of problems for which the cities were unprepared, while the skewed profile both of the group of households leaving the cities and of the new arrivals has adversely affected the employment profile of the urban population. Even those cities which have successfully entered the age of the service economy are faced with structural mismatches on the labour market.

It was the development of this kind of situation in economically successful American cities in the early 1970s that gave rise to the notion of the dual economy in which growth coexists with worsening unemployment. While most American cities have now overcome the problem of structural unemployment many are now faced with a new problem of structural poverty. The picture in European cities varies somewhat: in general the

[7] P. Hall, R. Thomas, H. Gracey and R. Drewett, The Containment of Urban England, Vols. I and II; London, Allen and Unwin, 1973.

pattern is one of large-scale and concentrated unemployment, but while Dutch cities have been among the harder-hit the relatively high level of welfare provision in this country has meant that poverty is less acute. In addition the urban labour market is highly segmented in the Netherlands: in the Amsterdam region, for example, there is no structural overlap between the city's job-seekers and labour demand in the region's only real growth pole centred around Schiphol Airport.

Urban social problems extend beyond the consequences of economic shocks: they have a dynamic of their own which in turn creates unfavourable conditions for economic development. Once again the international picture, varied though it is, clearly shows how radically cities' social structure, and the associated typically urban problems, have changed over the last twenty years. The United States' 'war against poverty' of the 1960s was intended to counter the general situation of disadvantage of large sections of the urban population who, though poor, lived in relatively integrated social structures in relatively coherent urban neighbourhoods; the structure of the urban population, in terms of demographic composition and such factors as income and education, was at that time remarkably balanced.

The position today is very different. In the city of Boston, for example, there is little or no unemployment but 40% of the population are below the poverty line, while in Massachusetts as a whole 40% of the unemployed can neither read or write: in this 'best educated state in America' 30% of adults never completed elementary school [8]. Such problems are concentrated in the cities and are of a new intensity and acuteness. This spatial concentration reflects the selective nature of inward and outward movements of population over many years. The structure of the population is out of balance at city level, and in the United States this imbalance sometimes affects whole urban areas.

The typical urban problems of the 1980s may be less broad (albeit with considerable local variations) but they are generally deeper: increasingly they are structural in nature, with disadvantage concentrated within particular groups (the elderly, the unemployed, ethnic minorities, one-parent families) and spatial segmentation growing [9]. Today's problem areas are no longer the 'poor but honest' working-class neighbourhoods of the past, with their mechanisms of integration and characteristic social control; social bonds have often been broken or become restricted to small isolated subcultures. An individual's chance of escape from such a neigbourhood is small.

This narrowing and deepening of urban problems is more marked in American and (to a lesser extent) British cities than in this country. In

[8] P. Dommergues, 'Unanswered questions', in: Mechanisms for job creation; Paris, OECD, 1989, p. 32.

[9] D.E. Shalala and J. Vitullo-Martin, Rethinking the urban crisis; Journal of the American Planning Association, Winter 1989, Vol. 55, nr. 1, pp. 3-13.

Europe, and particularly here in the Netherlands, welfare benefits were and have remained both higher and above all more easily accessible. Changes in the underlying social structure are less profound and less visible in Dutch cities than elsewhere, so that action to prevent its further erosion can still succeed. This stage has already been passed in some areas of American and also British cities.

The continued existence of the social-welfare system does not alter the fact that Dutch cities' underlying social structure has changed considerably. The nature of its composition and the selectivity of inward and outward migration mean that the Dutch urban population is now characterized by high levels of unemployment and economic inactivity and low social mobility, and to this extent the international trends mentioned earlier have also affected this country. The structure of the population particularly of Amsterdam and, to a lesser extent, Rotterdam is now highly skewed in a number of respects. This statement requires immediate qualification, however: there are very wide differences between the central cities themselves and the suburban municipalities, and population structure at the level of the metropolitan regions matches that of the country as a whole.

2.2.3 Social provision and amenities

The structure and functioning of western welfare states have undergone change virtually everywhere in the last decade as new political and substantive priorities have been adopted partly with the aim of curbing public spending. In this connection it is noteworthy that, supplementing the physical urban revitalization that has taken place over the last fifteen years, new strategic emphases have been introduced in the area of urban social amenities, widely defined. In Canadian, American and British cities in particular there have been radical changes in the nature of urban policy, with traditional concerns (with their focus on the physical structure) being enriched in some cities with new emphases on education and health, often originating in the non-governmental sector, and new links being established between the public, private and voluntary sectors. Networks for the exchange of information are also developing between cities. On the European continent the growth of new urban amenities is at a somewhat earlier stage - here in the Netherlands a start is currently being made in the area of education in Rotterdam and in that of health in Eindhoven - but compared with the efforts being made in cities elsewhere there has as yet been no real strategic reorientation.

After the war policy in the broad field of social amenities, from health care to education or housing, came to be dominated by central government in virtually all countries, but significant changes are now taking place in the *structure of institutional relationships* in this field. These involve shifts both between national and regional or local centres of decision-making (with both central government and the centrally organized non-governmental sector giving greater scope to local institutions able to respond more efficiently to local circumstances) and between the governmental and non-governmental sectors (as government increasingly seeks to divest itself of particular functions). As a result local authorities, particularly in the cities, find themselves affected by two structural shifts, namely from higher to

lower levels of decision-making and from the governmental to the non-governmental sector.

Considerable changes are thus taking place in the institutional framework in which policies for the metropolitan areas are developed and implemented. The initiative for such changes generally lies not with local authorities but with a central government seeking to lighten its administrative load, and the conditions for the transfer of functions and the development of new forms of decentralization and devolution continue to be set centrally. Wherever this centrally led process occurs the question arises whether the bodies to which functions are decentralized or powers devolved are to be subjects or objects within the new pattern of institutional relationships. What is certain is that the role of local bodies, particularly those in the cities, will change substantively; willy-nilly the cities will find themselves in the front line of the shifts taking place in the institutional structures of the welfare state.This radical shift is still very much under way everywhere; nowhere has it yet crystallized into a new and enduring pattern of relationships. Public and private bodies in Dutch cities have an additional barrier to overcome in this process: more than comparable cities in other countries, as the welfare state has developed our cities have come to occupy a position of *dependence* vis a vis national power centres, and now that the institutional framework is beginning to shift the first withdrawal symptoms are beginning to show.

2.2.4 The financial and administrative framework

The structure of Dutch municipalities' revenues and expenditures is unique: nowhere else in the democratic west is the financial relationship between the tiers of government so dominated by the centre. Part of the explanation for this state of affairs is that wide variations in the range and standard of local services or the level of local taxes are less easily tolerated in a small than in a large country, but European integration is gradually removing the rationale of this extreme uniformity and centralization.

In fact Dutch local authorities are relatively big spenders, by international standards, but the combination of financial and policy centralization limits their power to determine local policies or spending patterns. For the major cities, now increasingly involved in international competition, this institutional framework creates considerable difficulties, limiting as it does their ability to develop distinctive profiles through the reordering of expenditures on economic development, social policy and urban services and facilities.

Central government's domination of municipal finances does not only restrict local powers, a point already often made in the Netherlands; no less serious is another consequence, hitherto insufficiently recognized, namely that financial centralization removes from the local political culture any incentive to make a link between the sources of municipal *revenue* and the types of municipal *expenditure*. Not only does central government meet much of the cost of the high level of amenities available to city dwellers, it is also the main beneficiary of income generated by investment in the local social and economic fabric. This fact determines the structure and functioning of our local political culture; in this respect the position of

Dutch municipalities is very different from that of their counterparts elsewhere, which bear greater financial risks and responsibilities.

Virtually all metropolitan areas face problems in the area of administrative organization and in recent decades many countries have tried new forms of administration in their metropolitan areas. Most of the experiments have not been long-lasting, in that they have had to change as society has changed; in some cases new structures have been abolished, only to be replaced at some later stage with yet another variation. In any event most countries now have a tradition of administrative differentiation which recognizes metropolitan areas' special needs, something that has never taken root in the Netherlands.

In English-speaking countries regional structures enjoyed a vogue in the 1970s which has now largely passed, though the administrative vacuum left behind presents problems. Many of the metropolitan structures centred on American cities now lead an enfeebled existence and in Britain the metropolitan counties established in 1974 were abolished in the 1980s along with the Greater London Council. The 'regional gap' is often filled with joint boards and other bodies with specific functions; arrangements tend to be fluid. Only from Toronto are there reports of a durable and effective form of organization at metropolitan level under which decision-making powers in respect of strategic functions are reserved to a regional authority, that derives its power from the constituant local administration.

Various countries on the European continent have experimented with metropolitan structures, with varying degrees of success. The metropolitan authority centred on Copenhagen eventually failed, but a variety of arrangements continue to function in West Germany and new structures are in place in Belgium (Brussels) and France. The French reform is of particular interest since it involved a major shift in the central funding of local government from specific to general grants.

This country's two experiments in 'light touch' metropolitan government (the Rijnmond Authority, centred on Rotterdam, and the similar authority based around Eindhoven) have been wound up and formal inter-municipal collaboration now once again relies solely on voluntary arrangements under the Joint Structures Act. In the metropolitan areas, with their wide disparities between the central and suburban municipalities, voluntary cooperation has produced disappointing results, and it was against that background that the Montijn Committee recently reopened the administrative debate with its report 'Big cities, great opportunities'. It is our intention to add some new suggestions to that debate.

2.3 Elements of urban policy

Our brief review of the international context indicated the scale of the challenges facing metropolitan social and political institutions in the four areas on which we focused. There is a need to:

- strengthen economic competitiveness,
- strengthen the social structure,

- create distinctive and appropriate patterns of social amenities,
- establish an appropriate institutional framework.

2.3.1 Strengthening economic competitiveness

A major challenge to urban policy in a period of economic transition is the strengthening of economic competitiveness, not only vis a vis metropolitan areas in other countries but also in relations between the cities themselves and other centres in the metropolitan regions and beyond. Since urban economies are greatly affected by forces beyond the direct control of the local institutions immediately concerned the development of cities' potential demands a combined effort; a national policy input is essential both to improve cities' prospects in international competition and to ensure that urban economies develop the right kind of profile in the national context.

Central governments and other national bodies have an interest in the economic future of cities because developments in these economic cores determine the fate of national economies. Poor growth in the metropolitan economy does not alter the fact of this structural interdependence: urban growth depends on national growth and vice-versa. This is true not only in a small country like the Netherlands; indeed, recognition of the linkage is much more explicit in countries like France, Britain and West Germany where central concern with the maintenance or development of urban areas as national assets is a major element of national economic policy. Similar concern exists in the United States, albeit generally in less explicit form (notably, as urban-impact studies have shown, that of large-scale military orders for urban industry [10].

Central-government involvement in urban economic policy needs justification in this country because we lack any clear tradition in this area (other than in the area of physical planning). Such a tradition does exist in the United States, mainly at the level of the individual states, albeit federal policy has fluctuated widely. At the beginning of the 1980s the dominant view was that giving free rein to market forces was the best economic policy for the cities: as 'rust belt' cities were left to decline people would move to locations where prospects were better; a fixation on particular places had no value from the viewpoint of national economic growth. Then in the mid-1980s the National Research Council on National Urban Policy issued a series of reports pointing to a different conclusion, namely that the economy was not a zero-sum game in which some areas could grow only if others declined; the neglect of spatial centres of gravity would only prolong the agony of economic adjustment and would have political repercussions which would delay the intended economic transition. The social and economic costs of local decline would eventually hamper national economic development [11].

[10] N.J. Glickman, The urban impacts of federal politics; Baltimore, Johns Hopkins University Press, 1980.

[11] R. Hanson, 'US cities in transformation', in: Futures, June 1985, vol. 17, no. 3, pp. 232-242.

In the mid-1970s there developed in Britain a tension between traditional regional economic policy and the new urban policy developed notably in the 1977 White Paper 'Policy for the Inner Cities' [12]. The background to the new policy lay in the cities' growing problems (notably relating to immigration) and the wide inequalities between the cities and the urbanized regions. In the 1980s national policy on urban regeneration took shape through a series of initiatives emerging from various ministries. The Conservative government explicitly sought to force the pace of economic transition in the cities (through the shake-out of obsolescent industries and the active promotion of growth sectors), with an overarching concern to develop the cities into engines of national growth.

Working against this background we have sought to analyse urban industry's growth potential not primarily from a local viewpoint but rather from that of its possible contribution to the national economy. The tasks which face central government as it seeks to optimize the conditions for urban growth lie mainly in the areas of infrastructure and education, in the creation of the right economic climate for technological innovation and in the promotion of enterprise in the small-business sector.

2.3.2 Strengthening the social structure

From the viewpoint of the specific problems of urban areas we see the strengthening of the social structure as the main task for urban policy itself. As our exploration of the international context made clear, the combination of high amenity levels and an eroding social structure cannot be sustained: the cities need to strengthen their social competitiveness in the areas of physical appearance, amenities, housing and services in order gradually to restore a better demographic balance. The skewed population structures which characterize the central cities and, in reverse, the suburban municipalities cannot be accepted as a 'natural' pattern. Urban living may long since have spread beyond the traditional municipal boundaries, but even so the cities will need to develop a strong position of their own in this wider environment.

The cities' social structure can also be strengthened by removing the obstacles to social mobility affecting sections of the urban population. Action under this heading is needed in various areas of urban policy. While for those with no real prospect of employment material support must continue to be given to sustain a minimum standard of living, for many of the urban unemployed and economically inactive the route back to independence and self-reliance must be through training, work and enterprise. It is with the individuals and groups concerned and with local industry that the primary responsibility and initiative must lie, but the local administration also has a major supporting role.

Social-security policy is dominated by central government and by the representative bodies of the two sides of industry which operate much of

[12] M. Stewart, Ten years of inner city policy; Town Planning Review, 1987, vol. 58, nr. 2, pp. 129-145.

the system. The funding of social benefits and the determination of policy in this area are virtually entirely centralized, on account of their role in macroeconomic policy and their implications for income distribution, but even here there is a mutual dependence: urban benefit claimants are affected by national decisions on benefit levels, but at the same time national policy is directly affected, financially otherwise, by social developments in the densely populated cities.The curbs imposed on public expenditure in recent years brought a further centralization of policy as national requirements were tightened. Central government also announced its intention to force local authorities to fund a larger proportion of welfare assistance from their general revenues. This limited financial decentralization was aimed at giving municipalities a direct financial interest in controlling expenditure on social benefits, but from the municipal viewpoint the combination of reduced policy discretion and the prospect of increased financial responsibility was unattractive; indeed, the existing 10% contribution which municipalities were required to make to the cost of welfare assistance was already causing problems in some areas (notably the cities with their large numbers of claimants). It is a cause for concern that the social structure of our largest municipalities is evidently so weak that they are unable to take on greater financial responsibility in this important area. This in itself is an argument for the cities' investing more in their social structure. The centralized nature of social-welfare arrangements in this country removes from local government both the possibility and the necessity of taking on responsibilities of their own.

The need for a substantive decentralization flows primarily from the structural challenge of using welfare benefits in part as a way of enhancing social mobility: the system must also be used as social investment rather than simply as income support. While recent policy initiatives in this direction are encouraging, to make this kind of change possible supplementary policy at micro-level is essential. Only decentralist and differentiated policies allow action to be adequately tailored to social problems at the level of the individual.

The implications of this strategy for reforming the functional structure of social policy can be outlined on the basis of the three policy functions of public finance. The *distributive* function relates to the state's role in the redistribution of incomes and wealth; it is usual for this function, with its direct effect on incomes, to be exercised at central-government level, partly to ensure clarity of rights and equality of treatment. The function of *macroeconomic management* relates to expenditures which, if they were not decided at least in broad terms at national level, could have incalculable macroeconomic consequences. The *allocative* function, finally, relates to the allocation of specific resources or stimuli with a view to the efficient production of goods and services; unlike the first two it is best performed on a decentralized basis in order to control administrative costs and gear policy and its implementation to local circumstances and a margin of policy discretion is thus needed if costs and benefits are to be weighed up at local level.

In the area of social benefits the distributive and macroeconomic functions have led in recent years to detailed centralization, with the result that the allocative function - which is rooted in the origins of social legislation - has been systematically eroded.

The challenge of using welfare benefits as social investment rather than simply income support implies that what has gradually come to be regarded as purely distributive policy must also take on a growing allocative role. The need for a 'tailor-made' implementation of allocative policy will increasingly put our currently centralist approach to the test.

2.3.3 Specialization in local amenities

The substantive linkages between social and economic policy on the one hand and policy on local services and facilities on the other are best illustrated by reference to American cities' recent general experience. The first phase of the revival which followed the near-bankruptcy of New York, Cleveland, Detroit, Chicago, Newark and other industrial cities in the early 1970s was characterized by a forthright emphasis on promoting economic growth, and in this first phase the economically successful cities generally gave low priority to social policy. Then came the evidence of 'dual' development in such cities: the priority given to the economic base, though necessary in the American context, was not enough to produce an enduring revival of the urban economy. Only in a few 'world cities' such as New York and Los Angeles (and even then not without fluctuations) did the new hierarchy in the international service economy provide the conditions for structural recovery.

In the great mass of cities it quickly became clear that the new economic successes in the service sector were vulnerable because of their dependence on international networks, the growing flexibility of the service economy, the increasingly footloose nature of industry thanks to new communications systems, the new threats of spatial deconcentration, and so on. It was not only the overspecialized boom cities of Texas such as Denver, Houston and Dallas that found their fortunes fluctuating (along with those of the oil industry): 'intelligent' cities like Boston and San Francisco were also hit. The new configurations were sensitive to interference from both regional and international factors. In the second phase of the 'urban renaissance' the need was for a broader social and cultural base for an enduring urban recovery.

What is especially interesting in the North American experience is the large part played by the non-governmental sector, including industry, in the social and cultural broadening of urban recovery. Enduring recovery depends on quality and balance in a broad range of urban amenities. Each city is developing its own industrial profile: some are equipping themselves as diversified service centres, others are making in-depth investments in

specialized forms of service, and yet others are developing as modern production centres or indeed as consumer-oriented centres [13].

Industrial specialization is facilitated by specialization in the area of urban amenities and American cities compete with one another in their development, some seeking to make themselves attractive by investing in education, others emphasizing their cultural facilities, yet others a safe and healthy environment. These differentiated urban profiles relate closely to the special circumstances of each urban area.

In the 1980s the policy of developing specific profiles was adopted by British cities. Birmingham, once a centre of motor manufacture, has created a role for itself as an international business centre through systematic investment in conference and exhibition facilities and the pursuit of ambitious cultural policies; Bristol has exploited its distinctive educational profile to specialize in medical industries and aviation; Scottish cities use the technological expertise of their educational and research centres to strengthen high-technology industry; Newcastle with its specialized workforce is developing a distinctive role in engineering and has a growing share of offshore industry.

The amenities which exist in urban areas are thus of strategic importance not only in meeting the needs of the urban population but also as a basis for enduring economic recovery. The main point to emerge from this discussion (and a crucial challenge to amenities policies in Dutch cities) is that the form taken by economic and social development can be greatly influenced by developing and exploiting strengths in local amenities.

2.3.4 Institutional reform

The question whether decisions of similar scope on the strategic linkages between economic, social and amenities policy are possible in the Dutch urban context brings us to the institutional framework in which urban authorities operate in this country. In this respect our cities cannot be classed with those of North America or even with the European sister cities with which they will be sharing the single internal market after 1992: the institutional framework is too different. The substantive linkages between economic, social and amenities policy which are perennially on the agenda in the cities of Britain and the United States (and now even of once-so-centralized France), giving rise to new political definitions and coalitions, are also recognized by urban policy-makers and discussed in statements of objectives here in the Netherlands, but in this country the financial and decision-making structure is so centralized that it is very difficult to attach any material consequences at local level.

In this country, as in other open economies, the relations between economic and social policy and amenities policy have undergone considerable adjustment over the last ten years or so (in this respect the Netherlands is following general international trends), but because decisions on changes in

[13] J.J. Broekhuis (ed.), Technology assessment in Stad en Regio (Technology assessment in City and Region; Groningen, Wolters-Noordhoff, 1988, p. 27.

public-expenditure patterns are so centralized policy at metropolitan level has been unable to develop the specificity found in comparable cities in other countries. The institutional structure of metropolitan policy is not suited to finding specific answers to the many challenges of a specific nature which face it, and if that is the objective a radical restructuring is needed of the financial and decision-making relationship between central and local government.

In terms of substantive policy choices Dutch cities, in line with international trends, changed tack in the early 1980s and dropped the former exclusive emphasis on physical and social urban renewal: from now on economic policy and urban amenities would also be stressed. However, it was virtually impossible to translate these new priorities into financial measures through the reordering of municipal expenditures, albeit the picture was brighter in the major cities than in most municipalities, which reached a post-war low in economic investments at that time. The recent extension of urban-recovery policy to social renewal faces the same problem; in financial terms what it involves is mainly a reallocation within the budget of central government. Reallocations between, or even within, categories of urban amenity are not easily achieved in the present institutional framework: expenditure patterns do shift (and have done frequently in recent years) but in directions over which only limited local influence is exercised. Moreover the reallocations often conflict with the new local policy priorities.

The problem facing Dutch municipalities is not one of inadequate resources but rather of insufficient control over the resource flows through their budgets, on both the revenue and the expenditure sides, and therefore bear insufficient responsibility for determining their profile in the context of international competition. This immediately gives rise to a second problem. Central government's domination of the income and expenditure patterns of city authorities largely insulates them from local social and economic developments and from the associated risks and opportunities: the costs of social policy are largely borne by central government and it is to central government that most of the benefits of economic success accrue. The elements of the urban community are not obliged to rely on one another and therefore can largely ignore each other's needs and capacities. In other countries it is much commoner for local organizations and firms to involve themselves actively in strengthening the economic and social structure and indeed to play a part in determining the directions to be taken; local government can facilitate and build on initiatives from the non-governmental sector, and has a logical incentive to do so, without itself wishing (or having) to organize them. The civic culture found in English-speaking countries is rooted not in some theoretical ideal but *in a financial and administrative structure which forces mutual reliance*. The challenge which faces us in the Netherlands is to modify the financial and administrative structure in such a way as to provide the right underpinning for the substantive policy directions needed.

2.4 Future policy

2.4.1 Substantive themes

As our international outline showed, the Netherlands' cities face great challenges. On the *economic* front our cities have put the accent on plans for large-scale development projects and across the country - from Amsterdam to Arnhem and from Groningen to Maastricht - plans are ready for the kind of ambitious waterfront development for which Boston, Baltimore and San Diego set the fashion some years ago. These spectacular manifestations of urban revitalization provide architects and town planners with opportunities which they have lacked for several decades, but however inspiring the results may prove it would be a mistake to base assessments of the extent of economic and social revitalization on the impact of such schemes. There are examples of major developments in other countries which have landed in difficulties on or even before completion: even London's Docklands, Boston's Route 128 and Silicon Valley have shown signs of unsteadiness.

Action to *strengthen* the urban economy must have a broad base, encompassing the conditions for national economic growth on the one hand and the development of distinctive amenity profiles on the other. The cities have neglected opportunities to modernize manufacturing industry that were theoretically open to them; that renewal process is now taking place elsewhere and the cities have some leeway to make up. The main opportunities are currently in the area of services, but here too international trends point to the risk of a continuing exodus from the cities; moreover some openings can be exploited only if urban and national forces are combined to that end. A major current concern is the future of the national growth pole of Schiphol Airport and its associated activities. Schiphol's primary role could remain that of one of the country's intercontinental ports or it could develop a greater regional function; either way care is needed to ensure the opportunities that exist are used to the full.

With regard to investment in the cities' *social structure* there are broadly two strategies which we believe should be applied in parallel. The first, advocated notably by the American J.D. Kasarda, is aimed at remedying imbalances in the urban population by enhancing geographical mobility: urban improvement schemes, housing policy and the provision of the right amenities can eventually bring about a considerable improvement in the demographic and social structure of the urban population [14]. The high percentages of social housing in the urban housing stock do not reflect a balanced population structure. This country's social housing sector may be very varied in composition (and for that reason an object of envy elsewhere), but the fact remains that a persistent onesideness on the part of our largest municipalities in the areas of housing provision and physical and social amenities has left our cities with fewer better-off households and

[14] J.D. Kasarda, G.M. Hellstern, F. Spreer and H. Wollmann (eds.), 'New urban policies for new urban realities', in: Proceedings of the European meeting on applied urban research (Essen, 1981), Bundesforschungsanstalt fur Landeskunde und Raumordnung; Bonn, 1982, pp. 5-15.

families with children than are desirable for a balanced population. The cities have made only a hesitant start on an appropriate policy strategy, and the main question is how the distortions that have developed can be rectified at metropolitan level.

The second strategy, advocated in the United States by P. Marcuse and others [15], involves greater investment in differentiated social policies. Since the composition of the urban population will always display selective features greater opportunities need to be created for dependent groups with a view to promoting social mobility. On the basis of the responsibilities and capacities of the unemployed and economically inactive themselves the city administration needs to deploy supplementary initiatives aimed at developing self-reliance. This point is an important one. There are many indications, even in American cities with their relatively low levels of welfare and amenity provision, that automatic and unconditional welfare support can have adverse consequences [16].

In chapter 4 we explore various ways of implementing these two strategies.

Policy on the wide range of *urban amenities* is of strategic importance on both the economic and the social side. Cultural facilities, infrastructure, education, health care and housing create specific conditions for economic and social development. The strategic importance of amenities policy lies in the fact that international economic and social trends are generally difficult to influence directly, certainly in the framework of an urban policy, and when there is a need to influence the course of such trends in the cities it is generally through amenities policy that the main forms of practical action can be taken. While the general standard of services and facilities in Dutch cities is higher than in many cities elsewhere, opportunities for developing a distinctive profile in this area in the context of urban policy have not been adequately exploited.

2.4.2 Institutional themes

The institutional constraints on Dutch cities and urban policy are best illustrated by the reactions to the threats which faced many western cities between 1975 and 1985. At first sight our cities fared reasonably well: the level of the centrally organized system of social benefits fell but remained high by international standards, while their economic position was far from disastrous in international terms. This reflects the relative affluence of the country as a whole: Germany's cities have generally done a little better, though with wide variations, while Belgium's face greater problems and for British cities the 1980s were a very difficult decade of transition.

[15] P. Marcuse, 'The decline of cities in the United States', in: Proceedings of the European meeting on applied urban research, op. cit., pp. 23-31.

[16] E.g. C. Murray, Losing ground, American social policy 1950-1980; New York, Basic Books, 1985. W.J. Wilson, The truly disadvantaged, the inner city, the underclass and public policy; Chicago, University of Chicago Press, 1987. N. Glaser, 'A kinder and gentler America', Journal of the American Planning Association, Autumn 1989, vo. 55, no. 4, pp. 411-416.

This general description conceals wide differences of practice. The Netherlands' cities are characterized by a relative lack of dynamism: the dependent position of local government limits the cities' ability to adjust to changing circumstances and make best use of the situation in which they find themselves. Cities in Britain, for example, suffered harder blows but the institutional conditions for urban policy have since been radically revised and starting from a lower level of affluence than their Dutch counterparts many are now well equipped to face international challenges. Urban social and economic policy at both national and local level reacts more quickly in Britain than in the Netherlands.

The striking feature of the British approach to urban policy in the 1980s is that initially it was central government that took control of the promotion of economic recovery, working directly with industry and bypassing local institutions (in particular local authorities) with their predominantly social emphasis and deploying a series of instruments with a view to giving the cities a locomotive function in the revival of the national economy. National policy put great stress on freeing market forces (thus accelerating the shake-out of obsolescent industries) on the one hand and on the other actively promoting new activities through the creation of freeports and enterprise zones (where normal regulations were relaxed), powerful quasi-autonomous development corporations (e.g. in London's Docklands), direct development grants to industry, and so on. Over time the involvement of local institutions has grown, however, and there is now intensive interaction at local level. The British road to urban regeneration is not uncontroversial, but its effect has been to give the urban economy a leading position in national developments.

Other than in the sphere of physical planning central government in the Netherlands has relatively little special concern with metropolitan development. Local urban policies are nonetheless very much subject to conditions that are set centrally, reflecting the generally centralist tendency of government in this country. To an outsider it must seem strange that the Netherlands' cities - though visibly manifesting a new elan from 1980 onwards but at the same time, like cities elsewhere, hit by economic and social setbacks - should have borne their worsening economic and social problems with such passivity. No-one could have foreseen that within a few years a quarter of the workforce would be jobless (with a hard core of unemployment in the largest cities which, unlike in the rest of the country, would not shrink). Looking back this was an international trend affecting many cities; the striking and worrying aspect of urban policy in the Netherlands, both locally and nationally, was the slowness of its reactions.

What was wrong with policy in and for the metropolitan areas was not that it failed to find the right answers immediately problems arose, but rather the slowness with which those directly concerned reacted. There has since been some improvement, but the results in the cities (in terms of industrial renewal, improving the business climate, developing employment services and cutting the unemployment and welfare registers) have remained modest. The reaction pattern reflected the pattern of mutual dependence. Where what was needed in the face of threatening circumstances was

greater dynamism on the part of local public and private organizations, with special support from central government, it was centrally determined policy that prevailed. The saga of the job plans which were finally introduced under central direction and which were subject to so many centrally imposed conditions that they no longer fitted local circumstances typifies this reaction pattern. Only recently has the vicious circle been broken in a few places, but the structure of dependence has yet to be breached in any very substantial way. In the reactions to the new urban problems the mechanisms of the welfare state were exposed in a worrying manner.

Given the substantive challenges facing metropolitan policy and the shifts taking place in the pattern of institutional relationships, we recommend systematic action aimed at developing a less *passive* administrative culture, building in two ways on the changes now underway in the structure of the welfare state. First, urban policy needs to be set in a new relationship with the central and local levels of organization, with action under these four headings.

a. In this report we discuss two principles which we believe should govern policy aimed at enhancing economic competitiveness. First, responsibility for creating a favourable economic climate must lie with local communities themselves (industry, municipal authorities, other local bodies); and second, given the importance of the urban economy within the national economy and the associated interdependences and above all with an eye to international competitiveness, ways must be found of involving central government through framework-setting policy in the work of strengthening the urban economy.

b. Our line of thinking on the improvement of the social structure leads rather in the opposite direction. Following several decades in which policy on social security and the labour market was increasingly centralized proposals have recently been put forward for decentralization; in our report we consider how the increasingly important allocative functions of policy can be performed on a decentralized basis. Primary responsibility for promoting geographical mobility and thereby improving the social structure lies with local bodies; social problems often require solutions at the regional level.

c. With regard to policy on the broad range of urban amenities we consider whether its allocative aspects can be adequately determined on a decentralized basis. It is important in this connection carefully to distinguish the different forms of decentralization (functional, territorial and economic) since the relationship to be created between the governmental and non-governmental agencies concerned will be different in each case.

d. The financial and administrative relationship between central and local government needs to be decentralized, taking account of developments under the three substantive headings just mentioned. Local authorities should be responsible for gathering more of their income from local taxes and on the expenditure side greater scope is needed for resource reallocations between policy areas in the light of local needs; local government should not be insulated from is responsibilities and the risks

they involve. In the current financial framework the cities have no incentive to make economically and socially productive investments; if anything, they are discouraged from doing so.

In conjunction with these shifts in the level of decision-making urban policy must find a new orientation to take account of another reversal of post-war trends, namely in the area of the respective roles and responsibilities of the public and private (commercial and voluntary) sectors. The institutional context of urban policy is not automatically improved by transferring functions from central to local level of government: it has set too hard for this to occur, and these rigidities will not disappear until policy is based firmly on the primary responsibilities in social affairs. This does not imply that government has no role, rather that the starting point of policy lies in the intercourse between citizens and social organizations and that local and ultimately also central government may be called upon to play a part.

2.4.3 Towards responsive urban policies

As has been said, much of the explanation for the delayed and still inadequate reaction to the new social and economic challenges to urban policy lies in the passive administrative culture associated with the manner in which responsibilities and the related dependences are organized. Until the war it was local institutions, supported and where necessary constrained by a directly intermediating local government, that pioneered urban policy and local policy in general; during the post-war expansion of the public sector, in contrast, the organizations concerned, the methods and routines of administration and the responsibilities for urban policy gradually came to be adjusted to the central conduct of policy. Only recently have the cities begun to develop initiatives of their own in relation to economic development policy, job plans, specialization in the area of urban amenities and so on, often encountering institutional obstacles in the process.

Underlying the view of urban policy developed in this report is the principle that all elements of the local community - including, but without primacy, the local authority - have a responsibility for developments within that community. This notion of an urban civic and enterprise culture provides a normative framework for the analysis of urban trends and of the rules governing the relationships among organizations whose activities affect such trends, whether these last are propitious or not. Local responsibility implies not just an input into decision-making but also a sharing of the risks involved and accountability in respect of third parties, and it is in the context of such a sharing of risks that local government must develop its role.

Local responsibility and risk-bearing are not the whole story, of course: the urban community and its elements are not autonomous and the general principle we enunciate is therefore subject to many qualifications and constraints, particularly in the context of the Netherlands' egalitarian administrative tradition. In many aspects of urban development - cultural, economic, social - the notion of local responsibility is not applicable, and such aspects are given due attention in our report. The general principle remains valid, however, and if elements in the local community do not

recognize and act on their responsibility an essential link is lost from the chain of urban revival.

It is in this area that British and American notions of urban civic and enterprise culture can offer inspiration for urban policy in the Netherlands. Here we are referring not to the results - which vary widely and, seen from the viewpoint of the Dutch tradition, are in some cases disappointing - but to the internal mechanics: direct interactions are clearly possible between different urban organizations and interests which in the Netherlands operate separately (even in their relations with government) and at most are reconciled by government. The public-private partnerships commonly found in British and American cities generate overlaps of interest between very different social groups and thus have a much greater impact than their counterparts on the European continent, where they mainly involve horizontal contracts between local authorities and the world of real estate. In Britain and the United States, in contrast, such partnerships bring together not only local government and large investors but also tenants' committees and property investors, environmental bodies and oil companies, minority organizations and employers' associations, neighbourhood organizations and investment banks.

While we do not seek to idealize such relationships they are expressions of urban responsiveness, examples of direct interactions in a common interest, which are much less strongly developed in Dutch urban culture because the *necessity* is absent: here in the Netherlands the different elements of the urban community are not forced into mutual reliance in the same way. It would be a mistake to see British and American civic culture in moral terms, since the financial and decision-making structure of urban policy in those countries makes very different elements of the community so dependent on one another that they are forced to join together - and now have a tradition of doing so - in the forum of metropolitan development.

One of the requirements for the development of such an urban administrative culture is the presence of financial incentives which bind different groups and interests together. Those who rely on support from local government must be clear that it is funded at least in part from local revenue sources: this gives everyone an interest in maintaining and enlarging the local tax base and prompts local authorities to take steps to retain the elements making it up. At the same time urban policy must not be excessively dominated by dependence on its revenue generators: such dominance has made a syndrome of public entrepreneurship in a number of American cities. The electoral mechanism must ensure a broader balancing of interests, so that the revenue generators depend in turn on the strength of the political organization of the other elements of the urban community. It is the *balance* between the two mechanisms (the mechanism of accountability and the electoral mechanism) that creates the conditions for a viable administrative culture encompassing all elements of the urban community.

Here in the Netherlands such a balance exists only at national level: at city level it is excluded by the pattern of financial and administrative

relationships that has developed over time. We have a lively local voluntarism in this country, but local authorities and communities do not bear sufficient responsibility for maintaining the sources of their income. Most services are supplied by central government, as are most revenues. In this now familiar (but in international terms very unusual) administrative framework there has developed in the Netherlands an urban administrative culture best described as a 'culture of expectations'. Changing it is the main aim of our report.

The metropolitan economy 3

3.1 Introduction

Pace-setters and laggards are to be found at all levels of the economy: whether we focus on individuals on the labour market, firms in particular industries, regions within countries or indeed national economies in the context of the world economy, we can always distinguish those that set the pace and those that lag behind, even if in a dynamic environment the composition of the two groups constantly changes.

Until recent times cities have always been pace-setters, not just socially and culturally but also in economic development. The division of labour, trade, financial transactions, international contacts, markets, technological breakthroughs: in all these areas the cities led the way, and the competitive edge this gave them greatly benefited entire regions.

In recent decades, however, the cities seem to have slipped back, becoming economic laggards rather than leaders. Overcrowding, congestion, poor housing, an underqualified workforce and the like can all be seen as indicating that cities no longer offer a competitive environment for profitable activities in a modern economy.

This chapter begins by describing this process of relative decline, focusing on key factors and causes at work now and in the recent past and seeking to determine the place of the Netherlands' major cities vis a vis their surrounding regions and - crucially, in an increasingly open economy - cities in neighbouring countries.

To sharpen our view of possible developments we then outline, starting from the current position, the opportunities and threats facing a number of industries in the four metropolitan areas.

The last part of the chapter uses this analysis of past, present and future as a basis for considering substantive policy options for the next few years, focusing specifically on the themes of economic development and infrastructure.

3.2 Past and present

3.2.1 Data and regional demarcation

The analysis set out in sections 3.2.2, 3.2.3 and 3.2.4 uses data published by the Central Bureau of Statistics (CBS) in various editions of Annual Regional Economic Statistics and (for 1970) Regional Economic Indicators. It should be noted that the data presented in section 3.2.3 and thereafter are not fully comparable, partly because of radical changes which the CBS made to the system of National Accounts in 1977, so that the figures for 1970-77 cannot be precisely compared with those for 1977-86. However, given the high level of aggregation and the focus on growth rates rather

than activity levels, the two series can be used in conjunction. While these data do not extend beyond 1986, more recent figures presented in sections 3.2.5 and 3.2.6 generally confirm the trends identified in preceding sections.

The publications mentioned give information on production, consumption, value added, exports and employment in the Netherlands as a whole, major regions (north, south, east and west), provinces and the 40 regions into which the CBS divides the country for purposes of economic research; the data are also grouped in accordance with the CBS's standard industrial classification.

Glossary 3.1 Regional groupings in the Randstad and the Netherlands

Three major cities:	The CBS region Amsterdam (comprising the city of Amsterdam), The CBS region Rijnmond (comprising the city of Rotterdam and the fringe municipalities) and the CBS region The Hague (comprising the city of The Hague and the fringe municipalities).
Four major cities:	the above, together with the CBS region Utrecht (city province).
Mid Randstad:	Schiphol (officially 'rest of Greater Amsterdam), Leiden/Bollenstreek, Delft/Westland, eastern South Holland.
Western Netherlands:	all the above, CBS regions together with the CBS regions northern North Holland, Alkmaar and district, IJmond, Haarlem agglomeration, Zaanstreek, Gooi- en Vechtstreek, Greater Rijnmond (excluding Rotterdam and the fringe municipalities) and south-eastern South Holland. The Western Netherlands thus comprises the whole of the provinces of Utrecht, North Holland and South Holland.
Rest of Netherlands:	the northern, eastern and southern Netherlands.

While the 40 CBS regions allow some regionalization of the data, except in the case of Amsterdam they do not distinguish between the cities themselves and the fringe municipalities (in the case of The Hague the surrounding municipalities are included with The Hague proper, Rotterdam forms part of the Rijnmond region and no distinction is made between Utrecht city and province), making it difficult to pinpoint any divergences between the cities themselves and surrounding areas. To build up some kind of picture we therefore make use in what follows of the regional groupings defined in Glossary 3.1; these allow us to chart any differences between the major cities and surrounding areas and between the western Netherlands and the rest of the country.

3.2.2 General background

The years of economic reconstruction after the Second World War saw rapid population growth, a fall in agricultural employment, the growth of manufacturing and a rapidly developing services sector. Rising farm productivity led to large-scale job losses, notably outside the Randstad; this encouraged migration to the west of the country, where the expansion of manufacturing and services initially provided enough growth in employment to mop up the surplus.

Government policy at this time sought both to facilitate westward migration and to promote industrial development in areas where job losses in agriculture were causing social and economic problems. Above all it was through infrastructural improvements that government sought to encourage economic development outside the west of the country.

In the 1960s, a period of unprecedented economic expansion, growth in the western Netherlands continued to exceed the national average, thanks mainly to the growing services sector, agglomeration economies and the region's favourable geographical location. Many industries located outside the Randstad faced radical restructuring at this time, as witness the decline of the textile industry, the problems of the peat industry and the closure of the coalmines.

The west was the engine of the Dutch economy and the Randstad structure - four conurbations with an open central area - set the pattern for national physical planning. Urban concentration did not only bring benefits, however, and increasingly the drawbacks made themselves felt in the form of pollution, congestion, a persistent housing shortage and general overcrowding. Government gradually responded in the 1960s with attempts to strengthen the weaker regions through infrastructural improvements and investment incentives, while the early 1970s brought active decentralization policies in the form e.g. of the dispersal of government departments and the selective investment scheme.

With worsening overcrowding, rising affluence and expanding car ownership an autonomous exodus of population from the west of the country had in fact already got under way, with the result that population-growth rates in North and South Holland lagged behind those in the rest of the country until well into the 1980s as these provinces experienced heavy out-migration. The dispersal of population has therefore ceased to be a policy goal and indeed there are signs of an autonomous movement back into the cities.

Over this period the major cities lost not only population but also industry, sometimes through rationalization and closures but not infrequently through relocation. In this the Netherlands was following, with a time-lag, the example of the United States, where first population then economic activity migrated to the suburbs in the 1950s. The 1973 and 1979 oil crises and the associated economic stagnation of the 1970s produced a prolonged recession which was more severe in the western Netherlands than the rest of the country. The cities of Amsterdam and Rotterdam in particular, and to a slightly lesser extent The Hague and Utrecht, were hit very hard by

industrial restructuring - notably in the engineering (particularly shipbuilding), chemical and petroleum sectors, all of them concentrated in Rotterdam and Amsterdam - and the resulting massive job losses. The cities' problems were aggravated by the relocation of businesses elsewhere; the main causes of this phenomenon were traffic problems and land shortages, together with the antagonism towards large-scale, potentially polluting undertakings and the indifference towards the problems of small businesses which marked urban policy at that time.

After the years of growth the Netherlands' major cities suffered badly in the recession of the 1970s, more so than any other part of the country. Subsequent sections look in detail at the economic trends of the last twenty years.

3.2.3 The economy of the western Netherlands, 1970-83

The declining growth rates of the 1970s, the stagnation of the early 1980s and the subsequent recovery are clearly reflected in table 3.1, which shows growth in value added and employment for the country as a whole, the western Netherlands, the major cities and the rest of the country. Broadly, the figures show that the western Netherlands lagged behind the rest of the country in value added and employment and that Amsterdam, Rotterdam and The Hague lagged behind the remainder of the western Netherlands. The growth gap between the west and the rest has since narrowed somewhat, but success in slowing job losses in the cities has been achieved only recently and only to a limited extent. More recent data are considered in later sections.

Table 3.1 also reflects the strong recovery which occurred from 1983 onwards. This followed the recession of 1980-83, when real value added fell by 0.3% in the country as a whole and by over 1% in the Randstad; the impact of the recession is also clearly visible in the employment figures. In 1986 half of all growth in value added and employment was concentrated in the provinces of Utrecht and North and South Holland, with the three major cities accounting for over 20%.

As the differing growth rates for the western Netherlands and the three major cities indicate, the relative decline of the western Netherlands did not affect the whole region: while some areas declined, other experienced rapid growth.

The trends affecting the individual cities and their surrounding regions can be charted in similar fashion (it should be recalled that the regional boundaries used here coincide with the cities' municipal boundaries only in the case of Amsterdam). The figures for the Rotterdam (Rijnmond) and Amsterdam regions in particular are below the national average, while Utrecht and to a lesser extent The Hague show above-average performance.

Table 3.1 Average annual growth in value added and employment, 1970-86

	Share in 1986	'70-77	'77-86	'77-80	'80-83	'83-86
a. **Growth in value added**						
Netherlands nominal	100,0	12,5	5,1	7,1	4,2	4,1
Netherlands real*		3,7	1,5	2,1	- 0,3	2,7
Western Netherlands nominal	48,0	11,5	5,0	6,9	4,0	4,1
Three major cities nominal	21,0	10,3	4,2	6,0	3,3	3,2
Four major cities nominal	27,4	10,9	4,4	6,3	3,4	3,6
Rest of Netherlands nominal	52,0	13,5	5,2	7,2	4,4	4,1
b. **Growth in employment**						
Netherlands	100,0	0,23	0,12	1,18	- 2,10	1,30
Western Netherlands	49,3	0,01	- 0,04	0,84	- 1,81	0,88
Three major cities	21,7	- 1,15	- 0,67	0,53	- 2,91	0,42
four major cities	29,1	- 0,57	- 0,34	0,79	- 2,52	0,74
Rest of Netherlands	50,7	0,45	0,27	1,52	- 2,38	1,72
c. **Absolute changes in volume of employment (*1000 man-years)**						
Netherlands		63	42	144	- 257	155
Western Netherlands		- 2	- 7	51	- 110	52
Three major cities		- 80	- 55	15	- 81	11
Four major cities		- 50	- 37	29	- 92	26
Rest of Netherlands		61	49	93	- 147	10

Source: CBS, Regional Economic Indicators 1970, The Hague, State Publishing House; CBS, Annual Regional Economic Statistics, various years, The Hague, State Publishing House.

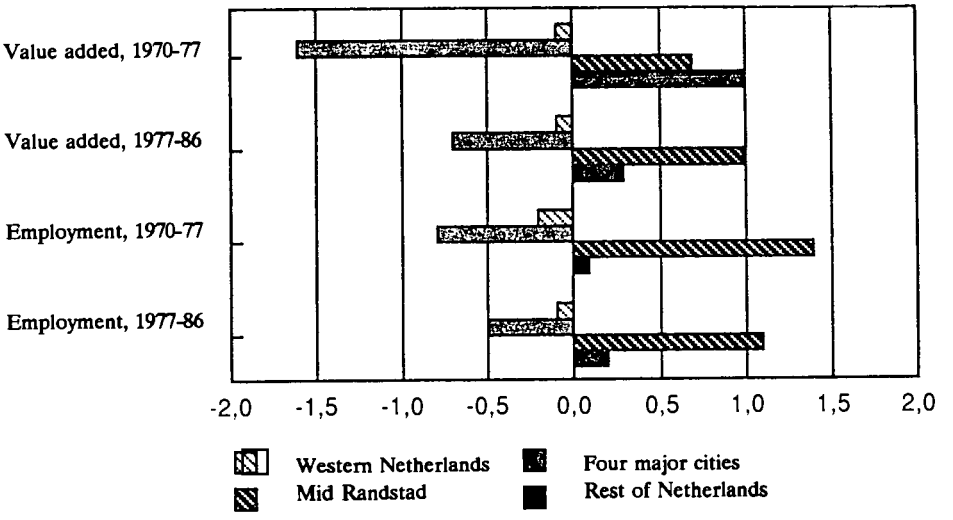
* Prices deflated using the price index for domestic production; see table H4 in CBS, National Accounts 1988, The Hague, SDU Publisher, 1989.

In three of the CBS regions we see that the core areas achieved generally poorer results than the surrounding districts in terms of both value added and employment as the cities proved unable to tap new growth sectors for increased value added and employment to offset the decline of older industries. While the metropolitan cores generally experienced ongoing job losses as a result, employment growth in the urban fringe and beyond exceeded the national average and the mid-Randstad area (comprising Schiphol, Leiden/Bollenstreek, Delft/Westland and eastern South Holland) became an important engine of the national economy. This was thanks in large part to the impact of Schiphol Airport, whose growth helped strengthen economic activity in the areas of trade, transshipment, transport and associated business services. Manufacturing activity expanded throughout the mid-Randstad area, in part as a result of the pollution and congestion affecting the cities. Even during the recession the Schiphol region enjoyed rapid growth, including in employment, and the growth of the mid-Randstad area (including the province of Utrecht) continued and accelerated in the period of recovery after 1983. The data show a growth

rate significantly higher than the national average, albeit growth in the Schiphol region now appears to have moderated somewhat.

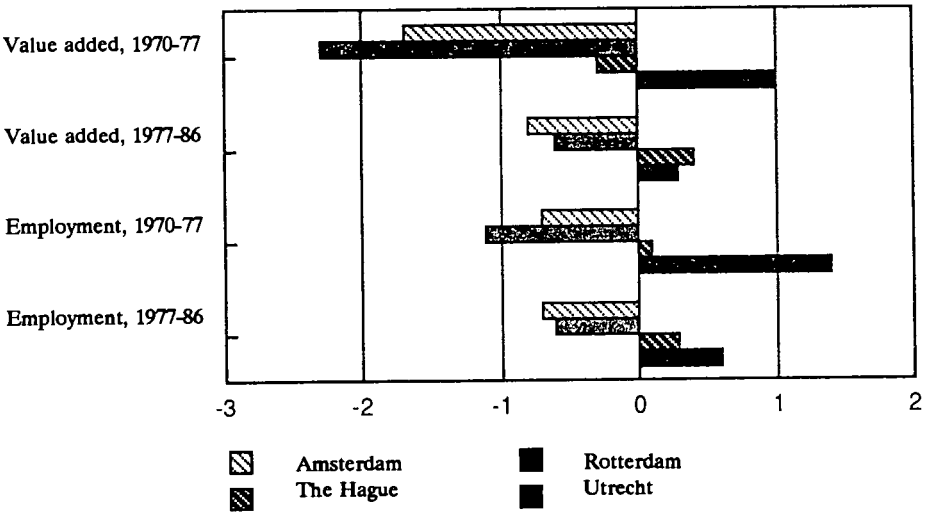
Figures 3.1, 3.2 and 3.3 show the position in the form of deviations from the national average.

Figure 3.1 **Regional growth differences: deviations from the national mean**



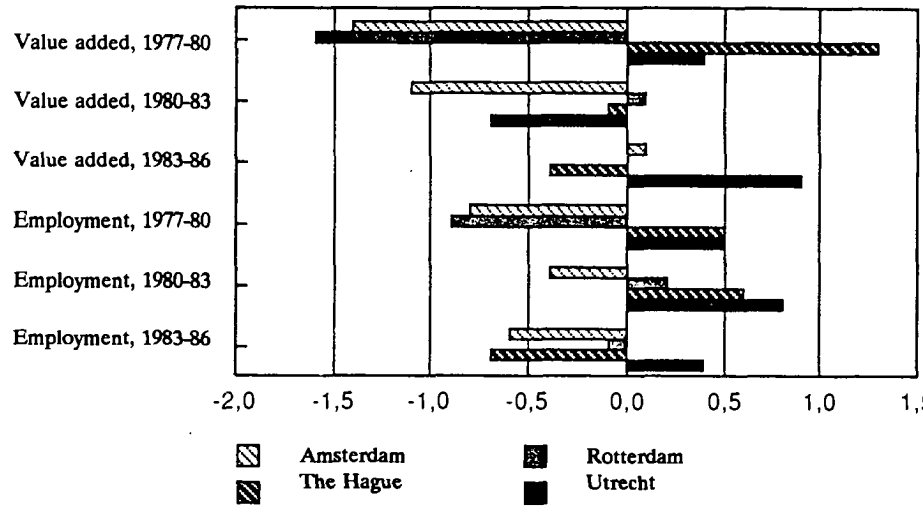
Source: CBS

Figure 3.2 **Regional growth differences: deviations from the national mean**



Source: CBS

Figure 3.3 **Regional growth differences: deviations from the national mean**



Source: CBS

Summing up, the geographical pattern of economic growth from 1970 onwards is one of relative decline in the major cities, rapid growth in the surrounding regions of the western Netherlands and growth rates in the rest of the country generally slightly higher than those for the western Netherlands as a whole. These shifts are also manifest in a recent CBS publication, Annual Regional Economic Statistics (Voorburg, 1990) 1970-85, which analyses data at provincial level.

While the process of economic restructuring also affected certain regions elsewhere in the country (among them South Limburg, eastern Groningen, Twente and Nijmegen) the main areas hit were Amsterdam, Rotterdam and to a lesser extent The Hague. Economic recovery since 1983 has also been weaker in the three cities than in other regions; evidently conditions there have been and are still less favourable to the growth of new activities than e.g. the central area of the western Netherlands. The Dutch economy as a whole has of course performed poorly, certainly in the period to 1985 and especially in the area of employment, but most of the suggested causes - high wage costs, a strong currency, competition from the newly industrializing countries (NICs) and so on - would be expected to affect all regions equally. If the major cities lag behind in their economic performance, the conclusion must be that factors affecting the location of economic activity have developed less favourably there than elsewhere.

3.2.4 Sectoral shifts

Having so far looked only at aggregate trends we now consider whether the picture that emerges applies to all sectors. To determine whether there are significant intersectoral differences the economy is divided into nine groups of industries; see Glossary 3.2 below.

Glossary 3.2 Industry groups

		Abbreviation	CBS Standard Industrial Classification
1.	Agriculture, fisheries and extraction	AFE	1-3
2.	Foodstuffs, textiles, paper and printing, building products	FTP	4-12 + 15
3.	Petroleum, gas, chemicals	PGC	13-14
4.	Metals, engineering, electrical	MEE	16-20
5.	Construction	CON	22
6.	Public utilities, distribution, hotels and catering, repairs	PUD	21 + 23-25
7.	Transport and communication	TC	26-28
8.	Banking, business services	BBS	29-32
9.	Government, other services	GOS	33-36

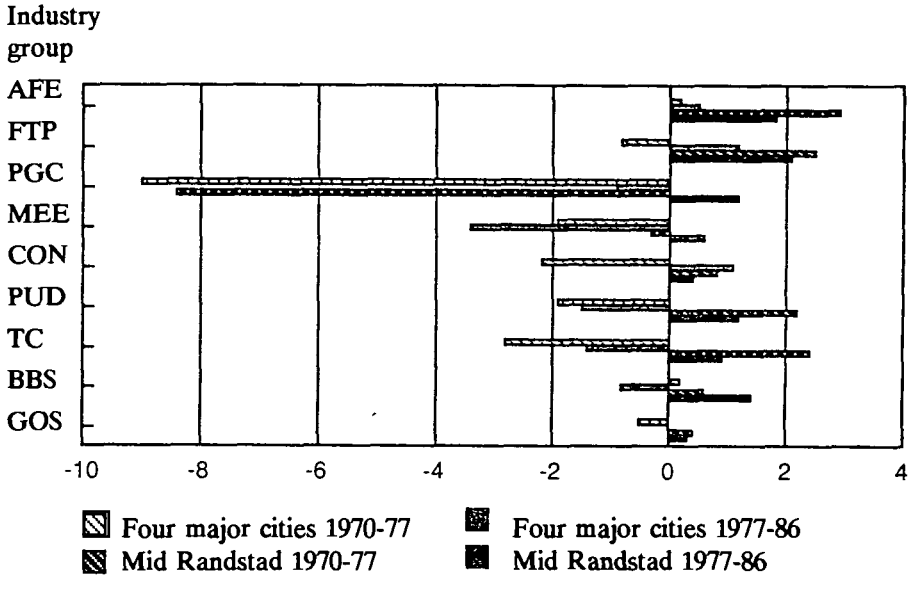
A breakdown of the aggregate figures for value added and employment in 1986 and growth in 1970-77 and 1977-86 in relevant regions in accordance with this classification produces the following picture. The western Netherlands proves, not unexpectedly, to be service-oriented while the rest of the country shows higher shares for manufacturing; this applies to both value added and employment. Within the western Netherlands the three major cities tend to specialize in transport and communication, banking and business services. The mid-Randstad area is also biased towards transport and communication, but group 6 (public utilities, distribution, hotels and catering) and agriculture are also strongly represented. The construction and government/other services groups are spread fairly evenly over the various regions.

The interregional differences become more worrying when we look at the growth rates for the periods 1970-77 and 1977-86. In virtually every case the figures for value added and employment in Amsterdam, Rotterdam and The Hague are worse than the national figures. This is true not only of manufacturing but also of the various service sectors for which the three cities are assumed to be an attractive location; evidently they did not have the right locational profile in the period 1970-86. Growth rates in the mid-Randstad area generally exceeded the national average, but not by a wide enough margin to produce a favourable picture for the western Netherlands as a whole.

Figures 3.4 and 3.5 bring out the differences in sectoral growth rates between the western Netherlands and the country as a whole (only deviations from the national mean are shown). The rest of the country (the northern, eastern and southern Netherlands) show growth rates higher than the national average in virtually all sectors.Comparing the same data for the four metropolitan areas with those for the country as a whole produces the following picture. The largest single industry group in the Amsterdam

region's economy is foodstuffs, textiles, paper, printing and building products; the banking and business services group and the transport and communication group also stand out. In Rotterdam the main groups are oil and chemicals and transport and communications, while in The Hague it is the government and other services group that stands out. The main industry groups in the Utrecht region are public utilities, distribution, hotels and catering, banking and business services, and government and other services.

Figure 3.4 **Sectoral growth differences in value added: deviations from the national mean**

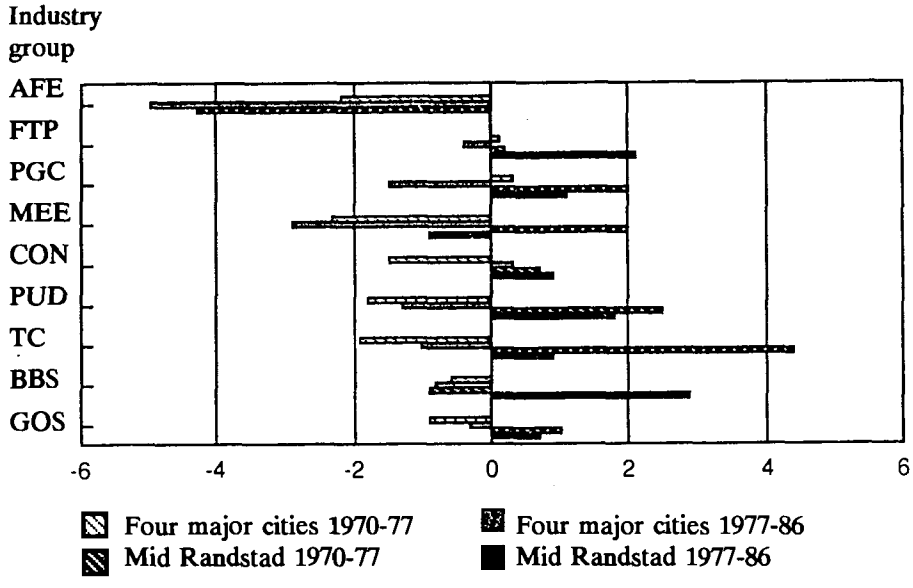


Source: CBS.

Utrecht and to a lesser extent The Hague show more favourable trends over time than the other two metropolitan regions; sectoral growth rates in Greater Amsterdam and Rotterdam/Rijnmond are below the national average virtually across the board. The picture does not only apply to manufacturing: in services too value added and employment in these regions have grown less rapidly than the national average.

The data presented here cover a relatively long period, from 1977 to 1986. Subdividing the period allows us to see whether this poor performance persisted throughout or whether there was some recovery towards the end. While no very obvious overall pattern emerges the cities cannot be said to have experienced a clear revival after 1983: while metropolitan growth rates rose, they fell further behind those for the country as a whole. It was in 1980-83, when the recession was at its worst, that the metropolitan areas - with the exception of Utrecht - achieved their best growth rates relative to the rest of the country; this may reflect the important role in their economies of services, which are in general slightly less sensitive than other sectors to cyclical fluctuations.

Figure 3.5 **Sectoral growth differences in value added: deviations from the national mean**



Source: CBS

The picture is thus a gloomy one. It must be borne in mind, moreover, that it is rendered less gloomy than it would otherwise be by the presence of the fringe areas: the trends were even more adverse in the cities themselves, where growth rates in both value added and employment lagged almost one percentage point behind the national average. While almost all sectors suffered the relative decline was greater in manufacturing than in services. Given the long-term nature of this trend and that fact that it affects virtually all sectors, there is an evident need for policy-makers to focus sustained and systematic attention on the metropolitan areas.

The inescapable conclusion is that since 1970 the major cities have suffered persistent relative decline. Within the western Netherlands there has been a shift of economic activity and with it of employment from the cities to the surrounding areas and the region as a whole has fallen back relative to the rest of the country. The same pattern is repeated, with varying intensity, in all sectors, raising questions as to the causes of this relative decay.

Exports

Since 1981 the Central Bureau of Statistics has published statistics on export broken down by their province of origin, enabling us to build up a detailed picture, set out in table 3.2, of the trends affecting the Randstad provinces (North Holland, South Holland and Utrecht) and the industry groups listed in Glossary 3.2. The table shows only eight industry groups, there being no construction-sector exports.

Manufactured goods account for 75% of all Dutch exports, services for 20% and agricultural products for 6%. Service exports are mainly in the

Table 3.2 **Export shares in 1986 and export growth 1981-86, by province, in eight industry groups**

Netherlands			Randstad		Rest of North Holland		South Holland			
	Share 1986	Growth 81-86	Share 1986	Growth 81-86	Share 1986	Growth 81-86	Share 1986	Growth 81-86	Share 1986	Growth 81-86
Industry Group										
AFE	5,8	6,3	5,8	6,4	5,9	6,3	4,7	6,6	6,8	6,5
FTP	21,1	4,7	13,0	3,4	27,9	5,2	17,5	3,6	9,0	2,4
PHV	28,2	- 2,3	32,5	- 3,6	24,7	- 0,7	14,1	- 4,1	45,0	- 3,9
MEE	24,8	4,2	19,2	1,2	29,4	6,0	31,0	3,1	12,0	- 1,5
PUD	9,5	6,2	11,3	4,5	8,1	8,3	12,7	4,5	9,0	4,2
TC	8,3	1,6	14,0	0,1	3,6	7,7	15,8	2,5	14,1	- 1,5
BBS	1,3	1,6	2,4	2,9	0,4	- 3,5	2,2	1,2	2,3	6,4
GOS	0,9	5,6	1,8	6,9	0,2	- 3,5	2,1	2,9	1,9	10,8
Total	100,0	2,2	100,0	0,3	100,0	4,0	100,0	2,1	100,0	- 1,2
Absolute*	200.943 (100)		90.682 (45)		109.811 (55)		30.894 (15)		53.188 (27)	

Source: CBS, Annual Regional Economic Statistics; The Hague, State Publishing House, various years.

• In millions of guilders; share in total shown in brackets.

distribution, transport and communication, with the banking and business services sector accounting for around 1.5%. These sectors' indirect role in promoting general export growth is considerable, however, and they are major employers.

Overall the three Randstad provinces' contribution to Dutch exports coincides with their share in national employment and value added; their share in manufactured exports (this excludes gas and petrochemicals) is only around 30%.

When regional differences are considered, the most striking feature is the dominant position of the Rijnmond petrochemical complex, a dominance also reflected in this sector's large share in exports from South Holland province. The contribution of transport and communication to Randstad exports is also evident: Amsterdam's Schiphol Airport and the Port of Rotterdam account between them for almost three quarters of the country's exports of transport services. The Hague and Amsterdam are the main exporters of financial and business services; indeed, virtually all the country's exports of these services originate in the Randstad.

Export patterns confirm the trends already identified, in that while the Randstad is a major exporter its exports are growing less rapidly than those of the rest of the country: exports from the rest of the Netherlands grew by 4% over the period 1981-86 and those from the Randstad by only 0.3% (the latter figure is strongly influenced by the movement of gas and oil prices). At sectoral level, in five of the eight industry groups (accounting between them for 90% of all exports) exports from the rest of the country grew more rapidly than those from the Randstad. Among the provinces Utrecht

(not included in table 3.2) scored well, while South Holland scored badly virtually across the board.

Regional investment

We turn now to the question of the determinants of the trend identified in previous sections: why has the Randstad in general, and the three major cities in particular, performed less well than the rest of the country? One of the main determinants of growth is investment. The investment process itself brings employment, particularly in the construction and engineering industries, and once the new capital goods are in place more new jobs result; investment also makes production more efficient and enables new or improved products to be manufactured, factors which promote competitiveness and hence the growth of employment. Public investment - in education, the physical infrastructure and so on - not only adds to demand but also, and more importantly, strengthens the economy's long-term competitiveness. The volume of investment is thus a first indicator of a region's growth potential. The figures given in this section relate to 1977-86; average values have been calculated for the periods 1977-80, 1980-83 and 1983-86 to minimize distortion due to short-term cyclical factors.

Table 3.3 Gross investment in metropolitan areas, 1977-86

	1977-80			1980-83			1983-86		
	Absolute	Perc.	Volume Index 1980=100	Absolute	Perc.	Volume Index 1980=100	Absolute	Perc.	Volume Index 1980=100
CBS regions									
Utrecht	3,8	6,1	92,2	4,2	6,1	100,0	4,7	6,0	112,7
IJmond/Zaanstad	2,6	4,1	85,1	3,0	4,4	100,0	3,8	4,9	125,6
Amsterdam	2,7	4,4	87,2	3,1	4,6	100,0	3,9	5,0	124,0
Ov. Amsterdam	1,7	2,7	77,3	2,2	3,2	100,0	2,8	3,6	127,3
Leiden/Alphen	2,6	4,1	95,3	2,7	3,9	100,0	3,0	3,8	111,2
The Hague	2,7	4,2	78,5	3,4	4,9	100,0	3,9	5,1	116,3
Delft	1,2	1,9	104,4	1,2	1,7	100,0	1,3	1,7	115,2
Rijnmond	5,5	8,8	79,5	7,0	10,2	100,0	8,5	10,0	122,7
Rest of Rijnmond/ SE South Holland	2,2	3,5	79,3	2,8	4,1	100,0	2,8	3,5	99,1
Three major cities	10,9	17,5	81,0	13,5	19,7	100,0	16,3	21,0	121,4
Four major cities	14,7	23,6	83,1	17,7	25,8	100,0	21,0	27,1	118,6
Mid Randstad	5,5	8,7	90,5	6,0	8,8	100,0	7,1	9,2	117,8
Western Netherlands	27,6	44,1	87,1	31,7	46,4	100,0	37,1	47,8	117,1
Rest of Netherlands	34,9	55,9	95,4	36,6	53,6	100,0	40,5	52,2	110,7
Netherlands	62,5	100,0	91,5	68,3	100,0	100,0	77,6	100,0	113,6

Source: CBS, Annual Region Economic Statistics; The Hague, State Publishing House, various years.

Investment in the Randstad, particularly in the three major cities, might be expected to have lagged behind investment in other regions, but this proves not to be the case. As table 3.3 shows, aggregate gross investment grew more rapidly in the three Randstad provinces than in the rest of the

country, and the growth was greater in the three major cities than in the mid-Randstad area. Strong investment growth occurred in Amsterdam, The Hague and Rotterdam/Rijnmond, with Amsterdam in particular standing out; indeed, the Amsterdam figure falls only just short of that for the Schiphol area (the CBS region 'rest of Greater Amsterdam').

Statistics are available on the sectoral distribution of gross investment and on gross investment in fixed assets. The sectors distinguished are agriculture, manufacturing, transport (i.e. transport, warehousing and communications), other industry, housing and government; the fixed-asset categories are buildings, roads/waterways/land, transport, machinery, livestock and housing.

In virtually all sectors gross investment grew more rapidly both in the western Netherlands than in the rest of the country and in the three major cities than in the mid-Randstad area. This was true of investment by both firms and government (the government's share in total investment continuing to fall over this period, from 15.4% to 13.8%). More striking still are the very high growth rates for investment in manufacturing in the three major cities (and in agriculture, though this sector is of negligible size); the mid-Randstad area shows relatively strong growth only in transport, warehousing and communication. Other calculations, not reproduced here, show these shifts to have been taking place throughout the period, both before and after the recession of the early 1980s. The results thus do not help to explain the poor economic performance of the western Netherlands in general, and the three major cities in particular, over the period 1977-86.

Gross investment growth in the three major cities was relatively strong in buildings and machinery while in transport equipment it was notably weak. The mid-Randstad area showed even stronger investment growth in machinery, strong growth in transport and very weak growth in buildings and land/roads/waterways. The relative position of the rest of the Netherlands was strong only in the case of transport.

It is not clear why the strong investment growth in the Randstad, and particularly the three major cities, has not (at least as yet) been reflected in the output and employment statistics, but the disparity is certainly striking. The explanation may lie in a skewed sectoral structure, a more radical process of restructuring in the three major cities than elsewhere in the period under consideration and - plausibly - a more rapid updating of the stock of capital, innovations generally being first introduced in urban centres.

3.2.5 The cities in the national context

Since 1989 year NMB Bank, the Association of Chambers of Commerce (VVK) and the Institute of Spatial Organization (INRO) of the TNO

applied research organization have jointly issued a publication[1] charting sectoral and regional economic trends on the basis of a survey of over 60,000 Dutch firms. Data are collected on four indicators (changes in net profits, changes in turnover, investment in fixed assets and a weighted average of the three known as the ERIN indicator) covering 24 industry groups and 14 regions. The statistics allow us to build up a picture of recent trends, despite their incomplete nature and certain question marks over their reliability.

Table 3.4 sets out the key data for the Netherlands as a whole, the four major cities and the rest of the three western provinces (the boundaries do not correspond with those of the CBS regions). The conclusion is in line with the main trend outlined in previous sections, namely that the metropolitan areas are in relative decline. In virtually all cases the figures are below the national average, and in thirteen of the sixteen cases the downward deviation widened between 1988 and 1989; the figures for the rest of the western Netherlands area are also slightly below the national average, indicating that the rest of the country's performance was above the national average. This too is in line with our earlier findings.

Table 3.4 Survey of regional economic trends, 1988-89

	Netherland	Amsterdam	Rotterdam	The Hague	Utrecht	Rest of Western Netherlands
ERIN (weighled)						
1988	3,3	3,1	3,0	3,2	3,6	3,3
1989	3,5	3,2	3,1	3,1	3,4	3,4
Net profit growth						
1988	6,5	6,4	6,2	6,5	6,5	6,5
1989	6,6	6,6	6,5	6,5	6,4	6,6
Turnover growth						
1988	5,4	5,5	4,2	5,0	6,9	4,7
1989	4,9	4,1	2,8	3,8	6,1	4,6
Investment growth						
1988	3,6	3,5	3,2	3,3	3,7	3,5
1989	3,6	3,4	3,3	3,1	3,5	3,5

Source: NMB, De vitaliteit van het Nederlandse bedrijfsleven; vergelijking van de economische ontwikkeling in bedrijfsklassen en stedelijke knooppunten in 1988 (The vitality of Dutch industry, a comparison of economic trends in industrial sectors and urban nodes), Year 1988, Amsterdam, edition, year 1989, edition 1990.

The composite ERIN indicator for the Netherlands as a whole shows a slight rise from 3.3 to 3.5; while the figures for Rotterdam and Amsterdam also show an increase, the fact that it is smaller indicates further relative

[1] NMB, De vitaliteit van het Nederlandse bedrijfsleven; vergelijking van de economische ontwikkeling in bedrijfsklassen en stedelijke knooppunten in 1988 (the vitality of Dutch firms, a comparison of economic trends in industrial sectors and urban nodes), Amsterdam, 1989 and 1990.

decline. The Hague has fallen back to the level of Rotterdam and Utrecht too is now below the national figure. The rest of the western Netherlands shows the same increase as the country as a whole. Looking at the three separate indicators, what stands out is the relatively marked fall in turnover growth, particularly in Amsterdam and Rotterdam; in the areas of net profits and investment Rotterdam has moved forward somewhat relative to the rest of the country.

These results are corroborated in two Chamber of Commerce reports on the economic position of the four major cities [2]: in both 1987 and 1988 turnover growth was slower than in the country as a whole, with Utrecht doing less badly than the other three. In 1987 the cities' relatively poor turnover performance is ascribed to disappointing export results, due to foreign-exchange and commodity-price uncertainties; in 1988 it was concentrated among larger firms (with 50 or more employees), but no clear cause is indicated.

The major cities vary widely in the extent to which they export to other countries: Amsterdam and Rotterdam have large export sectors while The Hague and, particularly, Utrecht are more oriented towards the domestic market; the differences are narrower in the case of the source - domestic or foreign - of incoming goods and services. Focusing on numbers of firms oriented mainly towards local, national or international markets, we see that Amsterdam has relatively many that are locally oriented while those in The Hague and Utrecht tend to be nationally oriented. Rotterdam and Amsterdam have a strong international orientation; The Hague lags well behind in this respect. While productivity (turnover per worker) in both manufacturing and wholesaling is significantly (30%) greater in the major cities than the country as a whole, there are wide differences between them. In Rotterdam productivity is very high in many sectors (150% of the national average overall), followed by Amsterdam (115%), Utrecht (94%) and The Hague (74%). With regard to this last figure it must be remembered that the productivity of civil servants, who are overrepresented in The Hague, is deemed for statistical purposes to be equal to their salary. However, the combination of moderate turnover growth and high labour productivity gives a rate of employment growth which lags behind the national average. Once again it is Utrecht that heads the field.

The situation regarding profits and profitability in the major cities, while not poor, compares increasingly unfavourably with the national picture. Differences between the cities are small, but with Rotterdam performing less well than the others. Even so investment grew much more strongly in

[2] Major Cities Working Group of the Chambers of Commerce and Industry, De economische positie van de vier grote steden in Nederland (The economic position of the four major cities in the Netherlands), Amsterdam/The Hague/Rotterdam/Utrecht, 1987, Amsterdam edition 1988, Amsterdam edition 1989.
See also: H. Knol, J.G. Lambooy, W.J.J. Manshanden and M. de Smidt, 'Functionele samenhang in de Noordvleugel van de Randstad' ('Functional links in the northern wing of the Randstad'), in: Economisch Statistische Berichten, 14 March 1990, vol. 75 no. 3749, pp. 252-255.

the major cities than in the country as a whole (by 10.8% as against 0%); this is thanks chiefly to the larger firms, as small firms tended to invest less.

The final point to emerge is that the four cities do not stand out as centres of innovation. The greatest efforts are being made in the area of office automation, followed by quality management. In practice technical advances are applied only on a very modest scale (mainly in the area of information technology), and only limited attempts are made to tap the expertise of local academic and scientific institutions. With regard to the implications of 1992 and the single European market most firms have so far done no more than gather information.

Nor are there any obvious differences between the four cities in the area of innovation, indicating the presence of factors affecting all sectors roughly equally. One explanation might be the existence of 'innovating' and 'stagnating' firms, with the latter category overrepresented in the major cities. A classification of this kind was recently used in a study by the National Investment Bank, in which relatively successful and relatively unsuccessful firms were identified in 21 sectors [3]. Irrespective of overall trends (which ranged from growth to contraction) in the sectors concerned, successful firms proved to have achieved good results throughout. Contributory factors were energetic marketing policies aimed at expanding market shares, systematic efforts to increase exports and adjustments to the product mix.

3.2.6 The cities in their international context

The four metropolitan areas' competitive position is determined by the shifting patterns of locational supply and demand. On the supply side are the factors which enable areas to attract and retain economic activity, while the demand side comprises firms' requirements as they change in response to evolving markets and technological processes. It is on the competitive position that results that the metropolitan areas' economic development depends.

General features of the history of national economies in the industrialized world have been the sharp decline in farming's share in value added and employment, initial growth in manufacturing followed by relative decline and continuing growth in the share of services since the Second World War (to the point that in most OECD countries the service sector's share in output is now 60% or more). Metropolitan centres in these countries initially experienced rapid growth, thanks to the shedding of agricultural jobs and the demand for labour by manufacturing and later service industries, but this was followed by an exodus to the suburbs as first public transport and later the private car enabled ever more people - initially the better-off, then others - to live ever further from their place of work. In this connection Van den Berg distinguishes between migration to areas on the urban fringe (the fringe municipalities) and migration away from the

[3] See National Investment Bank, Overwinnen bij brancheproblemen (Overcoming sectoral problems). The Hague, NIB, 1989.

conurbations entirely, the latter being reinforced by the shift of employment to suburban areas [4]. These trends are unlikely to alter much in the near future. The rise of new knowledge-intensive industries may be creating new opportunities for metropolitan areas, but the quality of the working and residential environment they offer is such that an improvement in their competitive position would appear to be possible only in the longer term.

The movement of people to the suburbs was followed by a similar shift of employment as firms found themselves forced by worsening congestion, growing land shortages and rising costs to seek new locations. Manufacturing industry initially migrated to the fringes of the metropolitan areas but later began to move further afield, helped by the development of transport and communication technologies, an expanding infrastructure and the rise of industries not tied to particular sources of raw materials. A similar trend is increasingly visible in the service industries.

These developments have not been limited to the national level. Multinational firms with headquarters in urban areas and regionally dispersed production facilities are increasingly common. Similar trends are visible throughout western Europe, albeit the impact on different metropolitan areas varies quite widely [5]. While the Netherlands was not among the first countries to be affected the movement of industry to the suburbs and even beyond is now accelerating.

As industry has grown ever more international, so metropolitan areas have increasingly felt the influence of cities in other countries. In more and more sectors firms can pick and choose, between as well as within countries, when deciding where to locate head offices, production facilities, distribution centres and research and development units. Pros and cons of different locations can be weighed for virtually every activity. The Netherlands Institute of Economics has carried out a study for the National Physical Planning Agency into the locational environment offered by the Randstad in the international context [6]. This study, covering five types of activity (head offices, research and development units, high-technology production facilities, distribution and business services), compared the Randstad - viewed for this purpose as a single metropolitan entity - with six other major centres, namely Brussels/Antwerp, London, Paris, Frankfurt, Hamburg and Munich. The NEI distinguished a large number of locational

[4] A detailed international comparison may be found in L. van de Berg, Urban Systems in a Dynamic Society; Aldershot, Gower, 1987.

[5] See for example Netherlands Institute of Economics (NEI), Verschuiving van economische zwaartepunten in Noord-West-Europa: Fictie of realiteit? Onderzoek ten behoeve van de Rijksplanologische Dienst (The movement of economic centres of gravity in north-eastern Europe: fiction or reality? A study for the National Physical Planning Commission); Rotterdam, NEI, 1989.

[6] See Netherlands Institute of Economics, Plaats en functie van de Randstad in de Nederlanse economie, onderzoek ten behoeve van de Rijksplanologische Dienst (Place and function of the Randstad in the Dutch economy, a study for the National Physical Planning Agency) Rotterdam, NEI, 1987.

factors in the areas of legislation and government, infrastructure and accessibility, agglomeration benefits, the labour market, the quality of the environment and of accommodation, on the basis of which it determined a rank order among the metropolitan areas concerned. In general the Randstad showed up not unfavourably.

This picture is confirmed and developed in the French study by Brunet et al. (1989) into the ranking of 220 western European cities with populations of over 200,000. Amsterdam was the only Dutch city in the sub-top group, coming below London, Paris and Milan; Rotterdam, The Hague and Utrecht came in the next group. Even if such a ranking has te be valued adequately this result is a favourable one for the Netherlands' four major cities, a point which is brought out clearly by a consideration of the sub-scores: Utrecht emerges as an internationally significant centre for research and development, while Amsterdam and Rotterdam occupy a solid position among the cities with high scores in the area of transactions of economic significance. The Hague, for its part, scores highly with its combination of research and development and international administrative and cultural exchanges [7].

The Randstad shows up well in the area of distribution and high-technology production facilities. Its leading position in distribution, long one of the Netherlands' strong points, reflects the country's favourable geographical location on the European continent, excellent transport infrastructure, mercantile spirit, good labour relations and the fiscal and entrepot facilities provided. Despite these advantages the Randstad's position is under threat in a number of respects: points on which action is needed include the further improvement of efficiency and cost-control, notably through infrastructural improvements, the availability of competitively priced business accommodation and the development of good information systems. The Randstad's success in attracting high-technology production facilities is due primarily to good labour relations, high productivity, the availability of skilled labour, political stability and proximity to European markets. There is little difference in this respect between the Netherlands and Germany; other countries, notably Britain and Belgium, are seeking to strengthen their position through investment incentives.

The Randstad generally occupies a middling position in respect of business services and the location of head offices. Like the flourishing transport and distribution sector, the current tax regime is seen as very favourable particularly to businesses with a holding structure. When new head offices are set up, especially by US- and Japanese-based companies, the Randstad is however increasingly proving a magnet for sales and service undertakings (reflecting the influence of the intercontinental ports of Rotterdam and Schiphol), while the south of the country is an increasingly significant centre of production for the European market. Within the Randstad Amsterdam

[7] Les villes 'Europeennes': Rapport pour la DATAR, R. Brunet (ed.), Paris, RECLUS, 1989. The findings are summarized in: M. de Smidt, De Randstad in internationaal perspectief (The Randstad in an international perspective); Werkstukken Stedelijke Netwerken no. 21, Faculty of Geography, Utrecht State University, The Hague, SDU Publishers, 1990.

holds a special position in respect of the establishment of head offices by companies locating in the Netherlands for the sake of the tax advantages offered [8], though it should be borne in mind that such companies also attach great importance to 'international prestige', a factor on which the Randstad does not score highly and on which London, Paris and to a lesser extent cities like Brussels, Rome, Geneva and Vienna all show up more favourably. In part this factor is influenced by city size. While there is little prospect of the Randstad overtaking London or Paris in this area in the near future (or indeed of altering such factors as the presence of European Community or United Nations institutions), there is scope for improving a wide range of amenities and for creating the kinds of residential and business accommodation that such firms demand. The state of the property market - manifested in low rents, weak upward pressure on prices, narrow price differentials between the most prestigious locations and others, the lack of any real development of complexes within the city - should serve as a warning here [9]. There is also a need to ensure that the infrastructure, and particularly the telecommunications infrastructure, is of a high standard.

The Randstad does not score highly as a location for research and development facilities. Here again other countries offer investment incentives, but the point is also made that highly qualified researchers are sometimes thin on the ground in this country. It also emerges that links between industry and higher education are weaker than in neighbouring countries, with the result that potentially available know-how does not flow easily into industry and education and research programmes are not adapted as quickly as they might be. Such comments apply to the Netherlands as a whole, of course, not just to the Randstad. Urban areas need to make greater use of universities and other high-level research bodies for the purpose of attracting R&D facilities than they perhaps have in the past.

Assuming that the competitive position of urban areas is increasingly determined by the extent to which they constitute nodal points in various networks, then the Netherlands' location in the European and intercontinental distribution system is a valuable asset. However, there is little sign of the growth in this country, even in the metropolitan areas, of intermediary services taking advantage of their strategic location to play a dominant role in Europe; rather is the pattern one of establishments in the Randstad which are no more than links in an international network or indeed mainly serve the Dutch market only [10]. There is scope nevertheless

[8] R. Buck, 'Marktpositie en marktattraktiviteit van Nederland voor nieuwe investeerders' ('The Netherlands' market position and attractiveness to new investors'), in: Nieuwe buitenlandse bedrijven in Nederland; werving in perspectief van 1992 (New foreign firms in the Netherlands; attracting firms with 1992 in prospect), R. Buck and M. van Nieuwkerk (eds.), Nijmegen, Buck Consultants BV, 1988, pp. 11-30.

[9] M. de Smidt, op. cit., pp. 35-41 and 44-45.

[10] Ibid., pp. 43-44.

for establishments undertaking internationally oriented activities in the Netherlands, and in particular in the Randstad.

Once again it emerges, however, that while the geographical location, infrastructure and economic profile of the Netherlands and the Randstad are important international strengths, the major cities themselves (Amsterdam and Rotterdam in the first instance, The Hague and Utrecht in the second) do not exploit these advantages as fully as they might. Examples can be cited of cities in other western countries which have improved their economic health and now once again occupy a major position in the metropolitan area as a whole and in the wider world. In some cases this is the result of a perhaps surprising revival of manufacturing (as in a number of cities in North America and cities like Stuttgart, Newcastle on Tyne and Glasgow in Europe), in others there has been a shift of economic profile involving the expansion of business services (as in Montpellier, Grenoble, Dusseldorf and Frankfurt). The Netherlands' four major cities thus do not (yet) show up well in the matter of structural economic recovery.

Turning now to the demand side of the location market, namely businesses, a distinction may be made between the impact of market shifts and that of technical progress. Since 1985 the European Community has shown a new vigour, and as the final barriers to trade fall away in 1993 and thereafter location in relation to major markets is likely to become even a more important factor in firms' decision-making.

More so perhaps than in the past, technological advances - the development of technical knowledge and its translation into marketable products - are now an increasingly important determinant of the competitive position of businesses and hence of national economies. The technologies currently seen as potentially having a key role are microelectronics, flexible automation, information technology, new materials and biotechnology, and we must therefore ask to what extent they are being applied by Dutch firms. The Institute of Spatial Organization (INRO) of the TNO applied-research organization has made a study of the geographical distribution of firms which are innovative in this respect, i.e. which are applying these new technologies [11].

Very few innovative manufacturing firms were identified in the metropolitan areas, with Greater Rijnmond's score in particular being disturbingly low, while in the 'innovative knowledge-based services' and 'other goods-handling' sectors the Randstad (and Amsterdam in particular) scored very highly. On the basis of this and other studies the Institute of Spatial Organization concludes that the best general growth profile is to be found in the south-east of North Brabant province and in some parts of the Randstad (such as Delft/Westland and Het Gooi/Vecht), with large parts

[11] C. Machielse, P.A. de Ruijter et al., Economisch-technologische vernieuwing en ruimtelijke organisatie (Technical innovation, economics and spatial organization), Delft, INRO-TNO, 1988.

of the Randstad having better-than-average growth profiles. Overall it is the regions on the edges of metropolitan areas that have the best prospects.

Such data as exist indicate a slight trend whereby the western Netherlands lags somewhat behind the rest of the country, the metropolitan areas lag behind neighbouring regions within the Randstad, and the major cities, with their poor recovery record, are in decline relative to their immediate and more distant neighbours. At the same time the metropolitan areas as a whole appear still to have strengths in the European context, albeit if they are to yield full benefit as international competition sharpens investment on an appropriately international scale will be required: this country's relatively central location, close to major European markets, and leading position in distribution are major assets which will retain their significance in the future, always provided the right measures are taken.

3.3 The near future

3.3.1 Opportunities and threats in individual sectors

Introduction

This section examines the economy of the metropolitan areas on the basis of trends, opportunities, threats and challenges in selected sectors. The following account is limited to general findings and conclusions [12].

General features and prospects

The sectors selected for consideration were printing and publishing, the metal and electrical industry (comprising metal manufacturing, metal goods, mechanical engineering, electrical and electronic engineering and the manufacture of transport equipment), the tourist industry, transport, banking and business services (comprising engineering, architectural, accountancy and computer services). The major factor in the choice of these sectors was their potentional significance to the urban and metropolitan economy. No claim is made to completeness, however (such major sectors as food and drink manufacturing, petrochemicals and insurance being omitted), and the selection should therefore be seen as having a mainly illustrative function.

Printing is an industry with good economic prospects which is largely concentrated in the major cities, mainly Amsterdam and to a slighly lesser extent The Hague. The industry's links with advertising agencies, a variety of cultural and educational institutions, publishers and the like mean that it is almost by definition city-based. The prospects of the industry as a whole are favourable, with higher turnover likely particularly in the business market; to a large extent this reflects high levels of investment and a higher profile in export and international markets. European market integration is tending to expand the scale of operations and to make increasing demands on firms' flexibility.

[12] This discussion is based on D. Hanemaayer, Kansen en bedreigingen voor de grote steden in een aantal bedrijfstakken (Opportunities and threats facing the major cities in selected industries), Scientific Council on Government Policy Working Documents, WRR, The Hague, 1991.

The position of the printing industry in the major cities is weaker than that of the sector nationally, however, with exports in particular lagging behind. Moreover a number of firms have been forced by space constraints and high land costs to relocate on the urban fringes; such relocations also reflect the generally expanding scale of printing operations, albeit small and specialized firms have maintained their position. It should be borne in mind that environmental constraints will play a more important role in the future.

The metal and electrical sector is important on account of the jobs it provides and of its potential for renewal. On the employment side the differences between the major cities are small. It would be wrong to regard the industry's position in the metropolitan economy as unimportant on the grounds of its generally low share in metropolitan employment as compared with the national average; around 50% of manufacturing employment in the municipality of The Hague is concentrated in this sector. What is striking is that firms in the major cities - with variations both between the cities and between the various subsectors (metal manufacturing, metal goods, engineering, electrical and electronic engineering and the manufacture of transport equipment) - generally fall below the national average, especially in the areas of turnover and exports, and it is particularly in the subsectors with the best prospects (metal manufacturing and electrical and electronic engineering) that the major cities' employment shares are lowest. Factors adversely affecting electrical and electronic engineering in The Hague are shortages of skilled labour (a national problem), good housing and small-business units (up to 100 square metres). European economic integration has major implications for this sector; success will depend on expanded operations, specialization and the ability to respond flexibly to changing market demands.

The tourist industry comprises the hotel and catering trades and related activities. In terms of numbers employed in hotels and catering establishments Amsterdam stands out in comparison both with the other major cities and with the national average. The commercial performance of the hotel and catering sector is uninspiring throughout the country, with the restaurant trade performing slightly better than the hotel and bar subsectors; management quality is the decisive factor.

The performance of the hotel and catering industry in the four major cities compares poorly even with what are nationally uninspiring trends, particularly in the area of turnover; only Rotterdam performs relatively well.

Amsterdam also stands out in comparison both with the other major cities and with the national average in relation to tourism in general, as is clear from the numbers of overnight stays and visitors to tourist attractions. Even so, it is not keeping pace with other western European capitals and has been outstripped by them since the mid-1970s, presumably on account of its reputation as being dirty and dangerous. Amsterdam is also said not to offer enough by way of high-quality shopping facilities and nightlife.

The tourist industry, broadly defined, is expected to grow by around 3% a year nationally but at a slower rate in the four metropolitan areas. There is

clearly scope for improvement here, the main target groups being day visitors from elsewhere in the Netherlands and foreign tourists for whom this country is a secondary destination. The major cities have introduced a number of initiatives in recent years, focusing particularly on 'business tourism' (congresses and exhibitions); Amsterdam has targeted this market with some success.

The transport industry comprises road, rail, water and air transport and the relevant support services. If the Port of Rotterdam and Schiphol Airport are included, transport-sector employment in the metropolitan areas of Rotterdam and Amsterdam far exceeds the national average. While employment continues to grow at Schiphol, sea-transport employment in Rotterdam has declined gradually since 1983; employment in other transport sectors in Rotterdam is however stable. The proportion of the workforce employed in transport is about the national average in the Utrecht region and below it in The Hague.

The transport industry's commercial prospects are fair, albeit turnover growth in 1988 was below the average for Dutch industry as a whole; the best prospects are in road transport. Among the four major cities turnover growth was lowest in Rotterdam, while turnover and investment growth was lowest in The Hague; Amsterdam (turnover and investment) and Utrecht (financial performance) did better. All four show a favourable picture in the share of turnover associated with exports.

It is generally felt that this country, which has special advantages in the transport field at international level, will be able to maintain and build on its strong position in the integrated European market from 1993 onwards. The move to a single market is not the only factor likely to force major changes in the industry, however; environmental considerations are also likely to have an impact. There could be a shift from road to rail and water transport, with major implications for the domestic freight industry (80% of freight traffic currently goes by road). More generally, changes in production and distribution processes are likely to mean continuing growth in freight transport, with the transport sector playing a more varied role in the overall production process: basic transport is increasingly giving way to a comprehensive package of logistical services including warehousing, distribution, stock management and packing. The information flows associated with distribution and transport are expanding all the time and the information technology and telecommunications infrastructure is becoming an essential element in the management of freight flows and the optimal deployment of vehicles and equipment.

The organization of the transport industry will need to adapt to these developments, nationally and internationally, and as freight flows become more international the result is likely to be a growing number of mergers and takeovers.

In employment terms *Dutch banking* is concentrated in the CBS region Amsterdam, which accounts for almost a quarter of all jobs in this sector; employment in the other three major cities is around the national average.

By international standards Dutch banking industry is of modest size, and not just in comparison with such world centres as London and Frankfurt. Major changes are underway in banking: financial services increasingly operate on a world scale, implying less dependence on local markets; more and more saving is through institutions, producing concentrations of capital in the hands of a small number of investment institutions which demand high standards of the financial system; and capital flows and financial services are being liberalized. The single European market from 1993 onwards will make the various financial centres interchangeable from the users' viewpoint and the consequent sharpening of competition is already making itself felt in the form of mergers and associated changes in organizational structure, the nature and volume of employment and branch networks. While employment in the Dutch banking industry as a whole is expected to fall by between seven and twelve thousand over the next three years, mainly through automation, in the case of Amsterdam no net change is forecast in employment in banking and insurance up to the end of the century. Along with these changes in the number of jobs there will also be changes in the nature of the skills required, with automation leading to an increase in the number of technical and commercial staff. Finally, there are as yet no indications of drastic changes in branch networks in the Netherlands such as are happening in other countries.

The proportion of the workforce employed in *business services* is much higher in the major cities than in the country as a whole, with the highest percentage being found in The Hague. Jobs in this sector have increased in all four major cities in recent years; employment in business services, unlike the banking and insurance industry, is not expected to decline as a result of the large-scale application of information technology. Business services have traditionally been concentrated in the major cities, and while there has been some shift away from urban areas in recent years this trend appears to have been reversed and more firms are now locating in the city centres. Even so, firms geared to national and international markets are mainly located outside the cities (in fact branches of foreign firms operating in the Netherlands are more likely than Dutch firms to seek city locations [13]). Important factors favouring location in urban areas are proximity to the city centre and easy access for clients, while easy access by car is a factor favouring non-urban locations. Some firms, mainly in the area of computer services, have relocated over greater distances (Utrecht, North Brabant) for reasons to do with their markets.

Each of the major cities tends to specialize in particular areas: business services in Rotterdam, for example, are oriented towards port and port-related industries, while those in The Hague focus on the head offices of petrochemical firms.

[13] M. Hessels, Zakelijke dienstverlening en stadsgewestelijke differentiaties (Business services and the differences between metropolitan areas); Economisch-Statistische Berichten, 18 July 1990, vol. 75 no. 3766, pp. 660-3 and 668.

The commercial outlook for the business-services sector is generally favourable. There has been a striking increase in notably in turnover, which in Utrecht, Amsterdam and Rotterdam exceeds the national average. Investment growth in 1988 was on the low side, however, albeit investment levels in Amsterdam, Rotterdam and The Hague were above the national average.

In what follows we consider developments in the sector under the separate headings of engineering consultancy and architecture, accountancy and computer services.

Consulting engineers and architects
This subsector went through a difficult period in the first half of the 1980s, when the number of jobs fell below 50,000; however, it has since risen again. Government policies on investment and privatization have played an important part in such movements, since around half of this subsector's turnover relates to government contracts.

Firms in this subsector tend very much to follow their clients, producing concentrations in and around The Hague (serving government departments and petrochemical companies) and Rotterdam (serving port and port-related businesses). This pattern is not expected to alter significantly, since most of the firms concerned have no reason to relocate (even with the opportunities offered by advanced information technology).

The volume of employment in the subsector is also unlikely to alter radically in the near future, with shifts in areas of specialization (e.g. with the growth of environmental technology) having only a limited impact on employment levels. Some mergers are possible with a view to allowing the use of expensive computer systems which it would not be profitable for small firms to operate on their own.

In the context of business services as a whole this subsector is fairly strongly export-oriented, with exports accounting for around 20% of turnover; this is particularly true of firms specializing in the areas of shipbuilding, offshore activities and mechanical engineering. International markets are largely covered from within the Netherlands; few firms have branches in other countries. Areas of specialization in which exports are expected to increase are agriculture, process technology and mechanical, electrical and electronic engineering. The strength of Dutch firms lies above all in the areas of know-how, the quality of the work done, international reputation and service; the high level of fees charged is a weakness. A number of obstacles are faced in the area of international trade, such as protectionist measures and problems relating to the free movement of staff and the transfer of profits.

Accountancy
The world of accountancy has seen many link-ups, mergers and takeovers in recent years, reflecting in part the increasingly international scale of many of the profession's corporate clients and in part the changing nature of the work (which has broadened from the maintenance and audit of business

accounts to the provision of advice on organization, financial matters and automation). The larger firms in particular have entered international markets, initially by establishing branches in other countries and later through link-ups with foreign firms; smaller and medium-sized firms mainly operate at regional or national level, though it is likely that medium-sized firms too will be obliged to establish international link-ups in the near future in response to the trends taking place among their clients. These various developments have brought an ongoing growth in employment (there were over 60,000 people working in accountancy in 1984) and shifts in locational patterns as new offices have been established outside the main urban centres (e.g. in Utrecht/Rijnsweerd, Rotterdam/Alexanderpolder and, particularly, Amstelveen).

The pace of change is unlikely to slacken in the near future as the nature of the work continues to develop, operations become ever more international and information technology advances. The position of the major cities and metropolitan areas is not at risk, as they are likely to benefit strongly from these various developments. Since international activities take place through link-ups the volume of exports is marginal (0.2% of total turnover); within the profession the international competitive position of Dutch accountancy is seen as very favourable, thanks above all to its reputation, fee levels, know-how and quality.

Computer services

The rapid growth of computer services is reflected in the rapid rate of turnover among the firms concerned. The number of people working in computer services in the Netherlands was put at some 20,000 in 1986; turnover in 1988 amounted to 4.5 billion guilders, an increase of over 20% on the previous year. This growth was achieved above all in the areas of training, software services and the sale of standard programmes.

The market is expected to continue growing but with many firms repositioning. There will be an expansion of international activity: the Dutch computer-services sector currently exports very little (only a few percent of turnover) and European economic unification will have a considerable impact on the competitive framework. The distinction between hardware and software suppliers will become increasingly blurred. Finally, there will be a growing need, partly in response to international competition, to open up new markets e.g. in telecommunications and systems management and maintenance; this will require heavy investment in research and development.

Surveys within the computer-services sector show scope for export growth in the areas of hardware supply, tailor-made software and systems development. The international sale of hardware faces a number of obstacles: reputation, prices and delivery times are seen as weaknesses and quality and personal contacts as strong points regarding the sector's international competitive position. A 1986 survey found only a limited number of firms planning to expand abroad; firms' staffing situation, likely financial problems and a lack of experience of foreign markets were the main obstacles.

These various general trends indicate a likelihood that the IT sector as a whole, and within it computer services, will over the next few years undergo rationalization in the form of mergers and link-ups at national and international level.

During the recent period of rapid expansion Dutch cities have rivalized with one another to attract firms working in the area of information technology in general and computer services in particular. With rationalization in prospect a balance-sheet can now be drawn up. Computer-services firms tend to locate near their clients and are found in relatively large numbers in the central area of South Holland province; these are likely to be firms with clients in all four of the major cities. Those located in and around Utrecht probably have a Randstad and national clientele. It is not yet clear whether the forecast structural changes in the sector will also bring changes in the locational pattern.

The policy agenda

Printing is potentially an important sector in the metropolitan economy of the future, not just in Amsterdam but also in the other major cities. Trends in the industry are generally favourable and its international competitive position is considered sound. The locational pattern is broadly geared to spatial concentrations of clients. The recently disappointing performance of the industry in the three major cities is a matter of concern; it is not immediately clear what the causes are.

Steps are needed in three areas to secure the industry's future. First, unless there is a change of policy the stronger firms are likely to leave the cities for areas where locational conditions are more attractive; measures are therefore needed to ensure e.g. site availability, acceptable land costs and good accessibility. Second, given the disappointing export performance of the printing industry in the three major cities export promotion needs to be high on the agenda. Third, staffing problems are a brake on the industry's development: printing seems to be a sector in which there are many 'hidden vacancies', with employers making no attempt to recruit staff despite labour shortages; measures to stimulate labour supply must therefore remain high on the policy agenda.

The metal and electrical industry in the four major cities starts from an unfavourable position. The two subsectors whose competitive position is judged best, metal manufacturing and electrical and electronic engineering, are weakly represented in employment terms and the firms concerned are among the less export-oriented. This is a clear disadvantage in a Europe without frontiers.

While not enough is known of the characteristics of the metal and electrical industry in the major cities to permit firm statements regarding its prospects, the general analysis indicates that the policy agenda should include at least the following. First, export promotion: the share of exports in overall output is too low. Second, management support: this should be available to assist internal and external processes of development from primarily craft undertakings to major commercial organizations in a

European market. Third, locational factors (such as the availability of premises) need to be optimized. Finally, a stronger focus is needed on training, with much closer cooperation between firms, universities and institutions of higher vocational education.

Considerable efforts are needed in the area of *tourism* if the four major cities are to benefit from growth in this sector. Research by the Netherlands Bureau of Tourism indicates that city tourist policies in the 1990s need to focus on marketing, product innovation, improved standards, training and organization. As has been noted, initiatives are being undertaken in the four major cities in the areas of product innovation and improved standards; innovative measures are also needed in the area of organization, however, including a systematic and professional approach to market analysis, improved staff training (the municipality of Amsterdam points for instance to the need for training for tourist guides) and a more active role - financially and otherwise - for the various sectors of the urban economy which benefit from tourism.

The strategic importance to the major cities of the *transport industry* is greater than the employment statistics imply. It must be remembered that transport is a space-hungry industry which requires high levels of accessibility and is thus not easily accommodated in urban areas. Transport undertakings therefore tend to seek alternative locations in neighbouring municipalities or further afield, e.g. in the more open mid-Randstad area or the provinces of Utrecht and Brabant.

Obvious threats to the major cities' position include congestion problems on trunk and access routes and the shortage of suitable sites; the problem is all the more acute in that the country's two intercontinental ports, Rotterdam and Schiphol, are both in metropolitan areas. More generally the future of the transport industry is likely to depend directly on the extent to which the infrastructure is improved and information systems for the monitoring and control of freight flows are developed. Thus far it has proved impossible to follow the international trend by dismantling the institutional barriers between different modes, areas and firms.

The 'Amsterdam - International Financial Centre' initiative, through which leading firms share their knowledge of international markets, was set up to secure and improve the international position of *banking* and other financial services. In the international context the initiative is an unusual one, given that in some other western European countries it is government that takes responsibility for maintaining and improving the international position of financial centres. The group responsible for the initiative has produced proposals, based on an analysis of international trends and the city's development potential, for strengthening Amsterdam's international position as a financial centre. Its recommendations relate both to Amsterdam as a business location and to the operation of financial markets in the Netherlands.

There are no obvious problems facing the metropolitan areas in the area of *business services*; in accountancy, for example, the position of the Randstad

is expected to strengthen. Within the urban cores expectations are varied, however, with Utrecht foreseeing a stabilization of employment at its present level while Amsterdam looks forward to an annual increase in total employment of between one and two percent between 1985 and 2000.

The advent of the single European market is a important factor in the four major cities' potential as a location for foreign firms since it removes one of the Netherlands' main disadvantages, the small home market. Indeed, some sources already see signs that firms of foreign origin providing business services are locating in this country, albeit initially to the detriment of Dutch firms. There is a need here for a more active stance on the part of both sectoral organizations and central and local government, building on the agreements reached by the Foreign Investment Committee of the Ministry of Economic Affairs as part of the 'Amsterdam - International Financial Centre' initiative. This could involve marketing activities in other countries and guidance and support for foreign firms throughout the process leading to establishment in the Netherlands. Banks, accountancy firms and the like have an important share in this process, since businesses of this type have been found to play a major part in foreign firms' locational decisions. Marketing will need to stress among other things a number of traditionally strengths, such as the quality of the Dutch workforce in the service industries.

3.3.2 Summary of trends with an eye to the future

Our sectoral review has revealed great potential in the metropolitan economy, with opportunities as well as threats in many sectors. More important, success in one sector of the metropolitan economy often brings new opportunities and challenges for others, implying a need for alertness and dynamism in the economy and policies which stimulate these qualities but are above all aimed at supporting and facilitating them. It is with these qualities and policies that the next section is concerned.

3.4 Policy: substance and prospects

3.4.1 Introduction

Section 3.4.2 follows chapter 2's sections on the economy with a discussion of the scale and significance of the metropolitan economy over the next few years, focusing particularly on the developing position of the metropolitan areas in the national and international context. Section 3.4.3 outlines the kinds of policy that are needed, while section 3.4.4 comprises an analysis and recommendations for policy in more operational terms in the areas of economic development and infrastructure.

3.4.2 Background

Chapter 2 drew attention to the shifts and regrouping taking place among economic centres and relationships at international level. These changes affect metropolitan areas throughout the world, within continents (including the north-south shift) and within countries (also, in some countries, a north-south shift). The regrouping relates to the ongoing process of economic internationalization and to the accelerating pace of change as firms and

industries grow and decline, in the economy in general and the metropolitan economy in particular.

As chapter 2 concluded, this is not a deterministic process; on the contrary, there are departures from general trends and new shifts keep occurring as time passes. A striking example is provided by the experience of western Germany, where the recent shift of economic gravity towards cities in the south has now been partly reversed to the benefit of the central region as a result of German unification. The link with eastern Germany and Berlin has given a new boost to the western German ports of Hamburg and Bremen, cities whose development policies have already begun to focus on the Berlin-Leipzig urban complex. In France too, we have seen the growth in recent years of systematic national policies for urban development which seek among other things to strengthen cities specializing in high technology or services (e.g. Montpellier), those with an international function (e.g. Strasbourg) and major ports ('Action Le Port et La Ville'), the aim being to secure at least a nodal position in respect of north-west Europe, now that the continent's centre and south (notably Italian and Spanish cities like Milan and Barcelona) are gaining in importance. To sum up, patterns of urbanization are constantly changing as conditions change; in large measure determined by the dynamics of national and international economic markets, they are also significantly affected by deliberate development policies within and in respect of the various metropolitan regions.

Our discussion of the Netherlands' cities and metropolitan regions focuses on the one hand on their relative positions within this country and on the other on the increasingly important question of their position relative to other countries' cities and metropolitan regions, such as Brussels and Frankfurt. As regards the dynamics of development, our analysis of the metropolitan economy now and in the recent past indicates that it has weakened over time and that while national economic recovery has brought some revival since the mid-1980s it remains generally vulnerable and appears currently to have little in reserve.

Before turning to the tasks and challenges ahead we first ask, as in chapter 2, whether the metropolitan economy is still a significant and relevant concept in the context of the national economy, given that in western Europe (including the Netherlands), as previously in the United States, a process is now underway involving the decentralization of not just population but also, increasingly, economic activity. Given this spatial dispersal of urban functions, is the state of the metropolitan economy as such still an important criterion of economic health? Indeed, does it matter at all? As in chapter 2, the answer is that the metropolitan economy is and will remain of vital importance in the context of the national economy.

In the first instance this relates to the fact, emerging from our earlier analysis, that around half of gross domestic value added (see table 3.1) is generated in the metropolitan areas. From this it follows directly that it is very much in our national economic interest to remedy any growth shortfall in the major cities. Of greater importance, however, is the point (emerging from academic discussion of this topic in the United States) that the

dispersal and concentration of economic activities is not in national terms a zero-sum game in which it does not matter where activities take place and markets are located. On the contrary, the concentration of and, particularly, linkages between economic activities and markets are a crucial factor in the health of the national economy. Finally, as will later emerge, modern logistics not only increases the scope for dispersal and footloose location but can also promote metropolitan concentration and linkages. Even if economic activity continues to spread over more cities and regions, the metropolitan areas will remain strategic elements in the development and functioning of the national economy as a whole.

Amsterdam, Rotterdam, The Hague and Utrecht will thus retain a vital function in the national economy. In all western countries we find similar national economic importance attaching to metropolitan nodes such as Brussels, Frankfurt, Geneva and Milan, not to mention such first-order metropolises as London, Paris, New York and Tokyo.

As may be inferred from the earlier discussion, this kind of role for the metropolitan economy demands - to a much greater extent than in the past - a strong focus on relative positions at the international level. On account of urban diffusion, it also implies a greater need than formerly for competition, alongside coordination and complementarity, between the cities and their fringe municipalities and between the metropolitan areas, the Randstad configuration and the Netherlands' other urban areas.

As has already been noted, the aim cannot be a rigid concentration in major cities: urban containment is not a realistic option. At the same time it is necessary to prevent further erosion of the metropolitan economy in the way that has happened - as this chapter's analysis shows - in the past. Policy cannot therefore focus solely on the city but instead must approach the city and its surrounding metropolitan area as a complementary whole, in which urban centre and fringe municipalities have their own roles and their own demands. Competition and coordination between these sub-areas is characteristic of every metropolitan area in the western world and determines the quality of the city itself and of the surrounding metropolitan area as a whole. As a representative of a multinational company put it, 'We settled in an Alsation village under the smoke of Strasbourg because of that city's attractiveness as an international nodal point.'

When considering in detail the major cities' importance to the national economy we must bear in mind that they are no longer natural incubators for the generality of economic activities. Recent thinking indicates that the theory that most innovations still arise in cities, thereafter spreading to the rest of the country, is not tenable [14]. This does not mean that cities no longer have an incubator function, or that it is insignificant, but rather that it is now much more specific. The city is still, even perhaps more than in

[14] M.W. de Jong, New economic activities and regional dynamics. Amsterdam, Royal Geographical Society, Institute of Economic Geography, University of Amsterdam, 1987. E. Wever, Nieuwe ondernemingen in Nederland (New businesses in the Netherlands). Assen, Van Gorcum, 1984.

the past, a key environment for certain industries characterized by external economies of scale, such as fashion-sensitive activities, the media, information technology and subcultural (e.g. ethnic-minority) entrepreneurship. The urban incubator is to be found more generally in the background of all industries, trades and services which depend on fast and direct contacts: transactional activities. The major cities' incubator function is thus closely bound up with their continuing role as transport and communication nodes where national and international networks meet. This makes them transfer points of the first order, just as they have always been central market places in the history of the west, and explains for example why particularly the head offices of national and international concerns remain concentrated in the major cities or the Randstad.

Tied up with this role in transport and communication and with their incubator function in the more specific sense is the major cities' strategic significance in the area of knowledge-intensive intermediary business services. This reflects the concentration in the cities of universities, colleges of higher vocational institutions, media organizations and cultural facilities.

While technological advances in transport and communications have rendered much less significant the economies of scale which until recently marked the major cities and metropolitan areas, they remain, in a complementary relationship with their fringe municipalities, nodal points for a wide range of services, both commercial (trade and banking) and non-commercial (health care, social provision, cultural facilities and education).

It is in services that the metropolitan areas' best chances lie [15]. The linkages between the service sector and centres of production both within and, particularly, outside the metropolitan areas must be borne in mind here. The functional differentiation between the major cities and areas is of importance to the position and nature of the economies of the major cities and metropolitan areas over the next few years.

While developments in the Netherlands are still at too early a stage for signs to have emerged of such a new functional differentiation, the four major cities' economic profiles have become differentiated. In Greater Amsterdam the transport complex of Schiphol Airport and the associated industries and services is tied up to an important extent with Amsterdam, so that the city is a primary nodal point in national and international transport and distribution. As the national capital Amsterdam also has a concentration of activities, institutions and organizations with a national role; the financial sector in particular is concentrated in the city. In Greater Rijnmond the picture is dominated by the Port of Rotterdam itself, the world's greatest seaport, the associated trade and transport activities and the industries (petrochemicals, installation engineering and shipbuilding) located in the port area. As the seat of government, the economic profile of

[15] This section is based on the study carried out in connection with the report of the Scientific Council for Government Policy by M.W. de Jong and P.A. de Ruijter et al., Logistiek, infrastructuur en de grote stad (Logistics, infrastructure and the city). Delft, IRO-TNO, 1990.

the The Hague and surrounding areas is characterized by telecommunications undertakings (Siemens, Philips, PTT); a number of national and international enterprises also have head offices or other departments in the agglomeration, notably in Rijswijk. Utrecht is an important junction in the national rail network and home to Dutch Railways' head offices; this major public-transport function has led many national institutions and organization to locate in the city, which is also the site of major fairs and exhibitions. The metropolitan area of Utrecht is also an important centre for computer services and metal and engineering industries.

From the viewpoint of innovation-based development the four metropolitan areas benefit from an overrepresentation of knowledge-based services. As in other countries such services are still a metropolitan phenomenon, albeit their dominance in this area is now less marked than formerly. The middle-ranking cities in the half-way zone between the Randstad and the peripheral regions of the north, east and south east of the Netherlands are moving forward rapidly in this field [16], but the major cities appear to be retaining their advantage in certain strategic areas such as financial services, advertising and internationally orientated business services.

Innovative manufacturing activity, in contrast, is relatively strongly represented in the regions of south-east North Brabant, Arnhem/Nijmegen, Twente and parts of the north. Two groups of areas can be distinguished, namely peripheral regions without knowledge-based services and regions in the half-way zone (mainly North Brabant and Gelderland) where knowledge-based services are increasingly present. Innovative manufacturing is underrepresented in the major cities, though in absolute terms there are significant numbers of innovation-oriented firms; in Rijnmond even the absolute number is small. Within the Randstad innovation-oriented manufacturing enterprises are mainly to be found in a band around the four major cities (in Het Gooi and the Zaanstreek, in Delft and the Westland and in the 'open areas' of Greater Amsterdam such as the Harlemmermeer).

The major cities' prospects in the area of innovative, flexible manufacturing are probably not good, despite the fact that flexible specialization greatly reduces the importance of labour costs while demanding much greater workforce flexibility in terms of knowledge, skills and commitment, suggesting that the diversified labour force available in the major cities ought to be a positive factor in attracting industry. While this applies in northern Italy, for example, where there are networks of small and medium-sized firms not dominated or controlled by large companies, the Netherlands' industrial structure is characterized by flexible production networks in which large firms - Philips, Akzo, DSM, DAF, Rank-Xerox and the like - play a dominant organizing role. While some large companies,

[16] J.H.J. van Dinteren, Zakelijke diensten en middelgrote steden (Business services and middle-ranking cities). Amsterdam, Royal Netherlands Geographical Society; Nijmegen, Nijmegen Catholic University Institute of Geography, 1989.

such as Shell and Unilever, are located in the southern wing of the Randstad, it is not reasonable to suppose that others will transfer their production networks to the major cities. Medium-sized towns and cities and the 'urbanized countryside' of the half-way zone have advantages over the metropolitan environment, where competition for locations is greater and there are attendant problems of congestion, allegedly poor workforce motivation and so on [17].

Goods-handling - trade, transport and distribution - is strongly concentrated on the inside of the Randstad, complementing the concentrations in the intercontinental ports of Amsterdam (Schiphol) and Rotterdam. This concentration is also spreading along the main transport axes towards the south and south-east.

The growing linkages between production, goods-handling and knowledge-based undertakings will determine the landscape of economic activity in this urbanized country. The major cities and metropolitan areas retain a relatively strong position in the areas of the intercontinental ports (goods-handling services) and knowledge-based services, while their specific economic profile is associated with a growing diffusion of manufacturing and goods-handling throughout the country. As economic activity in the major cities and the rest of the country becomes more and more interrelated the Netherlands will increasingly tend towards a single 'urban field' in an economic sense, and this country's economic and technological competitiveness can be assumed depend on the successful functioning of the different parts of that 'urban field' (the metropolitan concentrations and the other areas).

This differentiation between the major cities, the metropolitan areas, the middle-ranking towns and cities, the urbanized countryside of the half-way zone and the peripheral regions is already reflected in the locational choices of foreign firms. Production and distribution undertakings locate mainly in North Brabant, Gelderland and Limburg; examples include Fuji in Tilburg, General Electric in Bergen op Zoom and Digital in Nijmegen. The European or regional headquarters of foreign firms are virtually entirely concentrated in the major cities, particularly Amsterdam. Finally, national and international distribution and production activities associated with Schiphol and the Port of Rotterdam tend to locate in their immediate neighbourhood; the recent establishment of Nissan's European distribution centre in Amsterdam provides an example.

The following sections focus more specifically on the kinds of policy that will need to be pursued over the next few years in respect of the metropolitan economy.

17] H.P. Krolls, C. Machielse, P.A. de Ruiter, Kiemen van vernieuwing: economisch-technologische ontwikkelingen en ruimtelijke gevolgen voor Twente (Seeds of renewal: economic and technological developments and their implications for Twente); Delft, IRO-TNO, 1989.

3.4.3 Principal elements of the general strategy

The Fourth Statement on Physical Planning, which recognized for the first time the metropolitan areas' importance as strongholds in the international competitive struggle and marked a shift away from a focus on problems and weaknesses towards one on strengths and potential, provides a useful framework for the discussion of the position of the major cities. The stress is still on physical planning, however, and that is inadequate: securing our cities' international position also requires a specific economic development and infrastructure policy. Since the 1950s there has been little attempt to develop such a policy in the Netherlands, let alone to implement it through systematic programmes.

The effects of this lack of commitment among policy-makers were aggravated by the dispersal policies which marked national land-use planning from the 1960s to the 1980s: compared with other countries there was and is little or no concern, in central government or the cities themselves, with the major cities' essential role as links in the national economy. In the United States, France and Great Britain there are many and varied examples of metropolitan development policies. In a few cases central government itself has taken control where local authorities fail to cooperate, as in the United Kingdom, but opportunities and prospects are better where national and local government work together in shaping strategic policy, as happens in France. This is illustrated by recent and forthcoming developments in Paris and the surrounding metropolitan region and in the cities of Montpellier, Grenoble, Lyons and Lille.

If the substantive analysis set out earlier is taken seriously a new policy direction is therefore needed in the Netherlands. Early shifts towards that new direction have been the report of the Andriessen Committee in the late 1970s and early 1980s on the strengthening of the Amsterdam economy, the 1987 report of the Albeda Committee which covered a range of measures to promote the social and economic development of Rotterdam and finally the Montijn Committee's 1989 report to the Central government on the strengthening of the major cities in general. What follows builds on these various documents.

Following on from chapter 2, the policy strategy proposed involves joint action by national and local government in close cooperation with industry, broadly defined. The development of such a strategy will clearly require considerable efforts, with inputs from individual entrepreneurs, industry in a broader sense and national and metropolitan policy-makers.

What are the main elements of a general policy strategy for the economy of the metropolitan areas?

At national level what is needed are central-government policies aimed at facilitating metropolitan economic development. Just as development policies for the peripheral regions were evolved in the 1950s by Secretary-General Winsemius, under Minister Van den Brink, which subsequently became a permanent feature of government policy, so in the 1990s policies are needed for the metropolitan areas which facilitate (without seeking to

determine) positive developments in the direction of regional specialization and thereafter help strengthen areas of specialization (not only and not in the first place with financial assistance but through expertise, marketing, promotion, international lobbying and so on). Such a national policy for the development of the metropolitan areas differs from that pursued until recently in two respects.

First, it differs from the support given to disadvantaged regions under traditional regional policy: where the aim of such policy was to narrow regional differences and bring disadvantaged areas up to the national average, the purpose of the urban policy now proposed is to secure the advantages of the metropolitan areas so that they can maintain their international competitive position. Its aim is thus a regional differentiation which respects the metropolitan areas' special position, just as industrial policy has always respected sectors of national strategic importance.

The new urban policy also differs from traditional development policy in that it does not seek to take over the role of the cities concerned. It is not (as might be expected) a means whereby central government channels extra resources into the cities, weakening their own commitment to the local and regional economy and undermining local government; rather is the aim to complement local endeavours, facilitating development of a kind and quality which would not otherwise be possible. The yardstick must always be the *international* role and position of the major cities and metropolitan areas.

The first step towards the new policy is to adjust traditional regional policy, focusing it explicitly on the needs of the metropolitan areas. A start, albeit modest, seems to have been made in the new regional-policy statement for 1991-1994, entitled 'Regions without frontiers', which introduces a new-style framework-setting policy for the metropolitan areas and other regions whose main purpose is structural reinforcement aimed at strengthening international competitiveness. The projects associated with the document are mainly concerned with business and industry parks and the business environment [18]. The new policy can be seen as replacing the support policy of the period 1981-88, which was terminated for the major cities in 1988 (the funds being switched to the general grant from the Municipalities Fund). In the area of structural development policies of this kind, aimed at the major cities and metropolitan areas and seeking mainly medium- and long-term effects, much can be learned from West German regional policy, which a recent OECD report cited as a model from the viewpoint of structural reinforcement [19].

[18] Regio's zonder grenzen, Regionaal-Economisch Beleid 1991-1994 (Regions without frontiers, Regional Economic Policy 1991-1994); Lower House of Parliament, 1989-90 session, 21 571, nos. 1-2.

[19] West Germany's regional policy comes closest to being a long-term development policy, for urban as well as rural areas. See: Regional Policies in Germany; Paris, Organization for Economic Cooperation and Development, 1989.

Alongside specific regional economic policies for the metropolitan areas there is also a need for structural economic policies: where infrastructural needs emerge in particular sectors of the metropolitan economy the necessary development should be seen as in the national economic interest and, to the extent that those immediately concerned are unable to undertake it, should be funded as a national responsibility.

Such an approach implies a greater role for central government than has characterized official policy in the past; this we regard as unavoidable, given the importance of the interests at stake. Such central-government involvement has implications for the pattern of relations with local government in that, without prejudice to the complementary nature of those relations, the contribution and responsibility of central government will have a higher profile than in the past. The new and more visible role will primarily be one of facilitation, with central government taking responsibility, financially and otherwise, for strategic facilities which are essential in the context of international competition between metropolitan areas but which private industry and the metropolitan authorities cannot provide on their own.

A major constraint on the development of such a policy is set by European Community rules aimed at preventing unfair competition through the operation of regional or structural economic policies, particularly when the single market is in place from 1993 onwards. The Commission is already taking a harder line on such matters, as witness its reaction to assistance given by the state government of Baden-Wurttemberg in connection with the establishment of a new facility by Mercedes-Benz. At the same time it is unrealistic to suppose that, even within the single market, national governments will not continue to invest in their own 'metropolitan capital assets', as they already do in many ways, openly or otherwise.

The policy approaches which will be required at regional and local level differ sharply from those now current. In recent years metropolitan authorities have become more aware of the scope for improving their cities' economic structure through systematic action. The recession of the early 1980s, which hit the major cities particularly hard, came at a time when central government was not keen on intervention. This reluctance to intervene was grounded in both financial considerations (the need for major cuts in public spending) and ideology (Keynesian policies had not worked, deregulation promised much, industrial policies were out of favour). The cities were thus forced to find their own solutions to rapidly growing social problems, economic stagnation and high unemployment, and the result was the development of a number of initiatives whereby the cities sought to reverse their decline, mainly through relatively large-scale projects (the construction of the new City Hall and inner-city renewal in The Hague, the Kop van Zuid and Noordrand plans in Rotterdam, the IJriver plan in Amsterdam, and so on). All these plans involved joint action by the private and public sectors, with both parties committing themselves to undertake certain investment projects, and all were ultimately intended to improve the metropolitan areas' locational appeal and thus to induce other businesses to invest. However valuable and relevant such plans were (providing as they

did a major indirect impetus for recovery), they generally benefited only particular geographical areas or industrial sectors without any certainty that these were the areas with the greatest problems or the sectors which would generate the greatest yield.

In general terms what is needed is a metropolitan economic policy in which the central focus is on economic potential, from the viewpoint not of short-term benefits but of long-term development prospects. Such an approach must take full account of (a) the dynamics of new metropolitan centres of gravity and configurations in an open and increasingly international economy, implying a need for rapid and flexible responses on the part of the metropolitan regions in the context of the national economy, and (b) the fact that the economies of the cities themselves are increasingly bound up with those of fringe municipalities within the metropolitan regions and of neighbouring regions and cities, implying a need for an open metropolitan regional policy, again in the context of the national economy.

Economic policy in a more direct sense, at both national and local/regional level, is varied and differentiated: investment incentives, export promotion, incentives for innovation and the development and application of new technology, enterprise schemes, together with the provision of the necessary infrastructure, both physical (business accommodation, transport, the quality of the residential and working environment in a broad sense) and non-physical (qualified workers, high-grade services and so on). The following discussion of metropolitan economic policy starts from economic development policy; issues of transport and communications - logistics - are dealt with as a separate policy area in their own right.

Such a policy requires a policy infrastructure which in terms of research and preparation has largely still to be developed in the Netherlands. What is needed is a joining of forces in our major cities and conurbations of the type that has characterized North American cities since the early 1980s. Sometimes this has even taken the form of strategic city plans, jointly compiled by industry, institutions and local government on the basis of the necessary research, expertise, discussion and agreements, whose central aim is to promote the transition to the desired economic profile; this has been done in e.g. Philadelphia, Chicago and San Francisco. Such plans involve choices based on a balancing of interests in the areas of economic activity, traffic, townscape and landscape values, environmental pollution and social problems from a perspective of the strengths and weaknesses of the city concerned in the international context. Such an approach has been adopted, up to a point, by the recently established Rotterdam Development Council (ROTOR).

The economic policy we propose demands above all a strengthening of relations and linkages in the city or metropolitan region in a range of policy sectors. With regard to the financial relationship between central and local government and the finances of the city authorities, chapter 6 develops proposals broadly aimed at a greater sharing of risks and responsibilities between industry and local government at local/regional level. Greater account also needs to be taken of the links between social problems and

economic developments than is possible in under current arrangements, with their sharp administrative division between the worlds of social and economic affairs. This chapter has already drawn attention to the fact that economic development constantly produces new situations of conflict and disadvantage while at the same time generating the resources needed in the solution of social problems.

3.5 Policy tasks: economic development and infrastructure

3.5.1 Institutional relationships

Business is the engine of growth and renewal in the metropolitan economy and in our view local government must take its cue from developments in business, though without seeking to usurp business' role or take overall control. Local authorities have an essential part to play, not only because of their overall responsibility for the economic health of their areas but also as representatives of the public interest. If local policy-makers first give due weight to economic considerations, they can then set about balancing economic needs against social problems, pollution, congestion and so on, with economic growth helping to fund the necessary remedial measures. First of all, though, the major cities' role as engines of the economy must be reflected in the pattern of institutional relationships.

While the major cities have moved in this direction in the 1980s, there is still no easy, flexible and direct interaction between the business sector and local government in the metropolitan areas. Such an interaction (and a similar interaction with central government in respect of metropolitan interests whose scale is greater than that of the city and its immediate surroundings) demands a Dutch equivalent of the 'civic culture', the local concern and pride, found in North America. Such a concern with one's own locality automatically produces the necessary linkages and strategic coalitions essential to economic and infrastructural development. The 'civic societies' of North American cities play a vital role in the interactions between the business sector and local government; the basic relationships established through them make it possible to develop and implement appropriate detailed policies as and when required. The local authorities of Amsterdam, Rotterdam, The Hague and Utrecht cannot stand alone but must find their own 'culture' and relationships in the business sector. A major impediment to the development of networks of this kind is the financially and administratively dependent position of the metropolitan local authorities, which makes them unable to act as real partners of the business sector. If an economic partnership is needed between the business sector and local government, then the latter must have the financial and administrative autonomy it needs to promote, compel and exploit cooperation within the private sector and between the private sector and authorities. This greater involvement at local and regional level in metropolitan development policy will also knit the sector of economy and the various municipal authorities concerned more closely together. Here there is a task, in which notably the Chamber of Commerce can serve as a catalyst, as the regional exercise carried out by the Rotterdam Development Council illustrates.

Such ties between the sector of economy and local government need to be complemented by action by central government, which has the job of ensuring that infrastructural and other facilities in the major cities meet and go on meeting the international standards needed if industry is to grow and develop. This implies a greater role for the Ministry of Economic Affairs in the metropolitan economies in the form of a system of strategic back-up. Central government must also have the courage once again to make specific provision for the major cities and metropolitan areas in the transport and communication infrastructure where their development at national and international level so requires. Here again central government has a distinctive role to play, and a good start has been made in this area by the Ministry of Transport and Public Works with the Randstad Accessibility Plan.

In what follows we develop the various aspects of the two policy areas, namely infrastructure and communications and economic development.

3.5.2 Infrastructure and logistics

Economic and technological advances mean that production and services are increasingly bound up with, and dependent on, one another. Logistics - the organization, planning and management of all activities connected with the processing, transport and storage of products, from the production of raw materials to final delivery - plays an important part in the growth of such networks. The associated complexity of business operations finds expression among other things in a proliferation of transport and business links, an interweaving of different links and an expansion of the scale on which the links operate: the transactional economy. This produces ever growing mobility requirements and increasing demands on the infrastructure; it is vital that this is recognized by society and its implications accepted [20].

Much attention is currently focused on problems of pollution and congestion; the protection and improvement of the environment in which we live is quite properly a matter of great public concern. In the metropolitan areas more than elsewhere there is a tension between the mobility and concentration associated with their role as national and international economic centres and the demands of an accessible, agreeable and minimally polluted environment. Cities which find the right balance, or which can defuse or neutralize the problem through expansion into surrounding areas, will score highly in the international league table in the coming years. This point also emerges from a recent study carried out for the Ministry of Economic Affairs [21].

[20] This section is based on a study carried out for the Scientific Council for Government Policy entitled Logistiek, infrastructuur en de grote stad (Logistics, infrastructure and the city), op. cit.

[21] Netherlands Institute of Economics, Economisch-technologische ontwikkelingen en veranderende eisen in de bedrijfsomgeving (Economic and technological developments and changing requirements in the business environment); Rotterdam, NEI, 1990.

Growing public concern at pollution and congestion must not obscure long-term infrastructural needs, however, preventing essential improvements and investments and causing unnecessary damage to future economic development. At the same time investment in the metropolitan infrastructure must take the fullest account of environmental needs; a policy approach that optimizes the trade-off between such needs and those of the metropolitan infrastructure will do justice to the interests of the latter.

This is of particular importance now that, after a period when infrastructural investment was worryingly neglected, the Second Transport Structure Plan and the Fourth Statement on Physical Planning have initiated a catching-up process. Even so, in comparison with neighbouring countries even the investments envisaged in those documents remain only modest. Given the crucial role of the infrastructure, central government should give even higher priority to investment in this area, both in the four metropolitan areas and in the Randstad as a whole.

Infrastructural investment is a key to sound logistical development in any modern western economy, but in the crossroads economy of the Netherlands, the gateway to the European mainland, a high-grade infrastructure is of particular importance. In addition the dispersed nature of the country's economic core, the Randstad, sets special demands. The starting position of the Netherlands' cities is favourable, but their spatial structure places heavy requirements on the infrastructure.

Accessibility for business traffic is vital to the major cities' national and international competitiveness; a high-grade infrastructure is essential. We believe that central government should take responsibility for equipping the major cities and the Randstad with an infrastructure which measures up to that of other western countries and should, where necessary, provide the resources needed (as happens elsewhere). The promotion of accessibility may also require new forms of regulation, with measures such as tolls, peak-hour surcharges on the annual car tax, road-pricing and so on to discourage private car-borne commuting to the benefit of business traffic. There is however a risk that such regulatory measures may make it harder for the major cities to compete with other locations. There is a real possibility that the aim of reducing congestion will not be achieved, so that the only result of the measures is to increase costs and thus throw up an additional barrier around the major cities, and this danger must be borne in mind when decisions are taken on the introduction of measures of this type.

The relationship between logistics, infrastructure and the position of the major cities is a complex one. Where once the cities were unique transport nodes, this is no longer the case: production and transport functions are spread over much wider areas. They do however remain dominant in certain areas of logistical services and still hold the topmost rank in the hierarchy of nodal points, the intercontinental air- and sea-ports. From the viewpoint of infrastructural and logistical developments the major cities remain crucial to the Netherlands' economic competitiveness in terms of the intercontinental ports, human resources and finances and organization. The cities thus have primarily an indirect functional significance and must be

seen in the context of the interrelatedness of activities throughout this country and beyond its borders, the intercontinental ports and their hinterland together forming a single 'urban field'. In infrastructural terms this implies a focus on the principal transport routes leading south and east from the Randstad, though the fine-mesh infrastructure within and between the metropolitan areas must not be neglected.

In principle there are three options - not mutually exclusive - for infrastructural improvement, namely increasing output (making better use of the same), expansion (more of the same) and partial or complete renewal (e.g. the high-speed train). Much greater efforts need to be put into making efficient use of the existing infrastructure: this is the first option.

Alongside the more efficient use of what we have the use of alternatives must be vigorously promoted. These include notably modern telecommunications (tele-working, tele-conferencing and so on) and the railways. Not enough has been achieved in this regard, reflecting the weak representation of the interests concerned in the pattern of institutional relationships (albeit external pressures are beginning to bring about a change in the case of rail transport). In information technology and telecommunications industry already possesses great potential which could be made much more widely available in the form of services.

Business traffic, based on modern logistical principles, is currently dominated by air and road transport. In the areas of commuting and some sections of European air transport there is a need to move towards alternatives. Strengthening attractive alternatives (rail transport, IT/telecommunications, the waterways) will allow the better use of the present and future air and road infrastructure by business traffic in the ways dictated by modern logistics. Here in the Netherlands care is needed to ensure that Schiphol Airport's leading position is maintained and strengthened so that it remains one of Europe's intercontinental ports for passenger and goods traffic. The Schiphol Area Action Plan must seek an appropriate compromise between this imperative and other interests, such as environmental requirements and competing pressures on space. Similar considerations apply to the Netherlands' other intercontinental port, Rotterdam, whose position as the world's leading port is a strategic factor of the first order in the national and metropolitan economy. In this case, however, conflicting interests are less of a constraint on investment plans and the renewal of the port infrastructure.

The intercontinental ports are primary nodal points with a unique and irreplaceable role in the Netherlands' economy. Logistical developments mean that links with and ease of transfer to different transport modes (air, rail, road, water, IT/telecommunications) are vitally important. Multimodal coordination in the intercontinental ports needs to be promoted, with particular emphasis on the less energy-intensive and more environment-friendly modes (rail, waterway, IT/telecommunications). Bound up with these infrastructural requirements is the matter of land use in the wider area around Schiphol and the Port of Rotterdam in relation to economic activities directly linked to the ports. Infrastructural and land-use patterns

must reflect the strategic importance of the Schiphol central area in itself, separate from but clearly linked with the Amsterdam metropolitan area. In the light of likely future developments, congestion and environmental problems, the Schiphol area needs to be extended, though industrial and business premises will need to be concentrated near trunk routes. This approach is in keeping with developments around a number of major airports in other countries.

Next there is a need for an effective organization and strategic view of the network structure (axes and nodes) for freight transport in the Netherlands, particularly rail freight; this last is of growing important in the new European transport structure. The necessary rail infrastructure (Betuwe line) must be completed as a matter of urgency; the separation of infrastructural and operating costs would appear to be a condition for the efficient organization of rail freight, particularly for international traffic.

High-grade road links between the four metropolitan areas (and indeed all the Netherlands' urban centres) and the European hinterland are vital to both freight transport and business traffic. The current infrastructure, supplemented by the schemes included in the Second Transport Structure Plan, is, given the necessary balancing of environmental problems and congestion, adequate for this purpose.

Urban railway systems (surface and underground) have traditionally been less well developed in the Netherlands than in neighbouring countries, the construction of modest networks having been initiated in Amsterdam and Rotterdam only relatively recently. The success of these networks has prompted consideration of the construction and extension of rapid-transit lines, now under discussion notably in The Hague and Utrecht. New rapid-transit systems are also gradually coming to be discussed at regional level, e.g. in the area between The Hague and Rotterdam and along the axes Purmerend-Amsterdam-Schiphol and IJmond-Schiphol-Gooi. This expansion of the local railway infrastructure from cities to the surrounding regions has occurred in many metropolitan areas in the western world. The pioneers - such as the Bay Area Rapid Transit (BART) system in San Francisco and the Paris Metro and Reseau Express Regional, reaching into the suburbs and new towns around the capital - have demonstrated that investment in such systems, even on a scale apparently not justified by current passenger flows, eventually yields great benefits in metropolitan development.

Against this background consideration should be given to the possibility, building on current plans, of developing a Randstad rail system, with distinctive rolling stock, providing high-speed links between the four metropolitan areas and Schiphol Airport. The existing network can provide the basic infrastructure for this purpose. The system must tie in with national and international links in order to avoid duplication of investment within and between the metropolitan areas. The development of such a system will give the metropolitan environment in this country a major advantage at international level in the context of future developments; one benefit is that the initially expensive infrastructure is a proven weapon

against congestion and environmental degradation. Primary responsibility for the development of the system must lie with central government, since only it has the power to secure the implementation of such a major infrastructural programme. A separate organization could be established, perhaps as an autonomous division within Dutch Railways, to ensure speedy preparation, funding and operation. Another advantage of a Randstad rapid-transit system would be that only a limited number of stations (one of them at Schiphol) would be needed on the new international high-speed rail links, minimizing the number of stops on the routes from France and Germany.

In the metropolitan areas themselves greater stress is needed on public transport in general. As is clear from the experience of other countries, radial links between the main centres and peripheral areas and secondary centres need to be supplemented with tangential links between the peripheral areas and secondary centres. The 1989 report produced by McKinsey and Company pointed in this direction and is still very relevant, but the first step must be to focus attention on the administrative organization of the urban and regional infrastructure*. The metropolitan areas possess the financial and organizational base needed to achieve the necessary coordination. More scope is needed for the systematic development and exploitation of the differentiated transport situation in the four metropolitan areas; the necessary administrative arrangements are considered in chapter 6.

Developments in telecommunications (the IT/telecommunications infrastructure and related changes in organization and business practice) can bring major benefits to the cities of the Randstad, provided that - building on the specific nature of the economic activities concerned - they are reinforced with the necessary development projects. Some have voiced concern at the present state and future prospects of this metropolitan infrastructure; others regard it as entirely satisfactory in the light of international comparisons. What is clear from international comparative studies is that the further development of the system will require sustained commitment at a high level if the Randstad is to keep pace with other centres. Close cooperation is required between local authorities, developers, hardware and software suppliers and the national postal and telecommunications service (PTT) in order to provide a rapid and efficient service to firms seeking high-grade facilities. A range of IT and telecommunications forums and facilities exist in the major cities which can play a part here. Building on this institutional base central government should create scope within its technology policy for investment in pilot projects to serve as model areas for IT/telecommunications.

3.5.3 Economic development

a. Education

Education is a major strategic instrument for economic development. In North America and also the United Kingdom education, more particularly vocational education and training, is being used in the service of economic development in the major cities. Examples of what is being done include

the 'compact' schemes in Boston, London and Newcastle upon Tyne, under which industry and schools conclude direct contracts for information exchange and mutual support, through in-service training of teachers in industry, work experience for pupils, job guarantees following the completion of courses into which industry has had an input, and so on.

In this country Rotterdam was the first city to use education to benefit the economy in this way and to develop policies for the purpose. The Netherlands' centralized education system puts obstacles in the way of such developments, however, and in chapter 5 of the original Dutch text of this report we propose ways of strengthening direct links between schools and industry in the major cities and of increasing the scope for such links through the differentiation of curricula, salaries and teachers' terms of employment. The situation of vocational education (notably the vocational schools for 12-16-year-olds, which have suffering sharply falling intakes) justifies a separate programme of renewal in close collaboration with industry. In particular there is an urgent need to break the vicious circle of low esteem and public ignorance affecting vocational education in the major cities. Finally, the growing demand for high-grade vocational qualifications and their relevance to the quality of the metropolitan economy implies an increasingly important role for the universities and institutions of higher vocational education in the cities. It is against this background that chapter 5 of the original Dutch text proposes strengthening above all the administrative links between cities and these institutions. This process would be helped if these institutions had greater power to determine for themselves the kinds of courses they offered.

b. Innovation, exports, marketing and network-formation

An initial international comparison, looking particularly at West Berlin and London, brought out the following points:

- there is considerable variation in the kinds of organization involved. In the Netherlands there are relatively many institutions concerned with particular tasks, while e.g. in West Berlin the Technologische Vermittlungsagentur (TVA) would appear to achieve greater coordination;
- in general big-city authorities in the Netherlands are less active in this area than those in other countries, though more activities appear to be developed in other regions and in a number of medium-sized cities [22];
- personal contacts are a very effective channel for the transfer of knowledge, and in West Berlin considerable efforts are made to place persons with high-level qualifications in small and medium-sized enterprises;
- in West Berlin and London there are grant schemes, with an input from the urban authorities, to cover the cost of external advice to firms. In West Berlin there is also a system of salary subsidies for management support. In

[22] This is confirmed in a recent research report by A.H. Kleinknecht and A.P. Boot entitled De regionale dimensie in de Nederlandse industrie en dienstverlening (The regional dimension in Dutch manufacturing and services); Amsterdam, Institute of Economic Research, 1990.

the Netherlands there is only limited provision for financial assistance of this type [23].

Two themes need mentioning here: first, greater account needs to be taken of the increasingly international nature of the economy, with management support and measures to promote the spread of knowledge being used to encourage firms in the major cities to work together in the European context; and second, a greater stress is needed on innovation, with the focus in the major cities less on manufacturing technology and more on marketing and organization. Support is needed in particular for business services, which will probably require considerable expansion of the capacity of the Innovation Centres (ICs).

Second, the question of the institutional structures for management support and the diffusion of knowledge needs addressing in the major cities even more than in the rest of the country. There has been a proliferation of intermediary organizations, with every new programme creating new structures. The core should be formed by existing organizations such as the Chambers of Commerce, Innovation Centres and Small Business Institutes (IMK); accessibility and usefulness would benefit greatly if all three were to operate under the same roof (a Chamber of Commerce enterprise centre).

Third, consideration should be given to the use of demand-side subsidies for knowledge transfer. Policy-makers too often opt to focus on the supply side, which is then expanded with financial help from the government. In many cases commercial organizations already exist which could make a valuable contribution to the achievement of the goals set, and concentrating government help on the demand side could promote the use of commercial sources of information. This already happens under a number of Ministry of Economic Affairs schemes for management support and the diffusion of information and technology.

Interest is growing in the formation of networks between the organizations concerned and industry. It is generally agreed that good network structures and effective action by relevant individuals and bodies can have a major impact on the functioning of firms and other institutions, and regional development in the metropolitan areas can be guided by such means. The following points emerge from the survey:

- West Berlin emerges from the comparison as the region where the structures concerned are best understood by, and most accessible to, the firms and persons concerned;
- in both the London region and the Dutch metropolitan areas inter-municipal cooperation generally amounts to no more than consultation. Joint decision-making, as happens e.g. in regions in Gelderland and North Brabant, is rare or non-existent in the Randstad;

[23] This and subsequent paragraphs are based on a study carried out for the Scientific Council for Government Policy entitled Grote steden, grootse plannen, mogelijkheden voor economisch beleid ten behoeve van grootstedelijke gebieden (Big cities, ambitious plans, economic-policy options for metropolitan areas); Assen, Bureau Bartels BV, 1990.

- neighbourhood-level development activities have been taken furthest in London, reflecting among other things a desire for more precise targeting in policy implementation. This form of decentralization is growing in importance in Dutch cities, with Amsterdam having gone furthest down the road of intra-municipal devolution; representatives of the groups on which this policy is targeted are not however generally enthusiastic about the approach adopted;
- in the Netherlands and elsewhere growing efforts are being made to increase industry's involvement in development activities. There is evidence that this has been taken further in London and West Berlin than in the Dutch cities;
- the intensification of policy efforts too often amounts only to the expansion of existing official organizations and intermediary institutions and the establishment of new bodies, with the result that the number of individuals and organizations involved in development activities from various angles has increased considerably. The efficiency and effectiveness of this kind of approach is questionable.

Economic development policies in the Netherlands' metropolitan regions will gain greatly in effectiveness over the next few years if organizing capacity is given a new impetus through regional cooperation and the involvement of industry.

Industry will need to play a major role in the various components of metropolitan development policy. Proposals to this end have already been made: private funding for certain infrastructural elements and greater involvement of industry in the development, revitalization and management of industrial zones, in education and training provision, and in activities aimed at reducing unemployment. This increased role for industry refers in the first instance not to the consultative forums in which employers' organizations are represented but rather to the involvement of individual firms in development schemes.

Central government's direct and active involvement (financially and otherwise) in the economic development of the metropolitan areas will need to be determined with care to ensure that the funds and programmes operated by the Ministry of Economic Affairs do not erode or even displace the role and responsibilities of industry and local government at local and regional level. Both positive and negative lessons can be drawn in this connection from the programmes aimed at strengthening the economic structure of the Mid Gelderland, Twente, North Brabant and South Limburg regions and the northern provinces.

c. Business premises

The international comparison mentioned earlier reveals that:
- in Great Britain an effective approach is used for the development of new premises for business and industry, while in the Netherlands there are many plans but their implementation proceeds only slowly;
- in each of the Netherlands' four major cities work is being done on the development of a variety of new prestige locations, but such is the

fragmentation of these activities that it is doubtful that this will produce an internationally competitive range of facilities;
- less is being done in the Netherlands than elsewhere by way of renovating and improving old/obsolete buildings and sites, partly owing to the lack of specific funding instruments for this purpose;
- the sharing of business premises by a number of firms, widespread in the other countries covered, is not yet as fully developed in the Netherlands as it should be.

The following recommendations follow from these observations. First, a clearer strategy is needed for the development of large-scale new locations, with more explicit planning. Meeting the needs of specific market segments in the interest of economic development will in some cases involve painful choices in the area of land use. There is a need to develop business and industry parks whose quality and image contribute positively to the international marketing of this country as a location for business; as yet the Randstad does not possess sites with the appeal of, for example, Sofia Antipolis in southern France. In order to maintain the necessary level of prestige Land Policy Agencies must take care that sites are sold only to suitable businesses; this is not always the case at present. Central government should set clearer priorities for its involvement, reflecting an assessment of the various metropolitan areas' importance from the viewpoint of the Netherlands' international competitive position.

Second, the municipal authorities need to give higher priority to providing business locations in the cities themselves, if necessary at the expense of housing.

Third, more can be done to revitalize old/obsolete premises. The impact of economic restructuring is felt particularly in the area of business accommodation, and in the future cities will increasingly find themselves faced with buildings for which there is no longer a market and sites which decay as industries decline. Organizations need to be set up to purchase and renovate premises as they fall vacant; moves have been made in this direction in our major cities, but more needs to be done within existing financial constraints. Resources earmarked for urban renewal can be used systematically for this purpose, as happens in Amsterdam, while the private sector could play a greater part in funding renovation and restructuring; the experience of a number of cities in other countries shows this to be a realistic option, as does the Zeedijk Project in Amsterdam. As part of the review of central-government policy on urban renewal consideration needs to be given to ways in which the Ministry of Economic Affairs can use its own financial input to give greater impetus to economic revitalization. In Great Britain central government has greatly increased its financial involvement in cities' economic revitalization.

Fourth, greater weight must be given to the cities' incubator function. This means the provision of more low-cost starter units; rented accommodation also needs to be available on a flexible basis in shared premises. Provision needs to be both expanded and, particularly, dispersed more widely in urban areas; there may also be value in a theme-based approach (e.g. the

establishment of business centres specializing in environmental technology), as happens in West Berlin.

Social problems in the cities 4

4.1 Introduction

Two cardinal problems affecting cities internationally in the 1980s have been the concentrations of poverty and unemployment. This chapter considers how Dutch cities have fared in these respects, what background factors are involved and what tasks face policy-makers in consequence. The background to the discussion is set by the broad international trends considered in chapter 2.

Section 4.2 considers trends in income and unemployment over thirty years, against the background of demographic processes, at the level of the urban areas and the country as a whole. These time-series reveal a growing imbalance in the cities' social structure over the last fifteen years.

Section 4.3 analyses these urban problems and the *obstacles to mobility* they involve. We look first at the geographical spread of social problems and the wide differences between the central cities and the fringe municipalities, going on to consider questions of social mobility and the qualitative aspects of urban unemployment, material problems and typically urban problem of a non-material nature.

Section 4.4 completes the analysis with a review of the tasks involved in strengthening the social structure, noting that the social profile of Dutch cities is atypical in international terms and bringing out the urban dilemmas facing policy-makers in the Netherlands.

Section 4.5 considers the policy options, examining first the consequences of the financial and administrative relationship between central and local government and the options available in the areas of planning and social policy. Finally we outline the policy challenges which flow from spatial and social obstacles to mobility, considering such challenges in the areas of housing, low-income households, problems of a non-material nature (focusing on forms of social work), action against unemployment and the promotion of entrepreneurship.

4.2 Income and employment: trends and geographical distribution

Population size and structure are important determinants of urban problems, and this section analyses trends in urban incomes and unemployment against the background of demographic developments [1].

[1] Based on: G.J. Kronjee and M. van Wietingen, Statistisch overzicht sociale problemen in steden: tabellen en grafieken (Statistical overview of urban social problems: tables and charts); Scientific Council internal memorandum, February 1989. This study analysed social trends over a thirty-year period at the level of the cities, the metropolitan regions (the regions used by the Central Bureau of Statistics for purposes of economic research), the metropolitan regions minus the central cities, the provinces and the country as a whole.

4.2.1 Demography

Population size

While the population of the country as a whole and that of the provinces of North Holland, South Holland and Utrecht have shown fairly continuous growth since 1960, in the metropolitan regions the picture is less straightforward: after earlier decline the population of Greater Amsterdam has again been growing since 1984; the population of Greater Rijnmond grew fairly continuously between 1975 and 1988; the population of the agglomeration of The Hague, with its shortage of land, remained largely unchanged over the same period; and the population of Utrecht province has grown continuously.

A clearer picture emerges if we divide the metropolitan regions into the central cities and surrounding areas. The urban centres - The Hague first, Utrecht last - began to lose population in the 1960s; the exodus ended in the mid-1980s, when the population of the cities stabilized and, in the case of Amsterdam in particular, even began to rise. The fringe areas, in contrast, experienced population growth throughout the period 1975-88.

Population change is the outcome of natural growth (the balance of births and deaths) and net migration (the balance of inward and outward migration). At national level the main cause of population growth is the excess of births over deaths, and this natural growth is also a substantial factor in the urbanized provinces and particularly the urban fringes (with the exception of the fringes of The Hague, where the average age is relatively high). However, natural growth is of secondary importance at city level, where births and deaths are roughly in balance and the main determinant of population size is migration.

In connection with *migration* we can usefully distinguish between domestic population movements within the Netherlands and migration from and to other countries.

The net effect of *domestic* migration on the population of four major cities has long been negative. The greatest exodus took place in the second half of the 1960s and the 1970s, and while this massive outflow ceased in the 1980s the leavers continue to outnumber the incomers in all four cities. Some of those leaving have evidently settled in the cities' immediate vicinity, where the net effect of domestic migration has been positive throughout the period in question; many have gone further afield, however, and in this respect we can perhaps already talk about a single urban area in the west of the country with a single fringe (the half-way zone of the Veluwe and Brabant).

The net impact of *international* migration over the whole period from 1973 to 1987 was, with few exceptions, positive at all levels. Migrants' main destination has been the major cities, particularly Amsterdam, and in recent years the flow has been so great as to constitute a major determinant of the cities' population. Since 1985 (1987 in the case of Utrecht) international migration has meant that the overall effect of migration on the cities' populations has been positive rather than negative. Given the relatively insignificant role of natural growth, migration has thus meant a switch from

a shrinking to a growing population in all cases, most obviously in Amsterdam. International migration is of secondary importance in the fringe areas, where population trends depend virtually entirely on the balance of births and deaths and domestic migration.

Population structure

a. Age

Between 1961 to 1988 the average age of the population of the Netherlands rose as the proportion of 0-14-year-olds fell from 30% to 18.5%, that of people of working age (15-64) rose from 60.4% to 69% and that of people aged 65 and over rose from 9.6% to 12.5%. These age trends are found at all the geographical levels, albeit with wide variations.

Throughout the period there were proportionately fewer 0-14s in the urban municipalities than in the country as a whole; at the level of the urban provinces and the urban CBS regions there was a similar gap, albeit narrower. The picture in the fringe municipalities was a mixed one, but in no case did the proportion of 0-14s in the population depart markedly from the national average.

In 1961 people of working age (the potential workforce) made up a larger proportion of the population in all four of the major cities than in the country as a whole, but only in Utrecht has the growth of this group relative to overall population kept pace with the national trend. In the other cities the growth rate was lower, so that by 1988 only Amsterdam and Utrecht still had a potential workforce greater in percentage terms than the national average. The urban fringes and the urban provinces followed the same trends without noteworthy deviations. While there has been a relative increase in the potential workforce in the central cities (an important point in relation to unemployment), the increase has remained below the national average.

The proportion of the population aged 65 and over was greater in the cities than in the country at large throughout the period (except in Utrecht from 1961 to 1965); this group also grew more quickly in the cities, particularly in Rotterdam and The Hague. In the fringe areas the proportion in the 65+ group was lower than the national average except in the area around The Hague, where it was higher from 1962 onwards. Demographers expect the population to go on aging in this way, albeit less markedly in the four major cities than in the country as a whole [2]; in this respect the difference between the urban population and the national average should therefore narrow.

[2] D. Op 't Veld, W. Relou and J. Starmans, 'Vergrijzing vanuit een ruimtelijk perspectief' (The aging population from a spatial perspective'; Beleidsanalyse, 1989, vol. 18, no. 2, pp. 12-21.

b. Households

From the viewpoint of income and wealth the distribution of the major cities' population among the various household categories is an adverse one [3]. Relatively many city-dwellers live *alone* (the proportion is roughly one-and-a-half times the national average), partly owing to the large number of old people; moreover the percentage is rising more rapidly in the cities than in the country as a whole. The number of one-person households has rising along with the average age of the population and the divorce rate (though the latter has declined since 1985). Here again the polarization between the cities and their fringes is striking; the proportion of people living alone in the fringe municipalities has consistently been below the national average.

The proportion of *couples* without children in the major cities (Utrecht excepted) was above the national average in 1977 but lower in 1985, while the proportion of couples with children remained significantly below the national average throughout the period. In the urban peripheries the proportion of couples is generally higher than the national average, though there are relatively few couples with children in the municipalities around The Hague (reflecting the higher average age of their population).

The number of *one-parent families* grew by more than half in the period under consideration. This household category is strongly represented in the cities: throughout the period (in the case of Utrecht, in 1985 only) the proportion was greater in the cities than in the country as a whole, and indeed it has recently risen still further. The picture in the municipalities on the urban fringes is a very mixed one, while the urbanized provinces occupy an intermediate position. The concentration of one-parent families in inner cities is an international phenomenon [4]. The proportion of one-parent families is not expected to increase overall in the near future (the divorce rate having declined since 1985) but migration could well aggravate the concentration in inner cities.

One-parent families tend to be poor (with over a third living on or below the social minimum and five-sixths of all lone parents having no earned income) and indeed poverty is increasingly concentrated among women and children in many countries partly as a result of the growing number of one-parent families. Moreover such families do not only face financial problems: their housing is often substandard, while their children perform poorly at school and remain unemployed for longer. Lone parents have little prospect of improving their position: a survey of twelve municipal social-welfare departments found that 30% of claimants who had been in receipt of welfare assistance for more than two years were women heads of one-

[3] F. Knol, Bevolking en voorzieningen in de vier grote steden (Population and services in the four major cities); SCP Notes no. 53, Rijswijk, Social and Cultural Planning Office, 1986, p. 85.

[4] A. Alexandre and L. Macfarlane, 'The city reborn'; The OECD Observer, August/September 1988, no. 153, pp. 26-29.

Table 4.1 Households in the four largest municipalities, 1977/8-1985 (percentages)

Municipality	Year	One-person households	Non-family households	Couples without children	Couples with children	One-parent families	Total (absolute)
Amsterdam 1977/'78		28,2	8,4	24,9	30,9	7,6	300.000
	1981	39,0	10,4	19,3	23,2	7,9	336.800
	1985	49,8	7,8	15,6	17,4	9,4	356.500
CBS region excluding	1977/'78	16,8	3,0	23,9	51,6	4,7	105.700
the municipality of	1981	19,1	4,7	21,4	49,4	5,3	111.800
Amsterdam	1985	25,4	5,4	22,6	40,9	5,8	
Rotterdam	1977/'78	23,3	5,5	29,5	36,2	5,5	220.100
	1981	31,2	6,4	25,0	29,8	7,3	240.900
	1985	39,0	5,8	20,9	24,4	9,6	260.500
CBS region excluding	1977/'78	15,3	2,1	27,2	51,9	3,6	202.300
the municipality of	1981	17,6	4,2	25,0	46,5	6,8	226.700
Rotterdam	1985	20,8	5,4	24,5	43,6	5,7	248.100
The Hague	1977/'78	27,3	5,2	25,7	35,8	6,0	182.600
	1981	35,2	7,9	21,8	28,6	6,3	199.400
	1985	41,9	6,7	19,7	23,4	8,0	206.200
CBS region excluding	1977/'78	17,2	4,0	25,8	45,0	7,8	75.500
the municipality of	1981	19,5	7,0	23,4	43,2	7,0	84.200
The Hague	1985	25,9	6,9	25,8	34,9	6,3	91.900
Utrecht	1977/'78	31,0	7,8	20,9	36,9	3,4	92.000
	1981	40,3	5,7	20,5	28,8	4,4	100.100
	1985	44,3	7,9	17,4	23,2	7,2	107.500
CBS region excluding	1977/'78	16,4	4,3	25,4	49,7	4,2	204.000
the municipality of	1981	18,9	5,3	23,1	47,5	5,1	226.500
Utrecht	1985	25,4	4,7	21,3	41,8	6,7	263.900
The Netherlands	1977/'78	17,9	4,4	24,9	47,7	5,1	4.718.700
	1981	22,1	5,6	22,7	43,3	6,0	5.111.100
	1985	27,5	5,3	21,6	38,7	6,8	5.565.300

Source: CBS, Housing Needs Survey 1977/78, parts 1-4B; The Hague, State Publishing House 1980-82.
CBS, Households in 1981, The Hague, State Publishing House, 1985.
CBS, Households in 1985, The Hague, State Publishing House, 1988.

parent families [5].

c. Ethnic minorities

An important demographic factor in relation to the prevalence of urban social problems is the proportion of the population belonging to ethnic minorities: this proportion is rising slightly in the country as a whole but sharply in the major cities and is particularly high in Amsterdam, one fifth of whose residents are of foreign origin (the national figure is 5%).

[5] I. Schoemakers-Salkinoja et al., De Gemeentelijke Sociale Dienst in perpectief (Municipal Social-Welfare Departments in perspective), Document 48; Rijswijk, Social and Cultural Planning Office, 1988, p. 41.

The pattern revealed by analysis across the various geographical levels is a familiar one: without exception the ethnic-minority percentage is higher than the national figure in the largest municipalities and lower in the urban peripheries (with the exception of the Turkish population in Greater Rijnmond). In the metropolitan areas as a whole and in the urbanized provinces the number of people of foreign origin is in percentage terms generally slightly above the national average.

Immigration into the Netherlands is expected to continue over the next few years, with many of the incomers having poor employment prospects (Scientific Council for Government Policy,'Immigrant Policy' 1989). This has obvious implications for the major cities, given their concentrations of immigrant communities, and in particular for Amsterdam, which has so far had the greatest power of attraction for foreigners coming to the Netherlands.

4.2.2 Incomes

Analysis of income statistics for the period 1960-84 shows that average incomes, both per income-recipient and per head of population, first rose and then declined; however, there were wide differences both between the geographical levels and between the cities themselves.

Table 4.2 shows the most recent data on income-recipients. The Central Bureau of Statistics began a new series of five-yearly surveys in 1989; publication of the results is expected to begin in 1992.

Table 4.2 Average incomes per income-recipient in the four largest municipalities, in the CBS regions excluding the cities and in the Netherlands, 1960-84 (in guilders)

Year*	Netherlands	Amsterdam	CBS region exc.	Rotterdam	CBS region exc.	The Hague	CBS region exc.	Utrecht	CBS region exc.
1960	5.764	5.971	-	6.211	-	6.339	-	5.508	6.266
1965	8.407	8.401	-	8.715	-	9.095	-	7.517	9.506
1969	11.830	11.167	14.350	11.704	13.162	12.469	17.371	11.560	13.335
1974	20.570	19.286	24.261	19.854	22.537	20.754	27.521	20.040	23.096
1976	25.154	22.959	29.490	22.774	27.762	25.208	32.898	23.502	28.407
1978	28.420	25.764	33.106	26.107	30.997	28.260	36.644	28.367	32.141
1982	27.280	24.780	32.207	24.790	29.379	26.350	32.353	25.301	29.621
1984	26.800	23.590	29.993	24.000	29.308	25.680	31.583	23.930	29.178

Source: Scientific Council for Government Policy, based on CBS data.

* 1960-76: gross incomes; 1978-84: disposable incomes.
** 1974-78: exluding Hook of Holland.

In 1960 the average income of income-recipients in the four major cities was close to the national average (slightly lower in the case of Utrecht and slightly higher in that of Amsterdam, Rotterdam and The Hague). The problem of the 'poor cities' is thus, contrary to what is often supposed, a relatively recent one: it was not until 1974 that a significant gap opened up between the urban and national averages and demographic trends affecting the structure of the population began to have a clear impact on income

distribution, but by 1984 income per recipient in the four major cities was considerably below the national average. Among the four cities the average income was highest in The Hague and lowest in Amsterdam. The figures for the urban peripheries (the CBS regions minus the cities themselves) are ·striking: without exception average incomes were higher than at any of the other geographical levels throughout the period. The income statistics thus paint a clear picture of 'poor' central cities with 'rich' fringes. Further analysis shows that average incomes in the cities and their more prosperous peripheries taken together roughly coincide with the national figures, so that at the level of the metropolitan regions there have been no marked divergences from the national average over the last thirty years.

Average incomes per *head of population* (including children) differ sharply from the per-recipient figures. In all four major cities the per capita figures are above the national average, the difference being particularly marked in Amsterdam and The Hague. One possible hypothesis, that higher per capita incomes reflect an above-average proportion of two-earner households, is not borne out, there being proportionately fewer such household in the cities [6]; the apparent paradox of relative poor income-recipients and relatively high per capita incomes is explained by the fact that urban households are smaller and incomes are therefore shared among fewer people.

Data on *income distribution* show that the lowest income groups are clearly overrepresented in the central cities and that the highest comprise a smaller proportion of the population than in the country at large. Here the exception is The Hague, where the lowest group is underrepresented and the percentage of the population in the highest groups is comparable with the national figure. The position in the urban peripheries is reversed, with the lowest groups underrepresented and the highest overrepresented. Here again the picture that emerges is thus one of metropolitan areas performing reasonably *overall* but in which there are very wide gaps between the inner cities and the urban peripheral areas.

4.2.3 Unemployment

The general statistics on *unemployment* between 1960 and 1987 show that until 1970 it was limited to the frictional unemployment normal even under conditions of full employment; between 1970 and 1980 it rose slightly and a clear gap opened up between the cities and the other geographical levels; after 1980 the numbers shot up, reaching a peak in 1983-4; and while since then there has been some general recovery the differences between the geographical levels have not narrowed.

As in the case of incomes the unemployment picture differs widely as between the central cities and the urban peripheries. The concentration of unemployment became an urban problem even more recently than did the

6] H.M. Kuythof, Homogenisering en diversificatie in de Randstad; ontwikkelingen in woonmilieus 1981-1986 (Homogenization and diversification in the Randstad, trends in residential environments 1981-1986); Urban Networks, Document 15; Delft, Technical Research Institute for Public Administration, Delft Technical University, 1989, p. 70.

concentration of low incomes: there were no significant differences between the cities and the other geographical levels until 1980, but after that data the cities' position worsened very rapidly. Further analysis reveals that between 1978 and 1983 unemployment rates in the metropolitan areas (the cities and the fringe municipalities) moved broadly in line with the national pattern; after 1983 unemployment exceeded the national average even at this level. The exception here is the province of Utrecht, where unemployment remained below the national average throughout the period.

Table 4.3 Unemployment in the four major cities as a percentage of the population of working age (15-64), 1960-87

Year*	Netherlands	Amsterdam	CBS region exc.	Rotterdam	CBS region exc.	The Hague	CBS region exc.	Utrecht	CBS region exc.
1960	0,49	0,58	-	0,28	-	0,79	-	0,60	0,27
1965	0,37	0,49	-	0,21	-	0,47	-	0,39	0,18
1970	0,45	0,73	-	0,43	-	0,75	-	0,41	0,26
1975	2,27	3,08	-	2,07	-	2,46	-	1,74	1,05
1977	2,29	2,92	-	2,92	-	2,85	-	1,87	1,03
1979	2,31	3,02	0,75	3,47	1,27	2,71	0,88	2,14	1,16
1981	4,20	5,37	1,49	6,09	2,42	3,78	1,46	4,10	2,35
1983	8,40	11,82	3,82	12,46	5,74	9,85	4,05	10,37	5,48
1985	7,71	14,33	3,44	11,66	5,04	10,79	3,76	10,60	4,85
1987	6,88	14,44	3,31	12,14	4,66	10,49	3,60	10,66	4,43
1989[a]	3,81	7,68	1,51	8,27	2,92	6,14	1,78	6,02	2,06

Source: CBS.

* The unemployment figures for 1989 are no longer based on employment-office records but on a sample survey (the Workforce Survey) carried out by the Central Bureau of Statistics.

The unemployed in the larger towns and cities are less likely to find jobs than those in other areas; this has to do both with the attributes of the individuals concerned and with employment trends. We return to the question of the urban employment gap in section 4.3.2.

4.2.4 The concentration and cumulation of social problems

The profile of the urban population has long shown deviations from the national mean, and this is certainly also true of social problems. That urban areas should face greater social problems (in part because they attract less well-off immigrants from rural areas and other countries) is not in itself worrying when set against patterns found in the past; however, the concentration and cumulation of social problems in the major cities is growing, and not only in the Netherlands [7].

After the growing affluence of the 1960s the recession of the 1970s was accompanied by a disproportionate increase in the social problems facing

[7] W.J. Wilson, The truly disadvantaged. The Inner City, the Underclass and Public Policy; Chicago, University of Chicago Press, 1987.

the major cities, and even now that the national economy is reviving, recovery in the cities is sluggish. The differences in *population structure* between the cities and their fringes are widening; the central areas evidently do not offer the kind of residential environment that appeals to those social groups whose employment situation is favourable, many of whose members are relatively mobile and are prepared to work a long way from home. At the same time the proportion of the urban population whose job and housing prospects are poor is growing; such people tend not to be mobile and therefore seek work close to home, where jobs are scarce.

Within the cities there is a trend towards spatial segregation and the *neighbourhood* concentration of social groups. The limited opportunities for social mobility in disadvantaged neighbourhoods perpetuate their skewed population structure, which in turn constitutes an obstacle to social mobility for local residents. Social cohesion in such neighbourhoods is weak, with little sense of community or solidarity [8].

A striking positive point compared with many foreign cities is that disadvantaged neighbourhoods in Dutch cities generally have a fairly mixed population of immigrant origin and the original population. Even so, there are recent indications of differences in original population' and immigrant communities' access to education, with schools in some urban neighbourhoods having a high and rising concentration of ethnic-minority pupils and a relatively small proportion of such youngsters going on into further or higher education.

Alongside the spatial concentration of problems there is often a cumulation of different types of problem, associated with one another in fact, and to a statistically significant extent, but not of necessity. In this chapter we focus on income and unemployment; chapter 5 looks at associations in the areas of education, health and work skills.

4.3 Selectivity of social and geographical mobility

As the various statistical time-series have shown, over the last fifteen years the major cities' social structure has increasingly been marked by imbalances in population growth and composition, income patterns and employment. This section looks at the background to these developments, focusing on selective trends in social and geographical mobility.

The selective nature of *geographical* mobility is visible in the widely differing trends affecting the social structure of the central cities and peripheral municipalities within the metropolitan areas (section 4.3.1). In particular the nature of the housing market and the pattern of land-use are viewed as strategic allocation mechanisms with a selective impact on geographical mobility.

[8] G. Engbersen, R. van der Veen and C.J.M. Schuyt, Moderne Armoede, Overleven op het sociaal minimum (Modern Poverty, Surviving on the social minimum); Leiden/Antwerp, Stenfert Kroese, 1987, pp. 144ff.

The selective nature of *social* mobility relates in the first instance to the lack on the part of sections of the urban population of the qualifications needed for training, employment and entrepreneurship. These limitations are examined in section 4.3.2., while section 4.3.3 considers the material limitations affecting the unemployed and economically inactive and section 4.3.4 focuses on problems of a non-material nature affecting individuals' social opportunities and their ability to make use of them.

4.3.1 Selectivity in geographical mobility

Recent decades have brought a great increase in the demands on space made by the urban functions of housing, employment, recreation and transport. This growing consumption of space has meant an outward displacement of urban activities, the statistics on land use clearly showing the extent to which natural and agricultural use patterns have been squeezed out, even in areas far outside the urban centres, by urban uses. In the process the urban centres' original functions may be eroded by the attractions of more distant locations.

This trend, which has continued for a considerable time, can be broken down into three elements:

- the dispersal of activities and buildings over a wider area;
- reductions in the intensity of land use;
- the increasing spatial separation of functions [9].

Ottens ascribes these various shifts towards more extensive land use to continuing population growth, increasing mobility and rising standards in the use of space.

One result has been a shift towards a circular rather than central concentration of functions. The city is no longer unquestionably or in all respects the centre of a larger area, even though peripheral residents may still use central facilities. This process of dispersal is an international phenomenon to which policy-makers have responded in very different ways. It is to be found in its most extreme forms in the United States, where in some urban areas (such as Detroit) centrifugal forces have been given free rein; the result has been to produce 'doughnut cities' prosperous in the fringe with a hole in the middle [10]. There are, however, instances of a trend in the opposite direction (e.g. in Los Angeles) as a result of the competition between local communities in the United States.

While the Netherlands' metropolitan areas are not characterized by extreme geographical mobility by international standards, the process of dispersal and the trend towards more extensive land use nevertheless continue

[9] H.F.L. Ottens, Verstedelijking en stadsontwikkeling, een geografische analyse van aktuele problemen, tendensen en beleidsoverwegingen (Urbanization and urban development, a geographical analysis of current problems, trends and policy themes); Thesis, Utrecht; Assen/Maastricht, Van Gorcum, 1989, pp. 9-10.

[10] W. Sharpe and L. Vallock (eds.), Visions of the modern city; Baltimore/London, Johns Hopkins University Press, 1987, p. 15.

making themselves felt with an increasing degree of segregation of groups and functions across the urban area. There is a debate among planners regarding the most desirable degree of spatial dispersal or concentration at different levels. No theoretical optimum exists; the model of concentrated urbanization too has its drawbacks. In practice spatial trends take their own course, which is not controlled but at most guided by planning policies.

Against this background we are justified in expecting that the process of urban expansion will continue and that within these larger-scale urban areas more differentiated patterns of dispersal and concentration will develop. It is doubtful whether the green belts, designed artificially to constrict urban growth, will hold; in the long run the creation of genuine recreational areas and the protection of areas of landscape or ecological importance is more likely to be successful. There has already been an outward shift of residential areas, and the tendency for new (secondary) centres to develop on the fringes of urban areas (which have spread less in the Netherlands than in some other countries, because our metropolitan areas were formed from several centres) will presumably also continue. In the Netherlands this dispersal of central functions has so far been limited to the development of distribution centres and various new centres for manufacturing.

The task facing physical planners is not so much to halt the processes of diffusion but rather to guide them, particularly in the interest of the environment. The cities' fate will depend very much on the selectivity involved in spatial displacement, the core question being whether they can offer a competitive locational environment attractive enough to ensure the maintenance and if possible improvement of a sound economic and social structure; the quality of the physical environment is a necessary but not a sufficient condition to this end.

An important aspect of the background to this question is the fact that cities cannot deploy the *same* resources in creating an attractive locational climate as the smaller communities on their fringes or beyond. Land in cities is scarcer and generally more expensive, certainly for housing purposes; the external costs of concentrated activities are much more obvious, traffic is more of a problem, the environmental burden is greater, and the creation of safe residential environments in which children can grow up is more likely to be jeopardized by competing land uses. At the same time the cities, both in the immediate residential environment and in the wider context, have advantages which cannot easily be realized elsewhere: everyday destinations - work, leisure, other facilities - are close at hand and cycling and public transport offer fast and inexpensive travel. The quality of urban public spaces, the number and variety of facilities available and the possibility of very diverse residential environments are all factors which, in principle, can give cities great locational appeal.

In recent years the potential which the typical urban environment offers for the creation of a competitive locational climate has not always been fully exploited. A major opportunity, particularly in the international context, is provided by urban renewal. One of the major benefits of the intensive urban ·renewal undertaken in the Netherlands' cities is undoubtedly that it

has prevented the concentration of minorities in particular districts. It must be remembered, though, that new housing developments range in quality from imaginative schemes attracting international attention to hastily reconstructed neighbourhoods bringing no enduring improvement. A general shortcoming, now recognized, of urban-renewal schemes has been their one-sided emphasis on housing, representing a failure to make full use of the city's potential as a varied and attractive locational environment.

The least appealing components of the urban habitat are the inner cities and some post-war urban neighboorhoods. The environmental quality and attractiveness of some *city centres* have deteriorated markedly, albeit there are also instances of improvement: while the quality of the main shopping areas has visibly declined in Amsterdam and The Hague, in Utrecht - and a large number of middle-ranking towns and cities - it has improved enormously. The quality and appeal of public open spaces has been eroded by unthinking management and the commercialization of the activities taking place in them in Amsterdam and to a lesser extent The Hague, albeit the latter has recently undertaken noteworthy initiatives in this area. Architectural innovation is rare in the centres of Amsterdam and Utrecht but has given a new identity to the heart of Rotterdam. All the major cities have developed more or less ambitious plans for a functional improvement of their centres.

The rapid decay of some post-war and relatively high-grade urban outskirts (such as the Bijlmermeer in Amsterdam and the Kanaaleiland district of Utrecht) has been a further blow, since it was here that some of the imbalances in the structure of the urban population could have been corrected. The old canal-ringed neighbourhoods
around the city centres show great vitality (with some instances of 'gentrification') but offer little scope for the creation of differentiated residential environments, as experience with renewal schemes has shown; this might have been possible in the post-war outskirt developments if full advantage had been taken of the near-ideal market conditions which existed at the time. This is part of the reason for the widening gap between the central cities and the fringe municipalities.

One indication of this widening gap is given by *housing-tenure* patterns. Even given that relatively many Dutch households on above-average incomes are in the social rented sector, the ratio of rented to owner-occupied housing in the cities (particularly Amsterdam and Rotterdam) is skewed to an extreme extent: in 1978 92.6% of Amsterdam's housing stock, and over 88% of Rotterdam's, was in the rented sector, as against a national figure at that time of 60%. The general shift from renting to owner-occupation is going more slowly in the urban centres than the peripheral areas, one effect of which has been to drive many middle-income households out of the cities.
The number of *small dwellings* as a percentage of the housing stock in the four major cities is significantly greater than the national average. A similar picture, if less marked, is found at the regional level (except in Utrecht province, where the size distribution broadly coincides with the national pattern). Between 1981 and 1986 the cities' housing stock became better

Table 4.4 **The housing stock of the four largest municipalities, the metropolitan agglomerations and the country as a whole, 1977-8 and 1985-6**

City/region	Year ('000)	Dwellings (x abs.1000)	% in rented housing	% in owner occupation
Amsterdam	1977/78	274,1	92,6	7,4
	1985/86	328,0	90,1	9,9
Greater Amsterdam	1977/78	366,9	83,3	16,7
	1985/86	453,2	79,1	20,9
Rotterdam	1977/78	208,2	88,6	11,4
	1985/86	250,1	83,6	16,4
Rijnmond	1977/78	400,5	76,3	23,7
	1985/86	495,1	70,3	29,7
The Hague	1977/78	168,9	76,4	23,6
	1985/86	185,6	72,6	27,4
The Hague agglomeration	1977/78	241,2	74,5	25,5
	1985/86	274,5	69,5	30,5
Utrecht city	1977/78	78,5	71,2	28,8
	1985/86	87,2	70,0	30,0
Utrecht province	1977/78	260,8	56,9	43,1
	1985/86	341,1	53,9	46,1
Netherlands	1977/78	4.251,3	60,8	29,2
	1985/86	5.283,5	56,8	43,2

Source: Scientific Council for Government Policy.

and more expensive, through urban renewal, while the concentration of vulnerable social groups increased; in the fringe areas the housing stock followed a similar trend but the social and economic position of their population improved.

The composition of the cities' housing stock is in keeping with the observed composition (household structure and income level) of their populations, but because the nature (dwelling size and tenure type) of the housing available influences the make-up of the population there is a risk of a self-reinforcing process in that gearing new housing to the existing population merely perpetuates demographic imbalances. The housing ladder hardly exists in the major cities, in that any desire on households' part for residential self-improvement is frustrated by the limited availability of owner-occupied housing and single-family houses; one result is that Amsterdam's better outskirts are often no more than rungs on the ladder for many relatively young households who have yet to reach their housing peak but have already got to the top in Amsterdam terms [11].

[11] See A. Buys and C. Cortie, Doorstroming en wooncarrieres op de Amsterdamse woningmarkt, het continu migratieonderzoek Amsterdam (The Amsterdam housing ladder, an ongoing study of migration); Amsterdam, University of Amsterdam and Municipality of Amsterdam, 1988.

4.3.2 The urban labour market

The labour market paradox

Registered unemployment in the Netherlands rose sharply in the early 1980s and declined again after 1984, falling to 14% by the end of 1988. In Amsterdam and Rotterdam unemployment went on rising gradually after 1984, against the national trend; in The Hague there was some fluctuation but with an increase overall; only Utrecht followed the national downward trend.

At the end of 1988 the unemployment rate in Amsterdam was 23.8%, equivalent to an absolute total of over 70,000; the figures for Rotterdam, The Hague and Utrecht were 22.2% (50,000), 16.5% (30,000) and 16% (20,000) respectively. Between them the four cities accounted for over a quarter (27%) of registered unemployment in the Netherlands. According to the Labour Market Report from which these figures are taken around 40% of the jobless in Amsterdam and Rotterdam have some prospect of finding work; in The Hague and Utrecht the figure is around 50%, the national average [12]. Since 1989 the statistics have been provided only in absolute terms; these show that the jobless totals in Amsterdam and Rotterdam have fallen to 68,500 and 48,700 respectively, while in The Hague and Utrecht there have been rises to 34,800 and 20,900 [13].

Table 4.5 Jobs in the four major cities and the Netherlands: as percentage of the first year

	1979-1983	1983-1987
Amsterdam	- 5,8	+ 7,2
Rotterdam	- 3,5	+ 7,3
The Hague	- 4,4	- 0,6
Utrecht	- 2,4	+ 9,3
Netherlands	- 3,5	+ 7,1

Source: Rapportage arbeidsmarkt 1986 (1986 Labour Market Report); The Hague, Ministry of Employment and Social Security, 1986, p. 103.
Rapportage arbeidsmarkt 1989 (1989 Labour Market Report); The Hague, Ministry of Employment and Social Security, 1989.
Central Bureau of Statistics, Statistiek Werkzame Personen (People in Work); Voorburg, CBS, 1986.

In part on account of data contamination the Central Bureau of Statistics now records unemployment on a different basis: only those who are 100% unemployed, registered with an employment office and immediately available for work for at least twenty hours a week are now counted. This produces much lower figures for the unemployment rate - 11.7% in

[12] Ministry of Employment and Social Security, Rapportage arbeidsmarkt 1988 (1988 Labour Market Report); The Hague, State Publishing House, 1988, p. 55.

[13] Ministry of Employment and Social Security, Kwartaalbericht Arbeidsmarkt, 1e kwartaal 1990 (Quarterly Labour Market Report, first quarter of 1990); The Hague, SDU Publishers, 1990, p. 20.

Amsterdam, 13.3% in Rotterdam, 9.1% in The Hague and 8.8% in Utrecht [14] - though it must be remembered that these overall figures conceal wide variations within the cities.

At the same time *employment* growth since the recession of the early 1980s has matched the national trend in three of the four major cities, and the figures in table 4.5 clearly bring out the 'labour market paradox' - the simultaneous rise in the numbers of jobs and job-seekers - in the cities, especially Amsterdam.

Alongside the 'officially' unemployed there is a large reservoir of hidden unemployment made up of people not registered with employment offices. For many people without work, registration is the key to obtaining benefit; others, such as those aged over 57.5 years and some women returners, tend not to register as their income does not depend on registration. The 'part-time unemployed' constitute another large category whose income does not depend on registration and who are therefore underrepresented in employment-office statistics. Finally, some unemployment is to be found among the disabled (i.e. those deemed wholly or partly unfit for work on medical grounds); the proportions of the population receiving disability benefit are higher in the major cities (especially Amsterdam) than elsewhere.

Given the deficiencies of the unemployment figures, another approach might be to focus on the proportion of the potential workforce (i.e. everyone in the 15-64 age range) not in full-time work, whatever the reason. While no full and systematic official statistics are maintained on overall unemployment and inactivity, for the purpose of this report a summary was prepared at the level of the four urban labour-market regions [15]; the results are shown in table 4.6.

The proportion of the non-active population of working age rose substantially between 1981 and 1985, reaching almost 50%. The numbers involved are considerable: more than half a million in the Amsterdam region, almost 440,000 in the Rotterdam region, over 250,000 in the Hague region and over 300,000 in the Utrecht region.

The category of the non-active population of working age comprises many different groups. The largest (ranging in size from 11% of the total in Rotterdam to 15% in Utrecht) consists of *students* and grew by one percentage point between 1981 and 1985. The next group, comprising people receiving *disability benefit and classed as 80-100% disabled*, makes up 4.5-7%; the figure remained roughly constant over the period 1981-85 in all the labour-market regions except Amsterdam. The proportion *fully*

[14] Central Bureau of Statistics, Sociaal-Economische Maandstatistiek (Monthly Social and Economic Statistics); march 1990, pp. 15-17.

[15] A. van den Berg, T. van Eijk and P. Misdorp, Non-activiteit in de grootstedelijke gebieden in kaart gebracht (Unemployment and economic inactivity in the metropolitan regions); Working Paper W37; The Hague, Scientific Council for Government Policy, 1988.

unemployed and seeking work rose by 3-4 percentage points to between 6% in Utrecht and 8% in Amsterdam. The numbers working *part-time* (less than 15 hours a week) rose least in Amsterdam (by 0.3 percentage points) and most in Utrecht (by more than one point). This leaves a number of smaller groups (e.g. military conscripts and those who have taken early retirement) and a large residual group comprising 11-19% of all those not in full-time work, equivalent to absolute totals of between just under 100,000 in the Hague region and over 170,000 in the Rotterdam region. This group probably consists mainly of *housewives* not in paid employment and not seeking work through an employment office (less than 10% of women aged 15-64 not currently in a full-time job are actively seeking one). In all the labour-market regions except Amsterdam this group shrank considerably (by 10-20%) between 1981 and 1985.

Table 4.6 Non-activity as a percentage of the potential workforce in the four major cities

	1981	1985	% growth
Amsterdam	41.1	47.9	+ 6.8
Rotterdam	45.0	48.1	+ 3.1
The Hague	42.5	44.8	+ 2.3
Utrecht	44.8	48.1	+ 3.3

Source: A. van den Berg, Th. van Eijk and P. Misdorp, Non-activiteit in de groostedelijke gebieden in kaart gebracht (Non-activity in the metropolitan regions); Working Paper W37; The Hague, Scientific Council for Government Policy 1988.

Education and training

An important element in the major cities' labour market paradox is that a large part of the workforce is underqualified or has the wrong qualifications. The position is shown in table 4.7. The number of people in the four cities who have completed *only primary school* is high by Dutch standards and exceeds the demand for workers with this educational background; the number with this low level of education is notably high in Rotterdam, while the figure for Amsterdam is close to the national average. The four cities have relatively few people with *vocational qualifications*, particularly at the upper secondary level. Finally, holders of *post-secondary* qualifications account for only a modest proportion of Rotterdam's workforce but for over one fifth of Utrecht's and almost a quarter of Amsterdam's.

The extent of excess labour supply varies markedly with educational level, the former shrinking as the latter rises. This phenomenon is largely reflected in the figures for the educational qualifications of registered job-seekers in the major cities. In Rotterdam more than half of all registered job-seekers has completed only primary schooling (i.e. have failed to complete a secondary course) and almost 30% hold only lower secondary qualifications, whether general or vocational. In Utrecht 40% of job-seekers have completed only primary schooling (50% in the case of those

Table 4.7 Workforce qualifications as at 1 January 1988, by highest level reached; percentages

	Primary	Lower Secundary general	Lower Secundary vocational	Upper Secondary general	Upper Secondary vocational	higher	Unknown
Amsterdam	15.8	9.0	13.9	7.7	22.5	23.7	4.9
Rotterdam	25.1	7.1	21.1	4.8	24.5	13.0	2.6
The Hague	19.6	12.5	17.3	6.7	22.6	18.5	1.0
Utrecht	21.8	9.0	14.8	5.5	21.3	21.4	6.1
Netherlands	15.6	7.5	20.5	4.5	31.2	16.6	2.1

Source: External Committee on Policy for the Major Cities, Grote steden grote kansen (Big cities, big opportunities); The Hague, Ministry of Home Affairs, 1989, p. 17.

unemployed for more than two years) and 20% hold only lower secondary qualifications. In all four cities the demand for labour with this low level of qualification is declining while the number of unemployed people in the same category is rising. Half of all the young unemployed have completed only primary school. It is noteworthy that only a very small proportion of those registered as seeking work in 1987 consisted of holders of upper secondary vocational qualifications.

In the case of holders of post-secondary qualifications Rotterdam follows the general trend, in that the relatively small numbers of job-seekers in this category quickly find work. By contrast in Utrecht 29%, and in Amsterdam one in five, of the registered jobless have some form of higher qualification. Some of these have been without work for two years or more: 8.5% of the long-term unemployed in Utrecht have a university qualification; the figure for those unemployed for less than two years is 12.5% If those who have completed a higher vocational course or half of a university course are included the figures are slightly higher (11.5% and 13.5% respectively). Unemployment among people with a higher vocational or university background mainly affects the holders of qualifications for which there is little demand and who have remained in the city after completing their studies.

Unfilled and hard-to-fill vacancies

The qualitative mismatch between labour supply and demand emerges still more sharply when allowance is made for the many people who commute into the cities to work and for the increasing numbers of hard-to-fill vacancies. It has long been the case that more non-residents have city jobs than city-dwellers have jobs elsewhere, and in recent decades the exodus of the middle classes to the suburbs and beyond has added greatly to net daily inflows. In the four major cities the net inflow of workers is equivalent to around 40% of all city jobs; the numbers involved are almost 100,000 in the case of Amsterdam, 50,000 in that of Rotterdam and 40,000 each in that of The Hague and Utrecht. This is a further indication that urban job-seekers derive no benefit from their geographical advantage (proximity to employment) if their qualifications are inadequate.

The number of job-seekers still remains a multiple of the number of unfilled vacancies, albeit the latter has recently been rising fast. Allowance must be made too for hidden vacancies, whose number in Utrecht (for example) is put at three times those notified to employment offices. Table 4.8 summarizes the position in the four major cities and the country as a whole.

Table 4.8 Vacancies* (V) and hard-to-fill vacancies (HFV), by educational level, as at 31 January 1988**

	Educational level Primary		LBO/MAVO		HAVO/VWO/MBO		HBO/WO	
	V	HFV	V	HFV	V	HFV	V	HFV
Amsterdam	366	39%	1.024	32%	1.896	34%	1.323	51%
Rotterdam	292	29%	759	36%	1.463	22%	569	55%
The Hague	291	43%	372	27%	978	46%	549	51%
Utrecht	92	39%	283	39%	607	43%	683	72%
Netherlands	9.600	40%	19.100	42%	21.800	39%	13.700	50%

Source: Central Bureau of Statistics.

* Excluding vacancies in the government sector, education, sheltered employment and staff agencies

** As a percentage of all vacancies

LBO/MAVO: lower vocational education (12-16) and intermediate general secondary education (12-16).

HAVO/VWO/MBO: higher general secondary education (12-17), academic secondary education (12-18) and intermediate vocational education (16/17+).

HBO/WO: higher vocational education (17/18+) and university education (18+).

LBO, MAVO, HAVO, VWO and MBO are forms of secondary education; HBO and WO are classed as higher education.

As the table shows, some vacancies are hard to fill despite a high level of unemployment; the hardest to fill are those for staff with high-level qualifications, though there are also vacancies at lower levels. While the numbers involved are not large (ranging from a few dozen to a few hundred at each educational level), their existence merits attention both because they represent opportunities for the unemployed and because unfilled vacancies are a signal that the labour market is functioning sub-optimally. The table shows the latest available data, grouped by educational level, but it should be noted that the numbers have since risen enormously (by around 50,000 in the last year) to 133,800 in 1990; it is not known how many of these fall into the hard-to-fill category.

Firms' recruitment practices are also relevant. Employers seeking staff do not limit themselves to locally available labour; indeed, in the four major cities they sometimes disregard the local labour market because of the strongly negative image of the urban unemployed. Studies have shown that, for example, Amsterdam building firms very much tend to recruit workers from outside the city. The figure of the work-shy benefit claimant so dominates the picture of the metropolitan unemployed that the 'normal' job-seeker is quite overshadowed. This kind of image has increasingly prompted the employment offices to develop and implement more supply-oriented policies.

Labour supply and demand are also affected by social-security and employment regulations and by the policies operated by the relevant bodies. Institutional issues in this area are considered later in this chapter and in chapter 5 of the original Dutch version of this report.

4.3.3 Material constraints on mobility

Social-security legislation assumes that people normally support themselves; only to the extent that they cannot do so are resources provided to maintain a minimum standard of living. However, some city-dwellers are highly unlikely to be able to find work and become self-supporting, whether because their age, health or social circumstances render them unfit for work or because in the individual case the obstacles to employment are too high. The number of such immobile and permanently benefit-dependent members of the metropolitan population has risen sharply in recent years, producing a typically urban phenomenon.

Between 1981 and 1985 the number of clients on the books of the Rotterdam municipal social-welfare department doubled, from 33,000 to 66,000. A large proportion of those who became unemployed at that time are still out of work. More than half of those receiving unemployment assistance (paid to people not or no longer entitled to benefit under the main unemployment insurance schemes) in Rotterdam in 1989 had been social-welfare clients for an unbroken period of around three years [16].

A recent survey initiated by local social-welfare departments of people on *minimum incomes* in thirty municipalties found evidence of increasing social immobility: a substantial hard core of households is developing who depend on the state both for their income and for the improvement of their position [17].

Increasing immobility is also evidenced by a study of households whose income does not exceed the 'social minimum' set for the particular household type (over the period 1981-1987 data were kept on this income category in connection with the provision of single payments); it found that

[16] A. Brand, Zorg op maat (Care tailor-made); preliminary report to the Scientific Council for Government Policy, 1991.

[17] Rotterdam Municipal Social Welfare Department, Minima zonder marge (Minimum income and no margin); Rotterdam, GSD, 1984.

the percentage managing to leave the category declined between 1982 and 1985 and that the decline was concentrated among one-parent families, supplementary-benefit recipients and the 35-64 age group [18].

Given the increasing social immobility of people in the lowest income groups it is not surprising that they are making growing demands on municipal social-welfare departments [19]. In the four largest municipalities the number of claimants under the supplementary unemployment assistance schemes rose by around 200% in the short period from 1980 to 1984 (a similar picture is also to be found in some smaller towns and cities). The hard core of long-term dependence comprises several categories: one-parent families, ethnic minorities, older people and the unemployed (which group includes a very large proportion of those on disability benefit), with the unemployed/disabled category overlapping with the others. Within these statistical groups there are wide individual differences; not everyone in such groups is in a problem situation.

Benefit amounts are set nationally, with little scope for local variation. The level of Dutch social-security benefits is high, allowing the minimum necessary level of social activity to be maintained. Most municipalities also operate their own policies, in the margins of the social-security system, for meeting special needs: when people remain on the social minimum for a long time minor shortfalls can mount up into major deprivation. Large families dependent on benefit often run into difficulties, while old people with only a basic state pension can find themselves short.

What people can afford does not just depend on their income. The use that low-income households can make of certain services also depends on the prices charged, which may be income-related. The charges made for home-help services and the use of day nurseries are means-tested, for example, as is the amount of housing allowance; health-insurance contributions too vary with income. The combined effect is to create a poverty trap: as people's income rises they lose certain benefits and have to pay (or pay more) for certain services, leaving their disposable income unchanged. However, the poverty trap mainly catches people in work, particularly those who have just entered employment, and since the income of long-term benefit claimants does not rise they are unlikely to be affected.
Housing is by far the greatest expense facing long-term benefit claimants in urban areas. The problem is that many people in this category (the elderly, one-parent families, the unemployed) are in accommodation which has become very expensive relative to their income. True, the state still subsidizes social-housing - through housing allowance, building subsidies and grants linked to location (location subsidies and urban-renewal funds) -

[18] M. Huizing and H. Erkens, 'Echte minima en de eenmalige uitkering' ('Households on the social minimum and single payments'); in Supplement to Monthly Social and Economic Statistics, 1989, no. 2, pp. 10-16.

[19] Association of Netherlands Municipalities (VNG); Steden vergeleken; verslag tweede fase studie grootstedelijke problematiek (Cities compared; second phase of a study of metropolitan problems); VNG Study 7, The Hague, VNG, 1986.

but all have been squeezed (the location-linked grants least) as a result of the government's budgetary problems. One of the few ways of cutting the ongoing cost of bricks-and-mortar subsidies is through higher annual rent rises, as happened in the 1980s: a little at a time, but gradually amounting to a large increase. Since housing allowance was not raised in line with rents and the housing costs of those on minimum incomes were also increased in other ways under the government's programme of financial retrenchment, the result is that many of the tenants concerned are in housing which was originally intended for them but which has now become 'too good'. A classic problem of housing costs has thus developed in the cities, casting its shadow over the completion of the second half of the urban-renewal programmes.

A follow-up study of the position of the lowest-income households found that between 1983 and 1986 the average proportion of income eaten up by housing (rent and energy costs) rose from 30% to 40%; 18% of the households covered by the study spent more than 50% of their income on housing, almost 30% spent 41-50% and 44% spent 40% or less, and only 10% spent less than a quarter of their income in this way [20]. In the second half of the 1980s the trend was much weaker, since while rents continued to rise energy costs fell; in 1988, for example, minimum-income households faced an average rent increase of 4.4%, but this was offset by a 5.2% fall in energy costs [21]. Energy costs are now rising, however.

A rigid constraint on mobility is the near-impossibility of moving to cheaper housing; such housing is virtually unavailable in the major cities, since demand greatly exceeds supply.

4.3.4 Non-material constraints on mobility

The obstacles to social mobility are increasingly of a non-material nature. As has already been noted, long-term benefit dependence is growing in our cities. This phenomenon has also been observed in other countries: in the United States, for example, research has found a third generation of one-parent families reliant on welfare [22], with young mothers permanently dependent on welfare benefits as their mothers and grandmothers were before them. Studies carried out in British cities have also found an intergenerational cycle of dependence generating an underclass which faces a cumulation of problems: low educational levels, illiteracy, lack of continuity in household composition, poor housing.

[20] Rotterdam Municipal Social Welfare Department, op. cit., 1987.

[21] Inkomensbeleid 1990 (Incomes policy 1990); Lower House of Parliament, 1989-1990 session, 21 307, nos. 1-2, pp. 43-4.

[22] R. Segalman, The Swiss Way of Welfare, Lessons for the Western World; Westport Connecticut, Praeger, 1986.

However, analyses of such issues often warn against automatically inferring the existence of poverty and an underclass from statistical comparisons [23]. If social policy simply accepts the situation and puts a one-sided emphasis on the provision of benefits, there is a risk of producing long-term dependence with its various psychological implications [24]: loss of confidence in one's abilities, mental barriers to access to the labour market which often can no longer be overcome with the help of financial incentives or compulsory employment [25]. To demand less of those at the bottom of the ladder may seem humane but has unintended negative social consequences (including a demonstration effect) and reinforces dependence. International research includes many pointers to such adverse consequences not just for society but also, and primarily, for the individuals concerned.

For the people in this diverse category mainstream employment policy offers no solution: on the contrary, the more policy seeks to help the relatively easy-to-place clients with a view to taking people off assistance and into employment, the worse are the prospects of the hard core that remains. Recent policy initiatives aimed at helping the hard-to-place notwithstanding, social and employment policy in this country continues to have this squeezing-out effect. This is the result not only of selectivity (based on age, experience etc.) and the inaccessibility of some facilities to some clients (even the jobs pool, the new instrument of employment policy apparently highly suited to the needs of the long-term dependent, has yet to demonstrate that in practice it is accessible to the target group); it also reflects the fact the normative expectation that people should work for a living is no longer applied to the hard-to-reach groups. The effect is to create a pyramidal structure in social policy: at the top are the young, able people and the original population, at whom the largest number of policy instruments are aimed and of whom certain standards are expected; at the bottom are the unemployable, the older unemployed and disabled, single mothers and the first generation of unemployed immigrants. It is mainly these groups that are adding to the demand for individual assistance as they seek help with a wide range of difficulties, from everyday problems relating to housing or debt to more intractable problems of a psycho-social nature such as loneliness and a weak sense of identity.

Individual assistance is such areas is mainly provided by the voluntary sector, funded by government but traditionally organized through bodies with independent responsibility. The churches in particular have played a major role in developing such welfare services, and while they have always approached poverty as a material problem they have nevertheless generally

[23] P. Townsend, 'Deprivation', in: Journal of Social Policy, 1987, vol. 16, no. 2, pp. 125-146. M.A. Hughes, 'Concentrated Deviance and the 'Underclass' Hypothesis', in: Journal of Policy Analysis and Management, 1989, vol. 8, no. 2, pp. 274-282.

[24] R.H. Haveman, 'New Policy for the New Poverty', Challenge, September/October 1988, vol. 31, no. 5, pp. 27-36.

[25] T.J. Kane, 'Giving Back Control: Long-Term Poverty and Motivation', in: Social Service Review, September 1987, vol.61, no. 3, pp. 405-419.

stressed moral aspects: the fate of the poor was a moral issue in which Christians had a duty to become involved. It would appear that those seeking help in the major cities have again found the church, judging from the experience of some inner-city churches (such as the Pauluskerk in Rotterdam).

4.4 Social problems summarized

Following our various analyses we can now draw up the balance sheet of social problems in Dutch cities against the general background of the international trends outlined in chapter 2. While living standards and welfare provision in the Netherlands are at such a high level that an international comparisons of urban problems might be approached with some confidence, it is nevertheless the case that social developments in our cities show a very varied picture.

With regard to the two great social issues of the 1980s, poverty and unemployment, welfare provision in the Netherlands' cities has stood up better than in most comparable countries. The structures created to deal with these problems in more favourable times proved to be solid.

The *causes* of the problems have grown more severe, however, and the cities' social structure has weakened. In this the experience of the Netherlands differs from that of other countries where the limits of traditional policy were reached sooner and which therefore had to set about finding ways of strengthening the social structure at an earlier stage.

The level of non-activity (economic inactivity and unemployment) among the working-age population has traditionally been high in the Netherlands, but from the mid-1970s onwards a new concentration of dependent households developed in the cities. Moreover the level of unemployment in the major cities has fallen little if at all since 1984, despite the overall national improvement.

The concentration and cumulation of social problems has a dynamic of its own which prevents a smooth adjustment to changing economic requirements. Internationally the position of the Netherlands' cities is an unusual one in the area of the weakening of the social structure by demographic developments and selectivities in geographical and social mobility: The decline in the urban population reflects a long-standing trend in western cities, with the exception of great metropolises like London and Paris. Against this background the stabilization and even slight increase in the population of the Netherlands' largest cities is all the more remarkable. The large-scale construction programmes have played an important role here, but they cannot continue without limit. From the demographic viewpoint net inward migration from other countries has been the crucial factor in reversing the downward trend in the cities' population. Over the last thirty years the urban fringes have in general experienced ongoing population growth, but by international standards the dispersal of the urban population in this country has remained geographically limited.

In the area of household structure imbalances have grown up in the central cities which are a mirror image of those in the fringe municipalities. In the cities one-person households predominate (in Amsterdam they account for 50% of the total); there are disproportionately few couples, with or (particularly) without children, while one-parent families are overrepresented. In the urban fringes it is families with children, and multi-person households without children, that predominate.

The contrasts in social structure between 'poor cities and rich suburbs' are almost textbook examples. They are found in the areas of income, employment, health and (with some qualifications relating to the presence of universities) education. Migrants too are overrepresented in the cities and underrepresented in the suburbs. Strikingly, if urban problems are measured at the level of the metropolitan area (city and suburbs together) the result is often close to the national average.

The scale of the geographical area covered must always be borne in mind when considering trends in the structure of the urban population. At the level of the areas used by the Central Bureau of Statistics in economic research the structure of the population is remarkably balanced, with only the ethnic minorities overrepresented (in many of its characteristics the metropolitan population approaches the national average), so that at this level the social structure of the Netherlands' urban areas is still intact; this contrasts with the position in some other countries, where whole urban regions are skewed. Within the Netherlands' metropolitan regions, though, there are enormous contrasts between the cities themselves and their surrounding areas, and virtually nowhere else is there such dependency in the social structure of the inner cities as in the Netherlands.

Social mobility in the Netherlands' cities is low, with dependence tending to be of prolonged duration; in this respect the Netherlands, Belgium and Spain, and in particular their urban areas, are among the international laggards [26].

Such are the contours of the selectivities in geographical and social mobility. The trend towards more extensive land use, the increasing scale of economic activity and the geographical spread of urban functions - patterns found in all countries - will certainly continue over the coming period; but the selectivities affecting them are not predetermined and it is they that will determine the cities' fate. The cities have opportunities in their centres, in the old and now in part extensively renewed neighbourhoods and in their outskirts.

We have noted that these opportunities - especially in the urban centres (where the quality of shopping facilities, public open spaces and urban architecture is poor) and the outskirts (with their relatively new but decaying post-war districts) - have not always been exploited to best effect.

[26] See for example Labour Force Statistics 1966-86, Paris, OECD, 1988; Quarterly Labour Force Statistics, Paris, OECD; Employment Outlook, Paris, OECD, September 1987.

In the area of housing there is a particular problem in the contrast between the central cities and peripheral municipalities in the ratio of rented to owner-occupied accommodation. The size of the social rented sector (however mixed its composition), which in Amsterdam and Rotterdam accounts for around 90% of the total housing stock, is an international oddity.

Unemployment in the Netherlands has become very largely a metropolitan problem. The qualitative mismatch between supply and demand trends on the labour market is severe and impediments have been identified on both sides which will require combined efforts in the part of all concerned. Job training schemes, programmes aimed at activating the unemployed, work-experience placements and supplementary employment are all instruments which need to be used to narrow the gap on the urban labour markets. The presence of a varied labour force in the cities is one of the classical locational factors for the attraction and development of economic activity.

While those with no prospect of employment receive what are by international standards high levels of benefit this does not mean that the households concerned have much room for manoeuvre. The social-security system is near its limit and the spending patterns of the lowest-income households will suffer increasingly through the increases in housing costs, albeit that housing policy for the 1990s assumes that this adverse impact on purchasing power can be offset by economic growth. The improvement of housing standards - notably through the extensive programmes of urban renewal which is now roughly half completed in the major cities - has thus placed afterwards a growing financial burden on those it was primarily intended to benefit.

Finally, attention was drawn to the increasing importance of non-material impediments and selectivities affecting social mobility. The increasing scale of long-term dependence on social security is producing ever more social and psychological problems and barriers to employment. Alongside employment policies and material social policies of a collective nature there is thus a need for a new emphasis on welfare policies geared to the individual case.

4.5 Policy tasks: Strengthening the social structure

This concluding section considers whether the institutional framework permits an adequate response to the spatial concentration of social problems in the cities and to what extent new policy directions are needed. We look first at the links between the financial and administrative framework and the development of the social structure; while institutional issues are not considered in full until chapter 6, attention needs to be focused on them at this point because of their relevance to the policy options discussed in this chapter.

4.5.1 The financial and administrative framework

Dutch cities' dependence on central government means that local authorities have no inbuilt *need* to invest in the social and economic fabric,

and if the cities have recently again begun investing in this area it is not because the institutional framework logically requires such action. For fifteen years no such measures were taken and urban communities are still not in the forefront in all respects. The position of Dutch urban authorities, unlike comparable authorities in other countries, does not depend on holding onto the firms and households which make up the local economy. With regard to trends in the social structure we have already noted that the mechanisms which accommodate the urban population's growing dependence are funded by central government; as for the structure of the population there is no strong incentive for the urban authorities to remedy the imbalances in housing and land-use.

The policy dilemmas relating to the concentration of social problems in the cities are thus not all in the areas of physical planning and social policy: they are also associated with the financial and administrative framework. There is a need to shift financial responsibilities and risks to the local level, forcing local communities to invest in themselves. On the road to greater local accountability the dependence which has grown up must first be overcome, no easy matter for municipalities with a weakened social structure (notably, as we have seen, Amsterdam and Rotterdam). The high level of social provision (welfare benefits, social housing etc.) is largely centrally funded, and if local communities are given joint responsibility for even a small part of this spending (e.g. by switching a proportion of the specific grants for welfare assistance and individual rent relief which central government makes to local authorities to the general (block) grant to local government) the costs facing municipalities with a weak social structure will increase. Augmenting local responsibility entails great risks particularly for the major cities and proposals designed to achieve this must take account of the inequalities which have grown up. Back-up measures will be needed if local communities with a weak social structure are to achieve the goal of greater responsibility; requirement, which directs our further consideration of policy options in this chapter, is examined in more detail in chapter 6.

The second policy issue arising here concerns administrative scale. A key finding of our analysis of urban problems is that they tend to vanish from view when 'the poor city and the rich suburbs' are *combined*: the metropolitan regions' score on most dimensions is close to the national average. We might wonder whether there were not perhaps some 'natural' division between the city as the home of the less well-off and the fringe as that of the middle classes and better-off, with the towns of the urban periphery - given the large numbers commuting to the centre - no more than outlying urban neighbourhoods. Extending the scale of local administration to the metropolitan region as a whole would then be a way of using the strengths of 'parasitic' suburbs to balance the weaknesses of the centre.

We have not adopted such an approach. There is no 'natural' division between the poor city and the rich fringes; suburbs are not just fancy city neighbourhoods and the inequalities between the cities and their fringes are not starting points for creating larger-scale local authorities. If anything these inequalities are the greatest obstacle to any such move. This is not the

place for a discussion of local-government reforms in metropolitan areas (covered in chapter 6); we merely state that we reject equalization proposals which start from existing inequalities as something given and fixed.

This report makes a stand for the ability of local communities to survive in a competitive environment, within the metropolitan region and beyond. A greater involvement in maintaining the vitality of their areas will do the Netherlands' urban authorities no harm. This does not mean that the cities and other municipalities in metropolitan regions must compete with one another in all matters; in some instances common interests call for joint action, and increased local responsibility provides increased opportunities for cooperation. The extent to which the viability of local communities can be strengthened is subject to limits: the lower tiers of government remain bound to higher tiers in many respects, no policy vacuum can be allowed to arise affecting the provision of services, and the higher tiers of government must ensure that negative external effects are not passed on. These principles and requirements guide the following analyses of the options for physical planning and social policy.

4.5.2 The perspective of physical planning

Physical planning is one of the areas in which the centre of gravity has remained at local level. The problem in this case is thus not so much one of inadequate local powers as one of the ways (which differ widely) in which the cities use them.

One question which arises concerns the practical scope of available measures, given the imbalances that exist and the length of time it can take to alter established patterns (e.g. in the built environment). The dominant theme in recent government policy statements on physical planning and housing has been the promotion of varied residential environments in urban areas, but in practice recent major housing schemes in the major cities have continued to include a large proportion of social housing. The change of course is taking some time.

The goal of reducing imbalances in the population structure of urban areas by creating varied residential environments is not new; at the end of the last century and in the 1920s and 1930s it led to the establishment of middle-class urban outskirts, and a number of urban development schemes since the Second World War have also reflected the same desire. Eventually, however, that desire was squeezed out by the emphasis on social housing, which finds expression in the urban housing-needs surveys, waiting lists and political pressure. The real needs which exist in this area must recognized, since otherwise the hesitant change of course now underway in the cities may again fail.

The consequence is that as the allocation problem becomes more acute (on account of shrinking building programmes in the social sector) high priority must be given to the allocation of new rented homes in the cities' *surrounding* areas.

This consequence has yet to feature in current policy thinking on physical planning in the Randstand. The Fourth Statement on Physical Planning still spoke of the possible need for one million new homes in the Randstad, and while this overall estimate may have been on the high side it did focus attention on fundamental choices regarding their spatial distribution. Recent policy statements by the provinces concerned and the National Physical Planning Office have greatly reduced the estimates of the number of homes needed (to between 650,000 and 700,000), envisaging that the location of the new housing stock should follow existing spatial patterns wherever possible with some expansion of the central cities. The National Physical Planning Office's report also explores the possibility of extending the 'urban ring' while maintaining the green heart of the Randstad [27].

For our present purposes, however, there remains the question of the future location of housing in the social rented sector. Under the planning policies of the last twenty years rented homes could be provided outside the central cities only in the larger towns (growth centres), but provision has yet to be made for meeting at regional level the needs of urban home-seekers in the rented sector. This matter still plays no significant part in policy-making.

Since many of the considerations affecting planning choices are not covered in this report it is not possible to weigh up all the factors involved. What matters is that future planning policies should recognize the need to avoid unbalanced development wherever possible, in both cities and surrounding areas.

The same considerations apply to housing policy. Reducing the imbalances in the metropolitan housing stock will require the regionalization of policy in the areas of housing allocation, transfers (up and down the housing ladder) and the scheduling of new housing. In practice the schemes established under the legislation which governs formal cooperation between local authorities often display a policy vacuum on these points. This is why the provinces were given the power to issue guidelines and designations; it should be applied with great caution, however, while practical experience of its use is built up.

This reduction of imbalances requires the involvement of the higher tiers of government: no evening-out of the inequalities that have grown up can be expected from local-community rivalries. The regionalization of housing policy could be greatly assisted by shifting the scale of operations of the housing associations to the regional level or higher; at present they normally cover a limited area, whether in the city or the suburbs. Such a shift of scale could be achieved through expansion or cooperation or mergers

[27] De Randstad maakt zich op; interprovinciale verstedelijkingsvisie op de Randstad (The Randstad gets ready; an interprovincial view of Randstad urbanization), Randstad Consultative Committee on Physical Planning; De Randstad op weg naar 2015 (The Randstad on the way to 2015); Studienota Verstedelijking Randstad 1995-2015 (Study paper on Randstad urbanization, 1995-2105), report of a steering group of the National Physical Planning Office and the Ministry of Transport and Public Works; The Hague, National Physical Planning Office, 1990.

between urban and new town housing associations. This functional approach offers useful opportunities now that the housing associations' responsibilities have been extended in a number of respects. This option would require significant changes, not considered here, to the existing structure of relationships (the tenants, the municipalities with their supervisory role, etc.). The main point to note is that the policy vacuum at regional level is a major obstacle to success in remedying the imbalances in the cities' housing stock and that the divergence of the local interests affected by this redistribution process requires the involvement of higher tiers of government.

4.5.3 Minimum incomes

As we have seen, more and more urban households are now on minimum incomes, in many cases regular welfare-assistance payments. Even where this is not the case households may benefit from the special assistance available under the Welfare Assistance Act. In what follows we consider how this legislation has developed in recent years and what new directions urban policy on low-income households may take.

Since its introduction in 1965 the Welfare Assistance Act has provided for benefit payments to all citizens who have no other means of supporting themselves, taking account of their and their families circumstances and capacities and of the awareness shown of responsibility for providing for their needs. The purpose of the Act is to enable individuals provide for themselves. Therefore are conditions attached to the payment of benefit relating to the obtaining of employment except where reasons of a medical, social or other nature make this impossible. Important features of the legislation are thus: a case-by-case approach, the temporary and supplementary nature of the benefit and the emphasis on getting off benefit and into work and on the claimant's own responsibilities. Welfare assistance is paid out by the municipal authorities, which play a central role in the operation of the Act.

While the Welfare Assistance Act has not itself been amended since 1965 the importance and nature of the benefit have changed radically. Municipal discretion in determining the amount of benefit was limited by a 1974 decree aimed at clarifying claimants' rights and ensuring equality of treatment. In 1972 the initial system of 100% funding from general municipal resources had been replaced by a scheme under which municipalities recovered 50% of the costs (other than administration costs) from central government; the proportion was later raised to 90%. The last change made in the early 1970s sought to tighten supervision of the Act's operation.

In 1979 a requirement was introduced to set the amount of benefit payable to a couple at the level of the net minimum wage, thus coupling welfare assistance to national policy on incomes. A year later the system of assistance payments for special expenses was standardized.

After 1980 welfare assistance came under great strain. The combination of increasing benefit claims and efforts to slow the growth in public spending

led to a cut in standard benefits followed by a long-term freeze. The 1987 reform of social security brought assistance for new categories, such as the partially disabled, into the picture. Central regulation has been refined and extended: more and more payments are now nationally determined, more groups of claimants are distinguished on the basis of their circumstances, and municipal policies on conditions and sanctions are now more subject to central rules.

The burden which operating the Welfare Assistance Act places on general municipal revenues (through the 10% local contribution and, particularly, administration costs) has grown enormously in recent years, and compensatory measures have given the large municipalities only limited relief. Under such circumstances retrenchment within municipal departments of social welfare is hard to avoid and cuts in social support and in schemes to promote claimants' ability to support themselves are a logical result; the departments are increasingly developing into purely administrative bodies.

Long-term dependence spread among those who began claiming assistance in the 1980s without any proper response on the part of the bodies concerned, who took a wait-and-see line through much of the decade. The result was that claimants, like the municipalities, came to focus excessively on the financial side of welfare assistance. If such attitudes come to predominate, then the normative foundations of the Welfare Assistance Act (the individual approach, the temporary and supplementary nature of the benefit and the emphasis on getting off benefit and into work and on the claimant's own responsibilities) lose their significance.

The Welfare Assistance Act's function of maintaining minimum incomes has not been at risk; while benefit amounts were frozen the adverse effects of other measures were limited by taking greater account of claimants' age, circumstances etc., and because the net minimum wage was subject to the same measures the linkage between the two was maintained. However, the Act's broader purposes have been served to a much lesser extent and little has been achieved by way of promoting claimants' entry to employment.

Local policies in respect of low-income households, developed in many municipalities from the beginning of the 1980s onwards, seek to remedy these shortcomings. In part such policies involved individually directed assistance (help with debts, loan and guarantee funds etc.) and in part generic measures (tax reductions or exemptions, reduced charges for the use of sports and cultural facilities etc.); in all cases they fell outside the Welfare Assistance Act. In 1985 central government announced that, since policy on incomes was a concern of national government general municipal decisions in this area would no longer be permitted; support funds were permitted, provided that every application was individually assessed [28].

[28] Circular from the State Secretary of Home Affairs of 1 March 1985, no. BT/U231).

Not all the general support measures have disappeared, though, and a wide variety of both special and general provision still exists [29].

In 1989 the government asked the Socio-Economic Council to comment on the reform of the Welfare Assistance Act, involving a large degree of decentralization and deregulation. To bring out the individual nature of the assistance provided it is proposed that the job of gearing benefit to individual cases should be a municipal responsibility [30].

Extending the provision for special assistance should render separate municipal policies for low-income households largely unnecessary, with the exception of help with debts through municipal guarantee funds. The increase in the margin for local discretion would be linked to an increase in the municipalities' contribution to the costs of assistance: in future they would pay 20% of the costs of general benefit (as against 10% at present) and 100% of the costs of special assistance, which would have the form of a supplement. The aim is to enable municipal authorities to operate more active local assistance policies, allowing benefit to be tailored more closely to individual needs and helping more people to get off welfare and into work. The government has since abandoned the proposal to raise the municipal contribution from 10% to 20%.

In the debate on these plans it has been objected that the proposed decentralization in no way justifies the increase in the financial burden on municipalities; indeed, municipal representatives have advocated full central funding on the grounds that benefits are very largely set by national rules [31]. This is a sore point notably with the large municipalities. However, even if levels of entitlement to welfare assistance are largely determined by macro-processes on the labour market, local communities do have various ways of influencing the outcome of these processes through physical planning, economic policy, education and so on. Increased financial responsibility for the major city authorities is therefore defensible even if the terms of welfare assistance are largely nationally determined. What stands in the way of this option in the short term is that while claimant numbers remain high the municipalities' 10% contribution swallows up much of the available funding. Under the present system of local-government finance (with the lion's share of municipalities' income taking the form of grants from central government and local tax-raising powers tightly regulated) municipal authorities *cannot* simply increase their contribution more without risking exceeding their limited room for financial

[29] Association of Netherlands Municipalities, Gemeentelijk minimabeleid (Municipal policies in respect of low-income households); The Hague, VNG, 1989.

[30] Herinrichting van de Algemene Bijstandswet (Reform of the Welfare Assistance Act); Lower House of Parliament, 1988-89 session, 21 084, no. 2.

[31] Municipal Finance Council, Report of 12 July 1989, no. 44655 RGF 16/71. Socio-Economic Council, Social Provision Committee, Interimadvies hoofdlijnen herinrichting Algemene Bijstandswet (Interim report on the proposed reform of the Welfare Assistance Act); The Hague, SER, Publication no. 15, 1989.

manoeuvre. Chapter 6, which is concerned with financial and administrative issues, includes a proposal to increase local financial responsibility which takes account of the inequalities that have grown up.

The notion of further standardizing general support payments at national level in the context of national policy on incomes while allowing supplementary differentiation to take place where it is best undertaken, at local level, provides a sound framework for policy adjustments. Possible threats to equality of rights and treatment can be avoided by formulating rules for the operation of local freedoms by which municipal authorities would be bound. A striking gap in the reform plans is the failure to recognize that an individualized approach (certainly where one of the aims is to get claimants into work) implies higher operating costs and that these can weigh heavily in the early stages when the benefits, in the form of reduced assistance payments, have yet to be reaped. The special assistance scheme also requires a labour-intensive individual approach.

The rise in housing costs relative to incomes and their stabilization at a high level in the second half of the 1980s (when continuing rent rises were offset by falling energy costs) hit low-income households hardest, and energy prices are now tending to rise. The government's recent policy statement on housing in the 1990s envisages continuing real rent increases, subject to certain constraints, while maintaining the principle, anchored in social policy, that new and hence normally expensive homes in the social sector (rented and owner-occupied) should normally directly benefit low-income target groups. This can be done, provided the grants and subsidies are large enough. Current policy is that the costs afterwards should be recouped (through annual rent increases) from the households concerned as their financial position improves, an approach causing obvious problems for those households whose incomes do not rise.

4.5.4 Individual assistance

In 1979 a much publicized report by Van Dijck et al. criticized municipal authorities which saw their departments of social welfare merely as payment offices rather than as an element in the local package of welfare services [32]. Van Dijck wanted to see municipal social-welfare departments providing more general advice and assistance for their clients during and after their application for benefit; they should also gather more information on their clients' circumstances and promote projects to improve the position of problem groups. Social work aimed at assistance claimants should become the core of the departments' work.

While these recommendations attracted widespread support in their year of publication they were never implemented, a major reason being of course the explosive growth in the number of assistance claimants in the 1980s: department staff had their hands full dealing with applications for basic material help. There are, however, other more fundamental reasons why

[32] J.J.J. van Dijck et al., Naar een gemeentelijke sociale dienst nieuwe stijl (Towards new-style municipal departments of social welfare); Tilburg, IVA, 1979.

social work has a marginal role in the municipal departments of social welfare: first, the Welfare Assistance Act does not require them to provide help of a non-material nature; second, the departments are legal and administrative organizations strongly geared to fitting clients into the official system rather than ones which sometimes have to take up the cudgels on clients' behalf against officialdom; and third, department clients expect their claims to be processessed quickly and efficiently and are generally not interested in assistance of a non-material nature [33].

Non-material assistance, in this case social work, is therefore better provided through separate agencies rather than under the aegis of the departments of social welfare; in practice it is often grouped with the home-help services, where in historical terms it best fits.

Individual assistance, such as general social work, will continue to operate partly independently of municipal authorities, reflecting the confidentiality and intrusion into private life which it can involve; moreover assistance is often sought by people forming part of minorities within the district who are entitled to protection against the power of the majority. In such cases the best institutional arrangement is one under which the municipal authority regulates the position of the agency concerned, guaranteeing its organizational independence and securing its funding, while at the same time ensuring that its activities are subject to oversight by a board composed of citizens without a direct interest in those activities. Funding can continue to come from a variety of sources - the Municipalities Fund, the Exceptional Medical Expenses Act, the various social-security Acts and the assistance schemes aimed at specific groups (minorities, the long-term unemployed, the homeless etc.) - with the agencies receiving a basic grant and payments to cover the cost of assistance to individual clients. The Welfare Act created a framework in which administrative powers in the welfare field were assigned to municipalities; within this framework central government can guide developments through the funding system and a one-sided dependence on state bodies can be avoided through the many-sided nature of the funding system.

4.5.5 Action against unemployment

Delayed responses to unemployment

The composition of the unemployed population of the major cities explains why they have benefited less than the rest of the country from the economic upturn of the late 1980s. For many of the urban jobless entering employment would be a big leap, but over the last ten years this qualitative aspect of the problem of unemployment has not received due attention; it is therefore useful to consider the role of the various parties concerned, since it is only through joint efforts that progress can be made.

The agencies making benefit payments to the unemployed (the industrial insurance boards and the municipal departments of social welfare) have taken and to some extent still take very little part in the active promotion of

[33] A. Brand, op. cit.

their clients' employment prospects: while they have an interest in reducing unemployment benefit payments they do not see it as their job to operate active policies in this area.

The social-welfare departments have not made full use of the scope offered by the Welfare Assistance Act for promoting the employment or reemployment of their clients, partly because of the increasing strain on their administrative machines; nor have they made adequate use of their legal powers to induce clients to put more effort into obtaining work.

In 1985 the traditional employment services organization, the local employment office, had recently been switched to a demand-oriented approach; while this was applauded by employers it meant that less attention was focused on the needs of the very hard-to-place. Supply-oriented approaches are still virtually non-existent, with the result that the long-term unemployed in particular are very difficult to reach. Some measures have recently been taken in this area, by agencies set up for the purpose, but the effect is slight relative to the size of the problem.

This was the background against which municipal authorities increasingly began to take action of their own, adopting personnel policies designed to benefit disadvantaged groups, gearing socio-cultural work to enhancing clients' job prospects and supporting and instituting initiatives in the areas of training, work experience and job creation. In part these activities were and still are funded from general municipal resources but central-government grants are now playing an increasingly important role. Central government has come to concern itself more closely with long-term unemployment, among other things through special financial measures such as the Vermeend/Moor Act and the job-guarantee schemes for young people. The municipalities have the task of operating such schemes, as do the local employment offices. A major problem with these targeted national schemes is that they set conditions (such as the working hours limit on job guarantees) which create difficulties for local implementation.

Looking back it is clear that the organizations concerned were not prepared for the sharp rise in unemployment between 1981 and 1983; in general their response was slow. Nor have the efforts made by those immediately involved - the unemployed themselves and industry - always been as vigorous and well-directed as they might.

Now that the range of possibilities has gradually been extended some unemployed people have proved to be reluctant to undertake training, acquire work experience or accept some kinds of job*. While the majority of the unemployed are keen to find work but fail to find suitable openings, it is striking that even with the opportunities that now exist it is not always possible to interest those for whom they are designed. There is no clear explanation for this, but a recent survey among the long-term unemployed found that 19% fell into the 'enterprising and calculating' category (active in

the black economy and abusing the benefit system) and 10% into the 'autonomous' category (regarding their benefit as a basic income) [34].

Industry's involvement is also often limited. The central agreements reached in recent years have not produced work-experience schemes or other approaches to easing the long-term unemployed into work on any scale, while the provisions of collective agreements on creating work-experience placements or taking on the long-term unemployed (in 1989 a dozen agreements included such provisions) have had little practical effect. There has been little employer involvement in local and regional committees concerned with abating unemployment, still less in specific job guarantees for those completing training or in work-experience schemes at local level. The only tripartite employment accord concluded in the major cities (in Rotterdam) includes virtually nothing by way of concrete agreements which might help the unemployed into work. The results of the 1990 Utrecht Programme, involving agreements between local government and local employers, have yet to emerge. Activity in this area may increase once the Employment Services Act has come into force.

Reducing unemployment

Steps to reduce unemployment can be taken in many policy areas (economic affairs, employment services, social security, education, socio-cultural affairs), and the main thrust of this report - that allocative tasks are best carried out at local level by those immediately concerned (mainly local market participants, supplemented by the municipal authorities) - applies to all of them. Only in this way is it possible to gear policy to local circumstances and to enable those concerned to respond to local needs. Moreover a decentralist approach enables local links to be developed between the different policy areas and allows greater coordination than is possible under central-government schemes.

It is against this background that we endorse the principles behind recent plans for the reform of welfare assistance (which make a clear distinction between central distribution through the assistance norm and decentralized allocation through extended special assistance) and the initiatives to decentralize employment services. Such moves will enhance local responsibility and accountability. More generally we urge funding changes aimed at creating the right financial incentives for all concerned.

With many possible links between policy areas at local level the main role in tackling local unemployment falls to local industry and the municipalities, both of which are to have a new responsibility through the tripartite management system for employment services at regional level. For the municipalities and local industry the Regional Employment Boards will provide an important supplement to their own range of facilities. Local authorities will have to operate their own economic and social policies, preferably in conjunction with initiatives from local industry (as have

[34] H. Kroft et al., Een tijd zonder werk (Some time without work); Leiden/Antwerp, Stenfert Kroese, 1989.

recently taken place in the Rotterdam accord and the Utrecht Programme), making use of regionally organized employment services on the basis of the local orientation towards the social and economic infrastructure of the city.

As will be clear from the foregoing, we do not approach the reduction of urban unemployment from only one organizational angle. However important, the development of a regional system of employment services is not the sole or even a dominant factor in anti-unemployment policy. The various policy spheres which touch on the fight against urban unemployment all have their own social background; all have a contribution to make, which cannot be used to best effect if they are ordered from an exclusive organizational angel. In addition the establishment of Regional Employment Boards means that local authorities can contribute the job-placement services which they have been forced to provide on their own account in recent years.

The *municipal* authorities have a strategic role here, involved as they are in one way or another in almost all the policy spheres: they can act to remedy disadvantage through their own personnel policies, through their role in implementing social-security legislation, creating the conditions for business enterprise and promoting education and training, through their participation in employment services and through their more arm's-length role as facilitators of socio-cultural work. The fact that their powers extend across policy boundaries enables them to promote the necessary interchanges among the areas of policy concerned in action against unemployment. In virtually all these municipal roles it is essential that local government should not allow itself to be manoeuvred into the position of helmsman, since this would ignore the strength of policy spheres with their own social background.

The rest of this chapter focuses on various spheres of policy concerned with action against unemployment. We look first at the closely related areas of employment services and social security, starting with the recent collaborative initiatives involving 'restart' interviews. The last section discusses the institutional setting for the promotion of entrepreneurship as a separate policy field.

a. 'Restart' interviews

The system of 'restart' interviews, a collaborative venture involving local employment offices and municipal social-welfare departments, was introduced nationally in 1988 following a project in The Hague; it is one of the few initiatives which directly target the 'forgotten group' of the long-term unemployed. This scheme, which now receives funding from central government, puts the employment offices back in touch with the hardest-to-place among the jobless and gives the social-welfare departments the chance to catch up on their job, envisaged in the legislation but long given low priority, of providing individual advice and support. Over a trial period of three years interviews will be conducted with everyone who has been unemployed for three years or more with the aim of compiling an individual action plan comprising (for example) training, placement through the local

employment office, vocational guidance, work experience of various kinds, and so on.

An interim evaluation of the scheme does not indicate decisive success. The programme was launched without a system of work-experience places having been established, without access to vocational training having been widened and without adequate facilities for the regular supervision of the long-term unemployed on the often prolonged journey back into work. The result has been to strengthen the tendency of the agencies operating the scheme once again to concentrate their efforts on the clients with the best prospects, e.g. by setting an age ceiling of 40 or 45 years. It is not known how far the 'restart' interviews have actually increased reemployment rates; a 1989 study found that 13.5% of those who had taken part in interviews were subsequently placed in employment but did not comment on the part played by the interviews.

There are nevertheless clear benefits in the establishment of links between different types of organization; in some cities the new collaborative bodies have been given a wider remit, while the scope for offering real opportunities has been widened by the expansion of the range of instruments available. Experience shows that individual supervision and support are vital if many of the long-term unemployed are to reenter employment; generally more will be needed than an interview and the compilation of an action plan, however, and where the road back into employment is long a system of regular follow-up interviews is desirable, which in many cases can be linked to the reassessments of entitlement to welfare assistance. All the means available of helping individuals off benefit under the Welfare Assistance Act and all the placement facilities of the local employment offices need to be used in combination. We therefore recommend, in the context of urban policy, that the system of 'restart' interviews be retained and if possible strengthened with the addition of follow-up procedures and used as the general basis for the reemployment of the long-term unemployed.

b. Getting off assistance

With regard to claimants' compliance with their obligations under the Welfare Assistance Act we have already seen that in practice municipal departments of social welfare are very reluctant to impose sanctions on unemployed claimants who fail to take reasonable steps to obtain work. The reasons given for this attitude include the lack of a clear view of what constitutes 'suitable work' and the labour-intensive (and thus costly) nature of the checks that would be required. Now that the labour market offers better prospects for some claimants and more intensive employment policies are gradually increasing the number of jobs available the use of sanctions would be appropriate; the right to benefit is not unconditional, and welfare assistance is not a basic income on which people can freely choose to live.

It should be borne in mind here that sanctions are not as a rule instruments of employment policy: they form part of the normative framework of social-

security legislation. The application of a sanction must be based on the merits of the individual case, having regard to general guidelines.

With regard to social-welfare departments' duty to help claimants off benefit and into employment the plans for the reform of the Welfare Assistance Act offer a number of new possibilities. They involve close cooperation with local employment offices. Most are already used by the more active municipal departments. What is new is the increased scope for help with expenses specifically related to earning a living: assistance will be available in connection not only with education and training but also with child-care and the costs involved in obtaining work, where the individual has no other way of meeting such expenses. Municipal authorities will also be able to attach supplementary conditions to assistance with the aim of promoting employment to take account of specific features of the local or regional labour market and to improve coordination with local employment offices.

The supplementary nature of the social welfare departments (including specific measures) is retained and, in the link with the local employment office, accentuated. There is an evident desire not to undermine the role of the local employment offices by giving local authorities some of the same functions in the operation of the Welfare Assistance Act. The reform plans broadly follow the Socio-Economic Council's recommendations regarding the relationship between the bodies operating the social-security system (the industrial insurance boards) and the employment-services structure [35]. The Council saw a role for the insurance boards mainly in permitting and, where necessary, promoting participation in activities relating to reemployment without loss of benefit ('passive or facilitative' policy); while rejecting positive incentives, such as financial rewards for successfully completing training the Council felt that financial constraints on following training courses should be eased. A somewhat less passive role was envisaged for the municipal authorities, extending e.g. to the creation of work-experience schemes or specific employment projects in the non-commercial services sector, involvement in operating the programme of job guarantees for young people and the provision of facilities in the area of basic education.

The various measures aimed at creating new jobs are public initiatives and relate to employment in the public sector. The underlying notion is that welfare spending is better directed into the creation of employment which improves the quality of urban life. The same broad framework includes the Employment and Training Fund for the government sector (and the parallel fund for the health and welfare sector) under which temporary jobs (lasting 2-4 years) are created in the government sector for people aged under 27 who have been unemployed for over a year; the Fund was established using resources released by lowering the government-sector minimum wage for young people. In 1989 1600 people were helped into employment in this

[35] Socio-Economic Council, Advies voorzieningenbeleid werklozen (Services for the unemployed); Publication 7, The Hague, SER, 1989.

way. Some municipalities also channel central-government funding into wage subsidies (of up to 100%), i.e. into job creation. West Germany has a long tradition in this area, with job creation in the public sector by the state in conjunction with local industry apparently proceeding in a cooperative and depoliticized atmosphere. The initiative for such schemes rests with the urban authorities, which use them to meet public needs in such areas as safety, environmental improvement and social policy. Such examples merit consideration in the Netherlands.

c. Job pools

With a view to encouraging people off benefit and into employment the most recent coalition agreement announced the large-scale introduction of a scheme to channel welfare spending directly into job creation. The purpose of the job pools, as they are known, is to provide work (for the moment in the public sector only) for unemployed people who are particularly hard to place and who are not reached by existing instruments of employment policy.

The design of job pools is a joint responsibility of the regional employment boards and municipal authorities, which must conclude agreements to receive the relevant government grants. The municipalities are responsible for establishing and maintaining the pools. The incentive of savings on welfare spending remains, augmented with an additional incentive of e.g. 10% or 20%, thus doubling or tripling municipalities' interest in reducing local unemployment.

Job pools are a way of enhancing the social mobility of groups whose prospects are otherwise poor. The erosion of this gain through stigmatization must be avoided as far as possible; it is therefore regrettable that for the moment all the jobs will have to be found in non-commercial (public) services, and ways must be investigated of extending the scheme to the private sector, particularly in the structurally disadvantaged cities. The scheme is a new one, though, and can be developed in various ways, including financially (e.g. with the use of welfare funds). This could involve allowing municipal authorities - without any loss of their right to recover welfare-assistance spending from central government - to use welfare funds to 'buy' jobs for three or four years on condition that the individuals concerned would then be taken on permanently. Such a scheme could initially supplement the job pools. The task of preventing unfair competition could be left to the tripartite Regional Employment Boards.

d. The role of the industrial insurance boards

Resources from unemployment funds have been used in the reduction of unemployment for some considerable time, and on a much greater scale than happens under the Welfare Assistance Act; the dock labour pool and the scheme for reducing working hours are the most obvious examples, while a recent instance is the use of such resources to fund exemption from social-insurance contributions where employers take on people who have been out of work for a very long time.

Indeed, such schemes are now on such a scale that criticisms are increasingly being voiced - for example by fund managers - that the insurance principle is being eroded and fair competition put at risk. While such a danger undoubtedly exists the links which these and similar measures establish between anti-unemployment policy and social-security policy are too valuable to abandon. One option might be to fund further employment-services measures from a separate source in the form of surcharges on unemployment-insurance contributions; this would formalize the links between employment services and social security in a way that occurs in a number of countries.

The industrial insurance boards have not exhausted all the facilitative options open to them in the area of employment services. As forums for the regulation of social provision in their respective industries they could apply themselves to the prevention of unemployment. The government has repeatedly expressed the view that preventive functions should be accorded greater importance, given the increasing complexity of the labour market and the need to make provision within industrial sectors for training and retraining, appropriate job differentiation and dynamic personnel policies with a view to enhancing mobility in employment. Also relevant here is the forecast increase in mismatches between labour supply and demand due to technological developments. Some sectors are experimenting with sector-wide personnel services; the retail industry in particular needs to be able to deploy staff at irregular times and can use a sectoral personnel service for the purpose.

There are also grounds for looking seriously at the industrial insurance boards' position in connection with active policies for the reduction of unemployment in the longer term. The new Unemployment Insurance Act links the duration of entitlement to benefit to claimants' employment record, and as a result some of the long-term unemployed will in future be covered by the Act; this means that they will receive benefit from the relevant industrial insurance board rather than (as currently happens) their local department of social welfare. There is thus as much reason for cooperation between employment offices and industrial insurance boards as there is for cooperation between employment offices and municipal social-welfare departments.

The need for cooperation between insurance boards and employment offices would of course also increase were a policy eventually to be pursued of returning welfare assistance to its former limited role and expanding that of employment-related social security. In West Germany, for example, when an individual joins a job-creation scheme unemployment-insurance contributions become payable and he or she is once again covered by unemployment-insurance legislation.

Another aspect of liaison between employment services and social security concerns the notification of improper conduct on the part of claimants to municipal departments of social welfare and industrial insurance boards. Research has shown that only a limited proportion of cases of abuse are brought to the attention of the benefit agencies and ways need to be found

of ensuring that the notification requirement is taken more seriously in future. This requirement could be extended to a general information duty as the employment offices devote increasing efforts to individual supervision and support for those seeking a way into employment. It is important under such circumstances that the benefit agencies are kept informed of individual claimants' progress through the processes of training, guidance etc.; this will require separate agreements between employment offices and benefit agencies.

e. Supply-oriented employment services

The employment service has traditionally been geared to serving the public interest, this role being reflected in the pressure which employment offices may bring to bear in helping people into work and in the resources deployed against unemployment as a social problem. Experience shows that while commercial employment agencies can find work for unemployed people who are capable, motivated and prepared to undertake training they have little success with others among the unemployed; it is with these others that the public employment service has its principal function.

Following the policy of job-creation mainly in the socio-cultural sphere of the early 1980s and the demand-oriented approach of the second half of the decade, the time has now come for an aggressive policy aimed at the supply side of the labour market. The methods used must take account of the characteristics of the long-term unemployed, notably their low level of education and training.

The towns of Helmond and Enschede have developed a casework-based approach to placement centred round employment officers who are thoroughly familiar with the local labour market and can mediate between would-be buyers and sellers of labour. Instead of waiting until vacancies are notified or job-seekers approach the employment office, officers seek out employers with vacancies and individuals wanting work and try to bring them together. This approach uncovers job opportunities which have yet to appear in the form of vacancies and is particularly successful among small and medium-sized businesses. The example set by Helmond and Enschede has been taken up in some areas of the major cities; it should now be adopted on a much larger scale in the framework of an aggressive supply-oriented policy.

Another aspect of a supply-oriented approach is the promotion of training, with the government and the employment service seeking to help those with little or no training to raise the level of their qualifications and skills; a beneficial side-effect of training schemes is that they help bring the unemployed to the attention of potential employers. Vocational courses are generally preceded by a wide range of access activities in the areas of basic education (e.g. in the Dutch language), guidance and elementary occupational practice. The process of preparing for employment in this way is a long one, sometimes lasting several years, and the drop-out rate is high. Further study is therefore needed of the admission requirements of the apprenticeship system and the vocational training centres, the institutions which confer the relevant qualifications; the notion of exempting certain

categories from the general admission requirements merits support. In addition ultimate responsibility for supervising unemployed individuals as they prepare for employment should be vested in the officials responsible for the eventual placement; this would help ensure that qualifications did not become an end in themselves.

A final element in an aggressive supply-oriented policy is an active approach to case management. In the major cities the unemployment registers can be uninformative, and while the 'restart' interviews have gone some way towards remedying this social and cultural anonymity what is needed is an approach to benefit claimants which resembles that of insurance companies to their clients, i.e. one which is meticulous, deals with each case individually and deploys resources in order to remedy damage (in this case social as well as individual).

4.5.6 Promoting entrepreneurship

In many countries local initiatives have been established to promote entrepreneurship, not only at the level of, for example, the highly specialized suppliers who play a major part in the growing and developing economy but also at that of small businesses through which people whose educational level is not necessarily high can earn a living. This section focuses on other countries' experience of the promotion of entrepreneurship among the unemployment and those in work.

Following the 1980 Anglo-American Conference on Community Involvement industrialists, academics and the government in Britain began intensively examining and analysing American experience in this field [36], and in 1982 the OECD, also inspired by American experience, instituted an international programme of comparative research into local employment initiatives and their effect as catalysts [37].

The results achieved in the United States in the reduction of unemployment have been a focus of attention for some time. Over the last fifteen years 80% of new jobs have been in small businesses, most of them involving unskilled or semi-skilled services. Between 1979 and 1985 there was a fourfold increase in the number of people running small businesses, with most of the growth in the sphere of 'convenience services' in such areas as education, child-care, catering, car maintenance and retailing [38]. These are familiar examples of low-level services which develop much more easily in

[36] The process is well exemplified in M. Parkinson, B. Foley and D. Judd (eds.), Regenerating the cities, the UK crisis and the US experience; Manchester, Manchester University Press, 1988.

[37] OECD, Mechanisms for job creation, lessons from the United States; Paris, OECD, 1989. Other OECD publications on the long-term programme of research into local initiatives for employment creation are: Creating jobs at the local level, 1985; New roles for cities and towns, 1987; Implementing change, entrepreneurship and local initiatives, 1990; and the annual publication Innovation/Employment.

[38] P. Domergues, 'The American job machine', in: Mechanisms for job creation (op. cit.), p. 27.

the macroeconomic and institutional framework of the United States than in European countries.

Even so, modest financial incentives have brought considerable successes in these areas in European countries. One approach which could be much more widely applied in the Netherlands is the use of benefit funds to help small businesses get started (the Irish enterprise allowance, the 'chomeurs/entrepreneurs' in France, similar initiatives in Sweden) [39]. Under the British Enterprise Allowance Scheme, which is regarded as successful, unemployed people who can find #1000 start-up capital for a business can claim a weekly allowance of #40 (less than social-security benefit) for a year. Within five years of the scheme becoming operational in 1983 350,000 people had benefited from it and it currently has around 90,000 new entrants every year. An evaluation carried out in 1988 found that two thirds of the new businesses were still in existence after two years.

More recently some doubt has been cast on the extent of the scheme's success: many businesses would also have been established without the scheme, subsidized newcomers tend to crowd out competitors who are no longer subsidized, and so on [40]. The British audit office recently reported that only 57% of new businesses were still in existence after three years [41]. The scheme is nevertheless seen as successful, and from time to time some of the small businesses it has helped establish themselves become employers.

In the Netherlands those who establish small businesses can get help under the Small Business Assistance Scheme. Compared with those in other countries the Dutch scheme is generous - new businesses can be helped with loans of up to 25,000 guilders - but because of the conditions applied (in terms of participants' qualifications and business viability) it operates much more selectively. The most recent coalition agreement envisages channelling loans to small entrepreneurs in receipt of welfare assistance through the banks, and this was originally also the intention for new businesses; however, partly owing to resistance on the part of the major cities the earlier arrangements for new businesses have been retained, at least for the moment, pending further investigation of the options for bank loans to new businesses.

While much was expected of the scheme when it was set up in the 1980s the results in the major cities have been disappointing, with generally no more than a few hundred participants in each city. The scheme involves an extensive preparatory phase in which applicants must submit business plans whose viability is then evaluated. There is also a tendency to extend the scheme to businesses which have been in existence long enough not to be

[39] OECD, Creating jobs at the local level (op. cit.), p. 11.

[40] J. Hirst, 'Mediocre, to say the least', in: New Statesman and Society; 12 August 1988, vol. 1, p. 25

[41] Enterprise culture, in: New Statesman and Society; 1990, vol. 3, no. 84, p. 27.

new but not long enough to get over their teething troubles. The indications are that compared with similar programmes in other countries the Dutch scheme is less willing to take risks, more selective in operation and geared more to the needs of those already involved in business than to mobilizing the unemployed across the board; it also plays only a comparatively small part in anti-unemployment policy in the Netherlands.

Other European countries have drawn lessons from American examples for a more structured approach to the development of entrepreneurship. In the United States there were whole areas of cities which had been abandoned by business, prompting moves to revive the enterprise culture through a partnership involving local authorities, business, educational institutions and other local organizations. Often it was business that took the lead in these public/private partnerships, but with local authorities (which play a much smaller role in social provision than their European counterparts) also showing great drive. In Britain it was a central government deeply mistrustful of the social programmes of district councils and other local organizations that launched the idea of 'enterprise in partnership with the people' in the cities; the centre of gravity of such activities has since shifted to local level, however, not only because district councils have become more receptive to such schemes but also, and in particular, because local industry has increasingly pressed for more active attitudes on the part of local government.

In the British and American examples the creation of a climate in which small businesses can flourish does not primarily depend on long-term tax or subsidy facilities. Certainly there are various forms of financial assistance, but these are mainly supplementary incentives and investments which will eventually generate new revenue for the authorities concerned. The financial stimuli used show great inventiveness, including as they do the use of public purchasing policy as a lever for the development of small enterprises, tax incentives to promote the investment of private savings in new businesses (the limited partnership) and transfer mechanisms which involve supplementing public with private resources (investment companies for small business) [42]. The diversity of such incentives is considerable.

Many other factors play a part in developing the local business climate alongside financial incentives, among them physical planning, land policy and education. One of the rapporteurs involved in the OECD project concluded that in most member states:

- as yet not enough was being done at local level by way of management training for would-be entrepreneurs;
- not enough encouragement was given to cooperation and possible links between businesses (subcontracting);
- institutional investors were insufficiently involved in the establishment of businesses;

[42] H. Sibille, 'Job creation in the United States', in: Mechanisms for job creation (op. cit.), p. 22.

- business development and job creation should be targeted more closely on locations where they are needed [43].

All these points are relevant to the Netherlands. The local business culture could be strengthened in many ways in this country if it were made the focus of intensified policy efforts. The role of the various tiers of government is one of setting the framework and, at local level, of acting as an intermediary, in that municipal authorities can bring people and organizations together and combine initiatives which would otherwise proceed in isolation. The primary responsibility for developing the local business culture lies with industry itself, however, and it is on this basis that the success of the American partnerships is based.

As a direct result of the 1980 Anglo-American Conference an umbrella organization was set up in Britain, called Business in the Community, for the purpose of promoting a culture of enterprise in the cities. By setting up and supporting 250 local agencies BIC was able to establish direct local links with the local authorities concerned and other bodies, and it was partly through these links that the new infrastructure of the private sector gave its own dynamic to British policy for the cities in the 1980s.

BIC plays a major role in giving concrete form to the collective responsibility of industry by encouraging firms to become involved in specific initiatives, developing many 'flagship projects' at national and local level. At national level eight teams have been set up to promote initiatives in the following areas:

- affiliated employers taking on young unemployed workers;
- promoting new businesses;
- training programmes for property development;
- promoting direct contacts between industry and schools and colleges;
- credit guarantees for new businesses;
- supporting small businesses by encouraging local purchasing. At local level this is taken to the point that large firms loan specialized staff to local suppliers to ensure that products are of the right quality and to organize just-in-time delivery systems;
- contacts between businesses and voluntary organizations;
- familiarizing businesses with the functions and backgrounds of voluntary organizations [44].

A number of voluntary organizations involved in promoting local employment initiatives are associated with BIC:

- The Industrial Society (whose membership comprises 400 employers in different parts of the country) exists to raise the standard of enterprise. One of its most striking activities is the support given to young people going into business (the Headstart programme); following an intensive two-month

[43] J.P. Pellegrin, 'Local initiatives for enterprise', in: The OECD Observer, June-July 1989, no. 158, p. 11.

[44] Action for Cities; London, HMSO.

course the aspiring entrepreneur is assisted by a local businessperson acting as their 'business mate'. The programme achieved wide recognition when the government concluded a contract with Headstart, as part of its own 'front-line initiatives', to help 4500 young people in disadvantaged areas to go into business.

- Fullemploy is a joint government/industry project (with both providing funding) which provides training in commercial skills and entrepreneurship for 3000 young people from minority groups every year.
- Young Enterprise is a noteworthy experiment in 1500 schools and neighbourhood centres under which groups of 10-15 young people in the 15-19 age group run businesses for a period of time with advice from local firms. The experiment is being expanded to include 60,000 young people every year.
- The largest voluntary organization supporting young people in business is the Prince's Youth Business Trust, which provides grants and loans to young people setting up their own businesses. It is planned to offer a training course in marketing to everyone who receives a grant or loan.

The local agencies similarly seek to promote enterprise at local level in a variety of ways [45].

The combination of private and voluntary initiatives with public plans for urban regeneration has greatly strengthened the culture of enterprise in many British cities over the last ten years, and in this respect the British approach has greater value as a model for urban development in the Netherlands than is sometimes realized. Even so its goal of drawing deprived groups and areas into the enterprise culture has only partly been achieved, with social revitalization in particular proving difficult by this route. City Action Teams, set up in 1985 to build new bridges between the target groups and economic development programmes, were given the power to coordinate the flows of funds from different ministries into the cities at regional level. A year later City Task Forces were established in eight cities with the job of increasing the target groups' involvement in the central programmes for the promotion of the urban enterprise culture (similar measures had already been taken in Liverpool) [46]. The Task Forces were intended as a temporary measure but in 1987 their number was doubled.

The Task Forces, which now come under the Department of Trade and Industry, are relatively small teams which are based in deprived urban areas but have direct links to high-ranking civil servants in the ministries concerned. They act as catalysts and have considerable powers to establish links between different organizations and individuals and different programmes. The intention was that these links should involve central

[45] A. Pike, 'Business in the community, coordinating a sharper focus and stronger voice', in: Financial Times, 17 July 1987, Section 3, p. 2.

[46] Following the Toxteth riots of the early 1980s Mr. Michael Heseltine, the Secretary of State for the Environment, set up the first Inner City Task Force, which deliberately by-passed local government.

government, local industry and social target groups, but in practice it quickly emerged that the target groups were most easily reached through local authorities and voluntary bodies. To help ensure sustainable economic development the Task Forces enlisted professional institutions (such as the Industrial Society) and the voluntary bodies' often deficient management skills were improved through training.

Task Force projects have produced many model programmes and policy innovations, e.g. in the area of customized training and recruitment (with normal standards being adjusted upwards and downwards by means of 'topping up' and 'rule-bending'). A well-known example since emulated successfully throughout the country is the Copthorne programme, which takes its name from a Birmingham hotel chain which took on fifty long-term unemployed after they had received two weeks' intensive training in presentational and conversational skills. Many of the participants had seen themselves, and been seen by potential employers, as incapable, and the main effect of the course was to remove that image [47]. In Glasgow similar initiatives have been developed in the textile industry.

The Task Forces specifically seek to act as catalysts in the promotion of a culture of enterprise among groups and in urban areas which have traditionally lacked such a culture or where it has died out. The relative successes achieved are still dependent on Task Force initiatives and the goal of a speedy transfer to local bodies still often comes up against the problem that the capacity of the bodies concerned and the involvement of local industry are inadequate [48]. The creation or revival of local capacity is a slow process: in American cities, where such approaches to investment in the urban social structure have been in operation for much longer, it can take fifteen years for the results to become visible.

Other objectives are at stake here, and other parties involved, than in labour-market policy in a narrow sense, and therefore is advisable that development in the two spheres proceed separately. A similar mobilization of forces in the promotion of the enterprise culture could be an important plank of employment policy in our major cities, provided that within the promotion of enterprise (which currently focuses on ventures with obviously good prospects) attention should also be devoted to the needs and capabilities of the unemployed. In this connection the British example is worthy of study, particularly the designation of specific urban areas and target groups. Unlike many of our rural areas, where it is seen as quite normal for young people (even without much previous education and training) to set up in business, our major cities are not an ideal natural environment for new and existing businesses. A policy of *economic urban* renewal, jointly developed and implemented by local industry, the municipalities, the Ministry of Economic Affairs and the various

[47] V. Hausner, 'Customized training and recruitment', in: Internal Working Papers, Department of Trade and Industry, Inner Cities Initiative Central Unit, London, 1988, pp. 3-1.

[48] P.A. Cambridge Economic Consultants, An initial assesment of the inner cities initiatieve; Cambridge, P.A. Cambridge Economic Consultants, 1987, p. 30.

organizations representing small businesses, could produce the necessary improvement in this area.

Urban Amenities 5

The cultural, social, physical and commercial amenities which exist in cities not only enrich the urban culture but set the conditions for social and economic trends and underpin the specializations in urban industry and the characteristics of the urban population; conversely, the range of amenities is strongly influenced by the specific needs of industry and the urban population. Amenities are thus at the heart of metropolitan policy and are therefore given an important place in this report; moreover they are sometimes more susceptible to policy influence than the social and economic trends themselves.

Urban amenities range from physical factors (topography, infrastructure, housing) to a variety of cultural and social facilities. Amenity aspects are raised at various points throughout this report, but to allow more detailed analysis this chapter focuses attention on three clusters, namely education, employment services and health and social services (a choice which does not seek to set some new rank order for policy on urban amenities). While central financial and distributive structures in the urban areas will continue to guarantee a common foundation for their amenities very different policy combinations and emphases are possible at local level: different urban profiles may develop, with one city focusing on the development of cultural amenities while another puts stress on educational programmes or renewing its physical fabric.

A central question in the analysis of the three amenity clusters is whether the *institutional context* in which metropolitan amenities take shape provides enough scope for developing an autonomous urban policy within the national financial and distributive frameworks. This question has gained in urgency as radical institutional changes begin to affect virtually the whole range of amenity policy. The specific background of each cluster notwithstanding, there are many similarities in the institutional developments taking place in the three policy areas concerned; these similarities are now outlined in a somewhat longer perspective.

In the period between the wars the initiative still lay largely with local providers, with local authorities playing a reactive role and filling any gaps. The major cities were pioneers here, in such areas as social services, social security, housing and employment services, while central government sharply limited its own involvement. After the Second World War this institutional pattern changed as the volume and quality of provision rose rapidly. Characteristic features of the new pattern were that central government involved itself far more directly in the planning of services and facilities and emerged as the great initiator within the structure of government as a whole.

There thus arose the national 'institution policy', whose main features in most areas were determined in consultation between the providers' central organizations and central government and which was implemented, with

central-government funding and subject to centrally set conditions, by private institutions predominantly of a non-commercial nature; it was also focused on the supply side with the position of the user or consumer playing little part. The conditions governing access, quality, volume and even pricing were generally set centrally: in implementing their policies the local parties - municipalities, institutions and particular the end-users - were increasingly bound by the conditions set by central government and in a number of cases by the national umbrella organizations representing the providers. This type of structure made it difficult to gear policy to local and regional circumstances.

Criticism of the working of the top-heavy bureaucracies led from the 1970s onwards to a devolution of functions to local government or functional organizations; national budgetary problems also played a part in this process. Central government remained in overall charge, however, and this fact is more relevant to the prospects for metropolitan policy than the question whether the devolution of functions should be on geographical or functional lines. The devolution models of the 1970s and 1980s started from the upper echelons of adminstration and ended with the recipient public, whether through the hierarchically organized planning structures of the 1970s or the system of devolved budgets subject to detailed central requirements of the 1980s. Such models were born more of a desire to lighten the load on central government than of a wish to extend local accountability.

In the second half of the 1980s the institutional pattern underwent a further shift as central government began to take markets as the basis for amenity policy in various areas. Radical reform in this direction is now underway in health care, social work, housing and, to some degree, the now tripartized employment services. In education a deregulation exercise has begun which gives greater control to individual establishments through the local management of schools and colleges. The world of education has also seen many commercial initiatives, while 'conventional' institutions too increasingly operate in a double - commercial and non-commercial - market.

The dominant pattern in these recent reform plans is that local bodies take the lead in implementing policy in a market framework while central government sets the conditions for market functioning; in this way new forms of social and state influence go hand in hand. Local government, particularly the larger-scale authorities in the cities, finds itself at the crossroads of these two structural influences. The painful aspect of its position is that it is apparently being by-passed on both sides as on the one hand the urban authorities lose planning and delivery functions to market participants and on the other the conditions governing market operation are centralized.

While the rationale of the systems is thus such that local authorities' direct involvement in amenity policy will generally be fairly limited they do not define the practice of metropolitan policy; rather do they simply create new conditions which will have their own effects on the practice of policy. What

matters above all in metropolitan policy is that allocative functions be performed as well as possible, and prime responsibility here lies in the local interactions between social organizations and the public; local authorities are involved in various ways in such local networks - promoting, correcting, supplementing - on the basis not only of their role in the amenity sector concerned but also, and above all, of their general responsibility for urban development.

Seen thus the reforms offer real bases for enriching the urban political culture provided they are implemented with sufficient vigour. The common feature of the reforms is that they extend the responsibilities of local institutions: schools, housing associations, health-insurance funds and employment offices, for decades bound by central regulation, now have a measure of autonomy. The emergence of 'social enterprise' brings the possibility of at least an improved allocation of amenities but does not guarantee it. What matters is the interaction with other parties (the operation of the market, the goal of the reforms), and in particular with the relatively under-organized parties on the demand side. Also crucial is the manner in which the whole complex of new conditions affects the local practice of metropolitan policy. The role of metropolitan government will be transformed and activated as it responds to these developments.

The original Dutch text of this report goes on to analyse developments in the areas of education, employment services and health and social services, first considering what metropolitan characteristics can be distinguished for each amenity cluster and then - partly in the light of their potential role in social and economic trends in metropolitan areas - focusing on their quality. The section ends with a discussion of the institutional context in which amenities are provided, examining whether it is adequate to its purpose or needs adjustment.

Since these sections are mostly concerned with factors specific to the Netherlands it was decided to omit them from the English translation.

Financial and administrative relationships 6

6.1 Introduction

The metropolitan regions are experiencing radical change. After a prolonged period of urbanization recent decades have seen an international process of spatial deconcentration and economic and social restructuring. The metropolitan regions face the necessity of responding to these structural changes and international shifts and developing a new and clear role for themselves. Previous chapters have analysed economic and social trends affecting the metropolitan areas, detailing the tasks facing metropolitan policy, and have considered what scope they have, in the context of national regulation, for the development of profiles of their own in the field of societal amenities (education, employment services and health and social work). This chapter considers the financial and administrative framework of metropolitan development, examining specifically whether it embodies the incentives needed to bring about the necessary changes.

Since the mid-1970s the central cities' economic and social structure has shown growing imbalances which metropolitan policy has thus far proved unable to remedy. There are close links here with the underlying institutional structure of financial and administrative relationships: the institutional background explains not the genesis of urban problems but rather the slowness and inadequacy of the *reaction* of the various parties with a stake in urban development (the public, local firms and other organizations, the various tiers of government) and their failure to respond vigorously to new circumstances and challenges.

Previous chapters have argued that what is needed is not only a national policy focus on the cities but above all greater powers for local bodies in respect of functions of an allocative nature. This does not just mean transferring central-government resources to local authorities, since enlarging the latter's financial and administrative elbow-room will not of itself bring about a strengthening of the urban social and economic structure; all elements of the local community must take greater responsibility for maintaining cities' viability and municipal authorities must seek to strengthen the social forces concerned. The nature and quality of local government of course play an important part here.

This chapter is primarily concerned with the question whether local bodies, municipal authorities and the public at large are sufficiently involved in, and bear due responsibility for, urban social and economic development. A striking finding of earlier chapters is that the urban policy framework does not reward action which helps hold on to the social and economic forces that sustain such development. We have already shown how the metropolitan areas' central cities have made only hesitant use in buttressing their weakened position of opportunities in the areas they can influence (housing, physical planning, business climate, social mobility, education, transport); we now consider whether incentives can be built into the pattern

of financial and administrative relationships which will promote the exploitation of such opportunities: can the conditions be created for an administrative culture in which social forces concern themselves with the cities' vitality and local authorities encourage the development of such forces?

Our analysis of financial and administrative relationships inevitably covers a wider field than the metropolitan areas alone: other local communities are included in the same pattern of relationships, even if special circumstances apply in the cities. Where this chapter seeks ways of adjusting financial and administrative relationships in the interest of vigorous urban development they will generally also apply to smaller communities, but since we do not consider the implications of this point our recommendations must be qualified accordingly. For the most part the problems and opportunities also found elsewhere face the cities in *magnified* form; in this sense the cities are trail-blazers, since it is in the cities that the need for changes in general regulatory structure first emerges.

This chapter begins by analysing the financial relationships, making a number of broad recommendations; it then examines the pattern of administrative relationships, looking at the scope for decentralizing with regard to the making and implementation of policy and then addressing the issue of administrative organization.

6.2 Financial relationships

6.2.1 Public and private funding

Urban amenities can generally be divided in terms of their *nature* into private and public goods and services. In the case of private goods and services there is a direct link between effective demand and supply, examples being found in such areas as shopping facilities, cultural amenities, health care, sport and leisure provision. In the case of public goods and services the private sector is inherently unable to function efficiently (there being no possibility of *exclusion*) [1]; classical examples of public goods are policing and justice.

How goods and services are paid for, through public or private funding, does not always coincide with their nature. Public amenities are not always publicly funded; examples exist of classical functions of government (e.g. in policing and infrastructural provision) which are in part directly privately funded. Some amenities which were once funded collectively are now increasingly paid for by private individuals (housing, education, social services); conversely, there are also examples of typically market-based amenities which are fully or partly funded by public expenditure.

The state's financial intervention makes the link between supply and demand indirect, an effect reinforced by the layers and linkages of

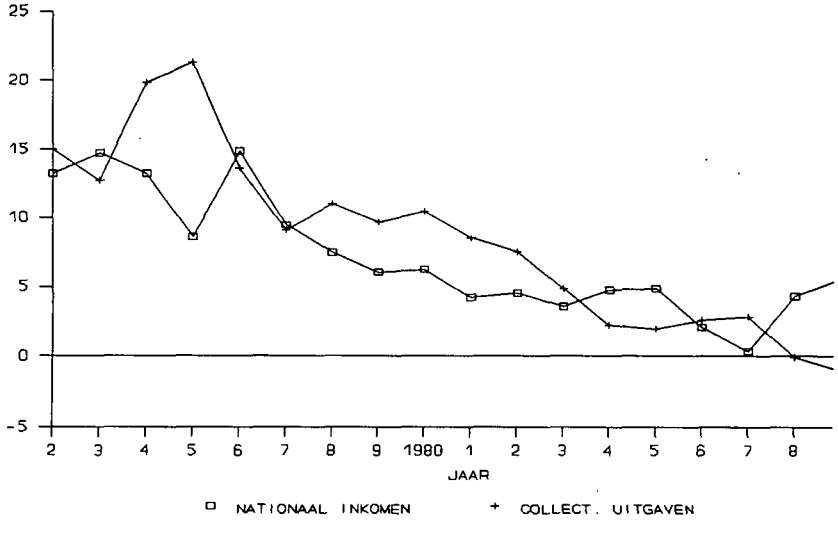
[1] D.J. Wolfson, Publieke sector en economische orde (public sector and economic order); Groningen, Wolters-Noordhof, 1988, pp. 41-73.

decision-making. The interaction between supply and demand is mediated by a series of policy compartments between the acquisition of resources and their eventual use: the tax system, the apportioning of resources among the spending departments of government, their transfer to local authorities or functionally decentralized bodies and their final application. The distribution of funds to public amenities is normally subject to the political mechanism of the budget; only in a few cases, such as certain services supplied by municipal undertakings, is there a direct balancing of costs and benefits.

The roles of public and private funding are subject to continual change, mainly under the influence of dominant political attitudes rather than as a result of some law of economics or finance. It may happen, for example, that the state plays a direct part in the supply of private goods and services while at the same time seeking to withdraw from what are typical public functions. The course of such change can be traced both at aggregate levels and at the level of individual amenities or classes of amenity.

The changing expenditure figures for individual amenities cover a diversity of practice, however, while the standards of the products and services in question are also subject to change. Our quantitative account thus gives only a broad picture. At aggregate level changes in the level of public expenditure, grouped by spending agency, provides an insight into the shifts taking place.

Figure 6.1 **Annual growth in national income and public spending, 1971 - 1989**



Public spending as a proportion of national income grew rapidly after the Second World War, from just over 37% in 1950 to a peak of 70% in 1983,

Table 6.1 **National income and public spending 1971 - 1989, x *f* 1 bilj.**

Year	National income	Central government	Other governmental bodies	Social insurance	Public spending
1971	125,1	17,6	24,0	21,0	62,6
1972	141,7	19,1	28,0	24,9	72,0
1973	162,6	20,1	32,1	29,0	81,2
1974	184,2	25,0	37,5	34,8	97,3
1975	199,9	31,6	44,7	41,7	118,0
1976	229,6	35,5	50,9	47,7	134,1
1977	251,2	37,7	54,7	53,8	146,2
1978	269,7	43,4	58,2	60,7	162,3
1979	285,9	48,7	62,2	67,0	177,9
1980	303,6	55,1	67,9	73,4	196,4
1981	316,3	60,9	73,6	78,4	212,9
1982	330,6	66,8	78,3	83,6	228,7
1983	342,4	73,6	81,7	84,5	239,8
1984	358,6	77,0	83,5	84,7	245,2
1985	376,0	78,5	85,3	86,2	250,0
1986	383,8	85,2	83,4	87,9	256,5
1987	385,1	91,9	81,6	90,3	263,8
1988	401,7	90,6	80,2	92,8	263,6
1989	424,1	85,3	77,4	98,1	260,8
1990	446,0	87,5	78,9	108,5	274,9

Source: 1990 Budget Memorandum; Lower House of Parliament, 1989-1990 session, 21 300, no. 1, p. 368 (table 17.1).

falling back to 61.6% in 1990. Looking at the growth figures in greater detail, we find that from roughly the mid-1970s onwards public spending rose faster than national income but that this position was reversed in 1983-4 (see figure 6.1). In absolute terms national income has risen fourfold over the last two decades while public spending has increased more than fivefold: central-government spending in 1990 was 5.5 times greater than in 1970, while social-insurance expenditure was 6.2 times greater and local-government spending increased almost fourfold (see table 6.1). It should be borne in mind that the tables assign expenditure to the agency which actually spends the money (an important point, given that many central-government functions are carried out by local government). In the second half of the 1980s the rate of increase was reduced; a significant factor in the deceleration was the *fall* in spending of 'other governmental bodies', of which the municipalities account for the lion's share (see table 6.2). Municipal authorities' freedom to determine how much to spend and how to spend it has been reduced more sharply than the figures suggest, however; since the Second World War they have had to carry out more and more functions on central government's behalf.

The process of retrenchment in public spending has not yet come to an end, the budgeted rise in 1990 notwithstanding; virtually all national and international indicators point to a need for further curbs on public spending over the next few years. Retrenchment at national level is putting great strain on the existing relationship between the public and private funding of local services. In part the funding changes are taking place outside local government's sphere of influence, namely in those areas where central

government has sole responsibility (rent allowances, assistance payments etc.); in part the influence of central government is such that national retrenchment affects, directly and indirectly, the structure of municipal revenues. In both cases the relative roles of public and private expenditure will be a structural issue in the funding of urban amenities over the coming period.

Table 6.2 **Percentage growth in national income and public spending with respect to the preceding year, 1972 - 1989**

Year	National income	Central government	Other governmental bodies	Social insurance	Public spending
1972	13,3	8,5	16,7	18,6	15,0
1973	14,7	5,2	14,6	16,5	12,8
1974	13,3	24,4	16,8	20,0	19,8
1975	8,5	26,4	19,2	19,8	21,3
1976	14,9	12,3	13,9	14,4	13,6
1977	9,4	6,2	7,5	12,8	9,0
1978	7,4	15,1	6,4	12,8	11,0
1979	6,0	12,2	6,9	10,4	9,6
1980	6,2	13,1	9,2	9,6	10,4
1981	4,2	10,5	8,4	6,8	8,4
1982	4,5	9,7	6,4	6,6	7,4
1983	3,6	10,2	4,3	1,1	4,9
1984	4,7	4,6	2,2	0,2	2,3
1985	4,9	1,9	2,2	1,8	2,0
1986	2,1	8,5	- 2,2	2,0	2,6
1987	0,3	7,9	- 2,2	2,7	2,8
1988	4,3	- 1,4	- 1,7	2,8	- 0,1
1989	5,6	- 5,8	- 3,5	5,7	- 1,1
1990	5,2	2,6	1,9	10,6	5,4

Source: 1990 Budget Memorandum; Lower House of Parliament, 1989-1990 session, 21 300, no. 1, p. 368 (table 17.1).

While this structural issue has been a focus of attention for some time at national level, in the field of municipal finances it is addressed only where the *consequences* of national shifts from public to private funding have a disproportionate impact. Despite their considerable share in total public spending local authorities have little autonomous responsibility in this structural shift and in practice attention is focused predominantly on financial relationships *within* the public sector, in particular on those which exist between central government and the municipalities.

This narrowing of focus is partly explained by a second long-term trend with a structural impact. Local authorities have gradually come to depend on central government for the bulk of their income: while giving local authorities more and more duties central government has, throughout the century, limited their power to raise revenue of their own. Municipal services are thus largely funded by central government which, as is fitting in such a relationship, generally makes municipal spending subject to detailed requirements. In this respect the position of local authorities and the

associated administrative culture is comparable with that of the many quasi-autonomous organizations (e.g. in education, health and welfare) funded by central government. The municipalities' financial dependence on central government is the second structural issue that needs to be addressed in an analysis of the funding of local services.

The two structural issues - the relationship between public and private funding and the dependent position of local government - are closely related; on a broad view the financial relationship between central and local government forms part of the relationship between public and private funding. To understand the financial position of the cities (and of local government in general) we must look in the first instance at developments in the financial relationships within the public sector.

6.2.2 The financial relationship between central and local government

A financial relationship between different tiers of government involved in providing services arises when their budgets are not in line with their revenue-raising powers. The taxes that provincial and municipal authorities may levy are governed by statute, as is their financial relationship with central government; indeed, the framework for municipal revenues is set by the Constitution (Article 132, paragraph 6). Three revenue sources are distinguished; in 1989 municipal revenues from them totalled a little over 48 billion guilders.

a. *Local taxes, fees and charges*

Local taxes, fees and charges once provided the bulk of municipal income but in the course of the present century their role has been systematically reduced, the low point being reached in 1970. Since then municipalities' 'own revenue' has been increased somewhat by the introduction of the real-estate tax (now the main source of such revenue), the effect of which has been to increase the share of local taxes, fees and charges in total municipal revenues to almost 10% in 1989 [2].

b. *General Grant from the Municipalities Fund*

The Municipalities Fund, which dates from 1929, was originally designed as an equalization fund, its purpose to compensate for factors which can face municipalities of different sizes with widely differing costs. In recent decades the general grant has grown at a much greater rate than municipalities' 'own revenue', though less rapidly than the aggregate of specific grants; more recently there has been some increase in the relative amount of the general grant (to just over 27% in 1989).

c. *Specific grants from central government*

The essence of specific grants is that central government determines both their amount and how they are to be used. In 1960, when specific grants

[2] Based on the 1990 Budget Memorandum, p. 315, table 8.3.1. Local taxes comprise real-estate tax, dog tax, commuter tax, tourist tax, betterment and infrastructure levy and construction sites tax); fees and charges comprise sewerage charges, cleaning charges, pollution charges, fees for the issue of documents, charges on projections over public land, market fees, burial charges and parking charges.

were first systematically charted, they were already the municipalities' main source of income; their share grew to over 70% of municipal revenue in 1984, falling back to around 63% at present.

The three different revenue categories have very different functions. The explanatory statement accompanying the Local Government Finance Act 1984 links the structure of local-government finance with the conventional functional classification of welfare theory, which distinguishes the distributive, stabilizing and allocative functions of state intervention. The *distributive* function relates to the distribution and redistribution of income and falls essentially to central government; current legislation does not permit municipalities to operate their own policies on income distribution. The *stabilizing* function (macro-economic management) too must largely be performed at central level given the likelihood of leakages. The *allocative* function, in contrast, is best performed by local authorities, since it is at this level that most is known about the specific need for services, enabling them to be delivered most effectively.

The *justification* for the relative roles of the three sources of municipal income starts from the normative principle of the decentralized allocative function, with the balancing of risks taking place at local level. Except where this principle is explicitly overridden by considerations relating to the distributive and stabilizing functions of government, the balancing of costs and benefits in the production of public services should be as direct as possible. This is the primary principle governing the financial relationship between central and local government; the limits to its operation are set by the the distributive and stabilizing functions of government.

Local taxes, fees and charges

Looking at the three sources of municipal income against the normative backdrop of the Local Government Finance Act 1984 we focus attention first on local taxes, fees and charges. Municipal authorities can determine their level, subject to statutory limits, with the result that the services they fund may vary from one locality to another. In the case of fees and charges (small in volume in the Netherlands but growing rapidly in many countries) there can be a direct link between the level of services and the costs borne by firms and households; in the case of local taxes flowing into the general municipal budget the balancing of costs and benefits is already less direct, and in the massive budgets of the largest municipalities in particular there is no longer any direct link between the funding of particular additional services and local taxation. Even in these cases, however, the local authority is accountable for any additional levies. In addition to this allocative characteristic what is of essential importance is that this revenue category gives local authorities and other relevant bodies a direct interest in retaining the sources of local income and in maintaining their strength.

General grant from the Municipalities Fund

The balancing of costs and benefits becomes more indirect in the case of the general grant from the Municipalities Fund; this applies not so much to the policy considerations determining how the revenue is to be used as to the manner in which local authorities obtain it. Municipalities are not

directly accountable to taxpayers but instead receive the revenue in accordance with a centrally determined formula. The amount of general grant is decided by central government; local authorities also have less discretion in how it may be used than in the case of local taxes. The equalizing role of the Municipalities Fund compensates authorities facing cost factors which are not under their control; it serves the allocative function in the sense that without it municipalities would be forced by circumstances beyond their control to levy taxes at widely differing rates and/or provide widely differing levels of service. The wide inequalities which had developed among municipalities were one of the grounds for the Municipalities Fund's establishment in 1929.

The equalizing role of general grant is still important; indeed, over time it has come to weigh much more heavily than the argument underpinning local taxes and charges, to the point that the aggregate amount of general grant is now more than twice that of local taxes and charges. The main justification given for this trend - in addition to the aim of equalization - has always been that large local variations in tax and service levels cannot be tolerated in a small country, since the existence of local tax islands would quickly produce undesirable spatial effects [3]. Such spatial differences would rapidly make themselves felt notably in the relation between the major cities and the urban fringes with firms and households in the periphery benefiting from amenities in the central city. For this reason the largest municipalities' central function is taken into account in the formula for the distribution of general grant.

From the allocative viewpoint there are evident drawbacks in general grant as against local taxes and charges while the former's current predominance over the latter erodes municipal responsibility and vigour. General grant is of course justified by the need to offset unalterable inter-municipal differences in the tax base; some differences can be altered, however, and these should act as an incentive for the adoption of local policies aimed at maintaining the tax base (i.e. the economic strength of firms and households). Under current arrangements, with the amount of general grant far exceeding that of local taxes and charges, municipal authorities need make little effort to secure their sources of income and those in the cities who benefit from general municipal spending do not need to worry about its source. Municipalities' main concern is simply that central government maintain the level of general grant and subject its spending to as few rules as possible. As for the amounts received by individual local authorities' position (an important issue in connection with the special position of the major cities), attention remains permanently fixed on the formula used for

[3] See e.g. the Oud Committee's report, Rapport betreffende een regeling van de financiële verhouding tussen het Rijk en de gemeenten voor 1958 en volgende jaren (Proposals for the financial relationship between central government and the municipalities in 1958 and subsequent years); The Hague, State Publishing House, 1956. See also: C. Goedhart, 'Naar een algemene theorie van de financiële verhouding' ('Towards a general theory of the financial relationship'), in: Openbare financiën in drievoud, opstellen aangeboden aan prof. dr. Th. A. Stevers (Public finance in triplicate, essays dedicated to Professor T.A. Stevers); Zutphen, Thieme, 1989.

the distribution of general grant. Thus it is that for much of their income municipalities' attention is focused on central government rather than local economic and social development.

A second drawback of local authorities' dependence on central government with respect to the general grant is that the latter determines the annual increase in block grant and thus has a major influence on the level of local services. (While the Municipalities Fund is free-standing and its resources were originally regarded as municipal resources, with central government merely acting as an intermediary in the process of equalization, general grant is now regarded as an item of central-government expenditure.) Since cuts were made in general grant the municipalities have sought to fight back through administrative agreements, and there have also been calls to tie the growth of the Municipalities Fund e.g. to national income. Even so considerable cuts were made in the Municipalities Fund in the 1980s; in 1990 the annual increase exceeded the amount of retrenchment for the first time in eight years. The formula under which general grant is distributed among local authorities is also laid down by statute, and while the Local Government Finance Act 1984 accords relatively favourable treatment to the major cities, Amsterdam in particular, the municipality of Amsterdam calculates that the city has faced cumulative cuts of some 180 million guilders over the period 1982-89.

Third, local authorities are not entirely free to decide how income from the Municipalities Fund is to be used, even though in principle they have considerable discretion. General grant is intended to allow municipalities to meet the 'reasonable' costs of their own activities and to enable them to perform certain functions on central government's behalf. The relationship is a fragile one whose development in the course of the 1980s is considered below.

Specific grants from central government

In the case of specific grants the link with the allocative function is lost: there is no scope for weighing their use against other municipal expenditures, since both their amount and how they are to be spent are predetermined by central government. The large role which specific grants play in municipal revenues is only partly explicable by reference to their distributive and macro-economic management functions. Their growth has been disorderly, propelled by individual policy initiatives emerging from all corners of the central-government machine. The 1960 Local Government Finance Act did not cover specific grants, thus excluding two thirds of the financial flows from central government to the municipalities [4]; the 1984 Act and the Municipalities Act do however include provisions aimed at limiting the number and amount of specific grants.

[4] J.W. van der Dussen, 'Vijfenzeventig jaar financiële verhouding rijk-gemeenten' ('Seventy-five years of the financial relationship between central government and the municipalities'); Economisch Statistische Berichten, 27 may 1987, vol. 72, no. 3607, pp. 497-500.

Looking at the pattern of municipal revenues it is evident that in practice the financial relationship between central government and the municipalities departs significantly from the normative principles adopted in connection with the Local Government Finance Act 1984. Government's distributive and macro-economic management functions may offer some justification for the departure but the gap is a very wide one: the fundamental role accorded to the decentralized allocative function applies only to the 10% of municipal income raised through local taxes and charges.

The principles adopted in connection with the Local Government Finance Act 1984 thus imply a task for the policy-makers. The exact line of the boundaries between the various sources of municipal revenue will always be arbitrary, even where legislation like the 1984 Act lays down clear principles, since many special considerations come into play in each case. But where the gap between the intended and the actual course of the financial relationship between central and local government is so wide there can be no mistake as to the direction to be taken.

Two major policy operations are relevant here. The first, the rationalization of specific grants, was initiated after a remarkable report by the Municipal Finance Council had denounced the dominant role of specific grants in municipal finance [5]. The number of specific grants has been more-than-halved, from 514 in 1982 to only 243 in 1989; it is due to be reduced to 202 in 1990. The total amount distributed in the form of specific grants has scarcely changed, however, the reason for the apparent contradiction being that a small number of grants account for the great bulk of the aggregate amount (if the specific grants for welfare assistance alone were excluded the total would drop to roughly the same level as general grant). While many small specific grants have been eliminated, from the viewpoint of the overall financial relationship between central and local government the operation has not been especially significant.

It is noteworthy that the Municipal Finance Council, whose report inspired the rationalization exercise, sees little scope for the replacement of the thirty largest specific grants (accounting between them for 90% of the total amount) and advises focusing efforts on the remaining small grants. A major consideration here is that the incorporation of major specific grants into the general grant (generally central government's prefered route) would mean that municipalities faced expenditures they could not control without any offsetting source of income and would therefore be unable to contain inescapable cost increases within a balanced budget.

While in principle general grant gives local government greater freedom to decide its spending patterns the transfer of specific grants to the Municipalities Fund does not necessarily extend that freedom: what matters is whether local authorities can influence their expenditures, and in practice the margin of local discretion could become even narrower if municipalities

[5] Municipal Finance Council, Heiligt het doel alle middelen? (Does the end justify all means?); The Hague, Association of Netherlands Municipalities (VNG), 1981.

were unable to determine the conditions of service provision. Where local authorities have to incur expenditure in implementing central-government policies it is therefore preferable that it continue to be funded by means of specific grants. However, where the use of services can be influenced by municipal policies there is a case for having local authorities bear at least some of the financial burden. Of relevance here are the points made in chapter 4 regarding the municipalities' 10% share in the cost of welfare assistance and a possible municipal role in funding housing allowance. While the benefit rates are determined nationally, local authorities are in a position to influence the numbers of new entitlements and terminations of entitlement through their policies in other areas (housing, physical planning, social and economic affairs, societal amenities etc.). Increasing the municipalities' role in funding such benefits would therefore give them an incentive to prevent local social structures becoming too unbalanced and to pursue policies aimed at reducing the numbers in their area dependent on benefits. The relationship between the substantive and the financial margins for policy-making could hardly be more tellingly illustrated.

The second policy operation concerns increases in municipal revenue from taxes, fees and charges. Much thinking in this area is based on the recommendations which the Christiaanse Committee made in 1983 [6]. While the Committee did not recommend extending or increasing the charges which municipalities may make for services, recognizing the problems which faced this category of municipal income at that time, it did feel that the share of local taxes could increase (in principle to more than the share of general grant in municipal income!). The Committee limited its recommendations to a doubling of local taxes, however, with its eventual proposal for an increase in the rate of real-estate taxation to be offset by a reduction in general grant; from the municipal viewpoint this looked more like a cut in general grant which would need to be compensated by higher local taxes, without adding significantly to their freedom. In the context of this report it should be noted, however, that such proposals need to be judged in the light not only of the greater freedom they might give local authorities but also of the greater local responsibility they imply for determining the balance between taxes and services. The suggestion of higher charges was in fact reintroduced some years later by central government, in the form of cuts in general grant intended to encourage local authorities to raise charges for certain services; the municipalities have responded somewhat slowly.

The main focus of the operation has thus been the real-estate tax, an unpopular levy whose operation leads to much misunderstanding (as witness the fact that the number of appeals against assessments is ten times greater than in connection with national income tax, even though the latter involves far larger sums). The real-estate tax is made up of two components, effectively taxes on the user and on the owner of property; the major municipalities favour abolition of the user tax since it involves enormous

[6] Rapport inzake de herziening van het belastinggebied van provincies en gemeenten (The reform of local taxes); The Hague, State Publishing House, 1983.

problems of collection [7]. Following recent legislative changes real-estate tax is no longer subject to a ceiling; instead the rates for users and owners are to be linked [8]. From 1993 onwards the owner rate may not be set at more than 25% more than the user rate; in the meantime local authorities can bring their existing rates into line with this requirement (in Amsterdam the owner rate has in recent years been some 200% higher than the user rate). In the case of municipalities which have set low user rates in order to minimize the burden on the less well-off, any increase in their revenue from real-estate tax will thus have to be preceded by a radical and painful 'catching up' exercise hitting this group. Against this background it is unlikely that the removal of the cap on real-estate tax will speedily lead to excessive tax increases; Amsterdam, for example, has reduced the tax rate on owners rather than increase the burden on users.

As this account makes clear, the financial relationship which has developed in practice between central and local government differs sharply from the kind of pattern which would follow from the principles advocated in this report; we have also seen that the policy operations designed to narrow the gap (the rationalization of specific grants and the extension of municipalities' revenue-raising powers) have hit major obstacles. The gap has not structurally narrowed.

6.2.3 Trends in Municipal spending

Retrenchment in public spending in the framework of macroeconomic policy has had a considerable impact on municipal finances. An understanding of what has happened and is happening in this area requires a knowledge not only of the amount and source of the various municipal revenues but also of the extent to which local authorities can determine how the money is spent. Much municipal expenditure is autonomous, in the sense that local authorities have little or no control over its amount or application.

The pattern of municipal spending does not reflect the fundamental functions mentioned in connection with municipal revenues; here too principle and practice have diverged further in the course of the 1980s. In principle municipalities may use revenue from local taxes, fees and charges as they see fit; there are also - again in principle - few restrictions on how general grant may be disbursed; only in the case of specific grants does central government predetermine how they are to be used. What has happened in practice is somewhat different, however, as a result of national retrenchment operations.

a. Now that he growth in the aggregate amount of specific grants has been curbed, debates as to whether the reduced grants are still sufficient to fund the services which central government requires local authorities to provide (or whether municipalities can and should provide a higher level of service

[7] Municipality of Amsterdam, 'Commentaar op het rapport van de commissie Christiaanse inzake uitbreiding van het gemeentelijke belastinggebied' ('Comments on the Christiaanse Committee's report on the reform of local taxes'); Gemeenteblad 1984, appendix D.

[8] Act of 3 July 1989; Bulletin of Acts, Orders and Decrees 1989, 302.

than is possible using the specific grants alone) have become a frequent feature of negotiations between central and local government. In any event, in practice the specific grants have provided increasingly inadequate coverage for the costs of the services concerned.

b. General grant has had to fill the gaps left by cuts in specific grants but it too is subject to downward pressures as a result of national retrenchment. The annual increase in the Provinces and Municipalities Funds has been held below the increase in central-government spending on several occasions; this has led to agreements between central and local government on 'fairness' in retrenchment. In addition, between 1983 and 1986 central government made cuts in the Municipalities Fund which were aimed at encouraging local authorities to raise charges for certain services; in the case of the four largest cities such cuts had by 1986 added up to 100 million guilders. Municipal charging policies suffered in some cases from problems of collection which adversely affected financial viability, though the biggest problems seem now to have been solved. Municipalities' ability to use general grant as they see fit has also been eroded by the need to spend some of it on functions imposed by central government, a familiar example being the 10% municipal contribution to the cost of welfare assistance. Finally, there have been many additions to and deductions from the Municipalities Fund as a result of changes made by central government to the duties of local authorities. The application of block grant has thus been increasingly constrained.

c. Finally, the changes made to the system of grants, both specific and general, have also constrained municipalities' ability to spend the revenue from local taxes, fees and charges in accordance with their own policies and local needs.

The three sources of municipal income have thus tended to slide into one another, crossing the boundaries set by the underlying principles. As the volume of obligatory expenditures has grown so the margin for local policy has shrunk, and since local authorities have little if any scope for making cuts in the services they are statutorily required to provide retrenchment has borne very largely on their discretionary services. This explains the somewhat unlikely reallocations sometimes made within municipal budgets in the 1980s: retrenchment has been concentrated within the margin of local discretion.

This picture is confirmed by empirical research. A study by the Association of Netherlands Municipalities found, for example, that retrenchment tended to be more difficult and painful in the larger municipalities [9], with authorities generally preferring to cut spending rather than increase their income from local taxes and charges. Strikingly, despite pressures on municipal finances, the scope for increased charges for services was initially

[9] Association of Netherlands Municipalities (VNG), Gemeentelijke heroverwegingen (Reappraising municipal expenditures); The Hague, VNG, 1986. See also: Netherlands Municipalities Bank, Gevolgen van gemeentelijke ombuigingen (Effects of municipal retrenchment); The Hague, VNG, 1986.

not exploited to the full, the authors of the study concluding that municipalities were reluctant to impose higher charges because of their effect on users' disposable income. A second study, carried out four years later, found that charges had gradually been raised, reducing the potential for any further increase in revenue from this source, and that municipalities had achieved efficiency savings which reduced their costs [10]. However, the recent evaluation also found that local authorities still preferred to ease budgetary pressures by cutting spending rather than increasing revenue from local taxes, fees and charges. This implies a deliberate social-policy choice: local authorities evidently accord so much weight to the income effects of increased taxes and charges that they are prepared to forgo necessary investment.

Over the period 1982-86 municipal retrenchment mainly involved savings in the machinery of local government, general reductions in expenditures under local control, staff cuts and the postponement or abandonment of investment. Studies by the Association of Netherlands Municipalities and the Public Expenditure Research Institute (IOO) provide a more detailed picture of retrenchment by local authorities in the mid-1980s. The main cuts were in the areas of cultural and recreational provision, borrowing, general management, education and infrastructure. Retrenchment generally affected the quality and operation (e.g. in the area of maintenance) of municipal services and facilities; there was no large-scale withdrawal of services. The data show how the reallocation of local expenditures is affected by the municipalities' margin of discretion. Since local authorities were reluctant to increase taxes and charges, the effects of retrenchment were concentrated in areas which represented only a small part of total municipal spending but a large part of the expenditures actually under municipal control. Road maintenance, parks and gardens, cultural and recreational provision, along with establishment costs, investment and other discretionary expenditures, all suffered greater cuts than would be expected from their relative position in overall municipal budgets. Other publications too point to the differences between net spending by central and local government: since the municipalities' discretionary margin mainly encompasses 'soft' expenditures (on cultural and recreational provision, general administration and social services) these areas suffer disproportionately as a consequence of retrenchment. More recent information shows the municipalities' financial position to have become less dire thanks to the general recovery in the economy but there do not generally appear to have been any significant departures from the picture outlined in the pattern of local reallocations.

The evolution of municipal social-welfare departments illustrates the metamorphosis of local services resulting from the financial retrenchment of the 1980s. Since the level of welfare assistance is set nationally (with municipalities required to meet 10% of the cost from their general grant from central government) and cannot be cut by local authorities, the only

[10] Association of Netherlands Municipalities (VNG), Gemeentelijke heroverwegingen, een evaluatie van de grote operaties op lokaal niveau (Reappraising municipal expenditures, an evaluation of the major reappraisal exercises at local level); The Hague, VNG, 1990, p. 100.

area in which savings are possible is that of administration, mainly staffing. In practice, however, more staff had to be taken on to cope with the growing number of claimants (notably between 1980 and 1983, with levels remaining high in the major cities) and complex changes to the system. The departments' operating costs were thus virtually the only real growth item in municipal budgets; even so, the explosive increase in workload meant that backlogs developed, ad hoc links were formed and the quality of service visibly deteriorated. The next step led inevitably to the replacement of specialized service-delivery with product-oriented management; the result was that benefits were paid more efficiently but that the labour-intensive task of helping claimants back into employment was neglected. Only recently has the position improved somewhat, thanks to the system of re-start interviews (which are run in collaboration with employment offices and separately funded by central government); even so, the numbers leaving the benefit register in the major cities remain small.

The position of the departments of social welfare illustrates how municipal services have come under pressure more generally as a result of shifts in the pattern of public spending. The ongoing review of public spending at national level has involved reassessing and reordering policy functions within central government; at local level the policy changes made in response to the growing pressures on municipal budgets have had to be accommodated within the relatively small area in which local authorities bear financial and policy responsibility. Increases in local taxes and charges have been opposed by local politicians on social-policy grounds. Within this financial relationship the rearrangement of municipal budgets has largely been pre-structured by central government. The conclusion can only be that the course which municipal expenditures actually took in the 1980s entailed a still greater *dependence on* central government than would be inferred from the structure of municipal income and spending.

6.2.4 The financial position of the cities

While the major cities' income and expenditure patterns do not differ fundamentally from those of other municipalities there are many special circumstances that determine their position in practice. In the area of local authorities' non-grant income, for example, there has been above-average growth in receipts from municipal undertakings (mainly utilities). Thanks to the city's port and energy undertakings such income is large notably in Rotterdam, where transfers of operating surpluses have sometimes equalled revenue from real-estate tax; in the other major cities such transfers are on a much smaller scale. The income from this source is subject to wide fluctuations; indeed, in the 1970s municipal undertakings frequently suffered deficits. In the case of central-government grants, both specific and general, there are also many special circumstances affecting the position of the major cities, the most important of which have already been mentioned.

The major cities are also in a special position on the money and capital markets. Unlike most other municipalities, which have to work through the Netherlands Municipalities Bank, the four major cities can obtain resources directly on the money and capital markets. With their commercial-paper programmes they quickly took advantage of the deregulation of financial

Table 6.3 The four major cities' commercial-paper programmes as at 1 December 1987 (in millions of guilders)

Rotterdam	400
Amsterdam	300
The Hague	100
Utrecht	125

Source: Bureau voor Economische Argumentatie (Office of Economic Analysis).

markets, and by the end of 1987 the programmes together totalled some 925 million guilders.

On the spending side the four major cities had to make earlier and above all deeper cuts than most other municipalities. Amsterdam, for example, was forced to institute a 6% savings programme as early as 1982, followed by a 4% programme in 1984, the 17% programme until 1987 and in 1987 and 1988 two more 4% programmes. The change in the formula for the distribution of general grant of the Municipalities Fund brought by the Local Government Finance Act 1984 favoured the major cities but was not enough to offset their increased spending. Having recovered in the mid-1970s from the serious financial problems which they had faced in the first half of the decade, the cities again found themselves in difficulties at the beginning of the 1980s. The course of events is reflected in table 6.4.

The increasing deficits and worsening reserve position give an idea of the authorities' budgetary problems. The main financial pressure came from the disproportionate growth in welfare-assistance claims in the major cities and it was not until 1984 that some relief was given (two thirds of the increase was covered by additional grant from the Municipalities fund). Over the period 1982-98 Amsterdam, for example, faced a cumulative cost increase, not covered by increased revenue, of 70 million guilders. Specific payments were later added to cover additional administrative and operating costs.

The rising cost of urban renewal is another financial problem. Both before and since the introduction of the Urban Renewal Fund in 1985 the four major cities have spent more on urban renewal than they have received in specific grants for this purpose. Only Amsterdam succeeded in obtaining funding from central government to cover the shortfalls.

We have been unable to obtain an accurate picture of the resource reallocations resulting from retrenchment in the four major cities. The realities behind the figures may differ, moreover, so they can give no more than a general impression. Amsterdam's municipal finance department estimates that of the relevant sum on which savings are theoretically possible (some 1.8 billion guilders), some 30-40% has been cut on variable budget items; priority has been given to maintaining 'unprofitable' investments and social care. Reorganization of municipal undertakings (the estate development corporation and the port undertaking) led to increased transfers to the general budget. The municipality of Amsterdam has sought to maximize savings through improved efficiency in order to maintain the

Table 6.4 **Key financial data of the four major cities (in millions of guilders)**

	1970	1975	1980	1985	1990
Amsterdam					
Expenditure	1.478	2.078	4.458	5.814	5.183
Balances	-115	64	4	-41	-45
Free reserves*	37	-113	80	25	-286
Real-estate tax**		57%	70%	73%	73%
Rotterdam					
Expenditure	1.042	1.575	3.106	4.336	3.349
Balances	-42	25	11	-40	-35
Free reserves*	178	42	97	52	14
Real-estate tax**		65%	71%	89%	85%
The Hague					
Expenditure	530	1.184	2.179	2.807	2.732
Balances	1	14	-17	-47	-16
Free reserves*	154	137	322	49	115***
Real-estate tax		50%	51%	61%	85%
Utrecht					
Expenditure	205	357	719	1.020	1.155
Balances	-21	0	-21	-32	-10
Free reserves*	33	-56	5,6	-167	-210
Real-estate tax**		55%	57%	71%	96%

Source: Bureau voor Economische Argumentatie (Office of Economic Analysis).
* Excluding earmarked reserves, funds and enterprise reserves.
** Average of owner and user taxes.
*** Including book profit from hiving-off off municipal energy undertaking.

level of service; intra-municipal decentralization is also said to have made a contribution. The municipality provided the following summary (table 6.5).

Table 6.5 **Savings and volume of new policy in Amsterdam, 1982-1989 (in millions of guilders)**

Year	Savings	Of which: efficiency savings	New policy (structural)	Of which: debt charges on new investments
1982	59,0	33,5	26,8	8,7
1983	62,2	22,9	27,5	7,8
1984	85,0	31,8	31,4	9,1
1985	86,7	43,0	41,0	8,2
1986	65,9	27,3	15,5	8,0
1987	57,5	43,6	29,0	7,0
1988	69,2	51,4	23,4	6,1
1989	66,4	42,6	24,6	15,0

Source: Municipality of Amsterdam.

The table shows that despite considerable retrenchment Amsterdam was able to channel resources into new policy, including a large proportion into

new investment; however, it does not show to what extent efficiency improvements have been bought at the expense of quality of service or new investments made at the expense of the operation and maintenance of existing facilities, tendencies which clearly emerged from the national survey of municipal expenditures. Even so, Amsterdam has managed to earmark modest additional resources for capital spending in a period when the Netherlands Municipalities Bank was announcing one post-war low after another in municipal investment. Investment in the unprofitable tip of major urban projects can be used to induce private investment which various studies have found to be between five and ten times greater. The other major cities too tend to invest as much as they can in new infrastructure and urban renewal.

In Rotterdam too the financial position of the local authority deteriorated sharply in the first half of the 1980s and has only now begun gradually to improve. Like the other major cities Rotterdam is working towards a balanced budget in 1990; this prospect is in keeping with national trends, given the improving economic situation and its impact on profitability (so that e.g. the estate development corporations are generally now again returning profits following the considerable interest losses of the 1970s). A particular feature of Rotterdam's financial position is the smallness of its general grant from the Municipalities Fund compared with Amsterdam's and the high level of receipts from municipal undertakings; a significant proportion of the city's income is thus dependent on cyclical movements in the profits of its undertakings.

Rotterdam's rule of thumb is that the sum on which local savings are theoretically possible is around 1.2 billion guilders; in resourcing terms this includes over 800 million in general grant, 300 million from local taxes and charges and 100 in receipts from municipal undertakings. In practice only a quarter of the total (300 million) can in fact be saved, given the pressure of spending not under local control (welfare assistance 200 million, old-people's homes almost 200 million and other commitments). From the margin of flexibility some 25 million guilders has been set aside for capital investment. As in the case of Amsterdam, these are thus still relatively small injections.

Utrecht and The Hague follow a similar pattern to the two larger cities but at a lower level. The Hague's reserve position is noteworthy: the rise in municipal reserves which occurred in 1988 is entirely due to the hiving-off of the local gas and electricity undertaking, which produced a once-for-all gain of 139 million guilders (at the cost of the loss of future revenue). Utrecht is currently facing severe problems, due among other things to a cumulative urban-renewal deficit of 200 million guilders; the charges on this debt already consume 10% of the city's general grant from the Municipalities Fund. Despite the announcement of a balanced budget for 1990 Utrecht is teetering on the edge of Section 12 status (the rationalization article of the Local Government Finance Act).

6.2.5 The European context

The financial relationship between central and local government in the Netherlands is unique: nowhere else do local authorities receive so much of their income in central-government grants, and nowhere else do specific grants form such a large proportion of municipal income and local taxes and charges such a small one. While this statement of course requires some qualification, this does not alter its general truth.

Qualification is needed because many special circumstances must be taken into account in any international comparison: for example, local-authority revenues equate to widely differing percentages of gross national product, as table 6.6 shows.

Table 6.6 Local-authority income as a percentage of gross national product

	1981	1985	1987
Austria	6,7	6,6	6,7
Belgium	4,7	5,0	-
Denmark	31,0	29,8	27,6
France	5,8	-	-
Germany (FRG)	5,6	5,3	5,2
Greece	1,7	1,7	3,1
Ireland	4,5	5,1	4,8
Italy	5,9	4,1	-
Luxembourg	6,6	4,6	3,3[a]
Netherlands	11,3	12,4	11,8
Norway	15,2	14,0	19,0
Portugal	3,0	2,4	2,6
Spain	2,7	5,2	5,0
Sweden	22,8	20,9	20,9
Switzerland	7,0	6,8	7,0 [a]
United Kingdom [b]	10,5 [c]	9,7 [d]	9,6 [e]

Source: Council of Europe, Types of financial control exercised by central or regional government over local government; Study Series Local and Regional Authorities in Europe; no. 45; Strasbourg, Council of Europe, 1990, p. 40-44.

a) Data for 1986.
b) Excluding Northern Ireland.
c) Data for 1981/1982.
d) Data for 1985/1986.
e) Data for 1987/1988.

As the table shows, municipal revenue as a percentage of GNP is highest in the three Scandinavian countries; the Netherlands comes somewhere near

the top of the intermediate group [11]. The size of municipal revenues in the Netherlands is not surprising, given the country's high standard of living and the size of the public sector. In addition, aggregate spending by Dutch municipalities is almost as great as central government's total, as section 6.2.1. noted. Against this background it is only to be expected that central government would wish to retain a strong influence over municipal revenues and expenditures.

Table 6.7 shows the make-up of municipal income in different European countries.

Table 6.7 Composition of municipal income by source, 1981-1986 (as a percentage of total income)

Country	Local taxes and charges		General grant (current)		Specific grants		Investment grants	
	1981	1985	1981	1985	1981	1985	1981	1985
Austria	78,4	65,6	-	-	15,1	18,0	6,5	6,4
Belgium	40,7	42,0	33,7	30,0	18,3	22,0	7,3	6,0
Denmark	44,0	46,6	17,7	10,7	38,1	42,6	0,2	0,0
France	53,0	-	25,2	-	14,2	-	7,6	-
Germany (FRG)	53,4	57,4	24,1	23,8	10,0	9,0	12,5	9,8
Greece	36,3	29,5	22,9	19,8	7,4	12,2	33,4	38,5
Ireland	20,5	16,1	38,9	34,1	28,4	35,0	12,2	14,8
Italy	5,3	16,2	69,9	60,6	-	1,7	24,8	21,5
Luxembourg	85,2	84,4	2,2	1,4	1,5	1,7	11,1	12,5
Netherlands	**5,8**	**5,2**	**28,9**	**23,0**	**62,2 a)**	**54,4**	**3,1 a)**	**17,5**
Norway	58,9	48,7	23,9	43,6	15,6	6,3	1,4	1,4
Portugal	18,9	21,8	76,7	75,0	-	-	4,4	3,2
Spain	61,2	72,2	29,9	19,9	1,3	1,8	7,6	6,1
Sweden	66,6	68,1	8,5	6,1	23,6	24,9	1,3	0,9
Switzerland	88,4	-	5,0	-	6,6	-	-	-
United Kingdom	39,9	39,8	41,6	34,1	17,1	24,9	2,0	1,2

Source: Council of Europe.
a) Housing Act Loans are included with current specific grants in 1981 and with investment grants in 1985.

Table 6.7 shows that central government dominates municipal revenues much more heavily in the Netherlands than elsewhere and, in combination

[11] The international comparisons are based on:
- 'Gemeentelijke financien, verschillen en overeenkomsten in Europa' ('Municipal finances, differences and similarities in Europe'); De Europese Gemeente 1987, vol. 22, no. 1, pp. 5-22.
- G.J.S. Uhl, 'Het gemeentelijk belastinggebied in internationaal perspectief' ('An international perspective on local taxation'), in: Bank en Gemeente, April 1989, vol. 4, pp. 111-115.
- Council of Europe, Steering Committee on local and regional authorities, Study of the types of financial control exercised by central or regional government over local government; Draft study on control exercised in relation to specific grants; Strasbourg, Council of Europe, 1988.

with table 6.6, that Dutch municipalities have very little income of their own in the form of local taxes, fees and charges. The picture is moderated somewhat if general grant is added to local revenues. (Such an adjustment is justifiableon the grounds that the substantial local revenues of municipalities in other countries - notably Scandinavia and West Germany - are subject to some equalization to offset differences not under local control; in the Netherlands this equalization is achieved through the general grant from the Municipalities Fund.) However, even after this adjustment Dutch municipalities are still near the bottom of the table, in the company of Belgian and Greek local authorities [12].

While developments in the pattern of the financial relationships between tiers of government in the various European countries do not all point the same way some clear trends nevertheless emerge. One is the increased use of charges levied directly on the users of particular services, justified by the need to reduce the local tax burden, regulate demand for local services and enhance the efficiency of service delivery [13]. A recent comparative study draws attention to the pressure for change in local taxation resulting from increasing fiscal stress; Dutch municipalities' reticence in this matter is seen as an oddity, not least because local revenues account for such a small part of their income [14].

Reluctance to increase local taxes and charges is not in itself a bad thing, of course, but the combination with low investment levels is a cause for concern in the perspective of this report. In the international examples increases in local taxation - no more popular elsewhere than they are in the Netherlands - have for the most part been prompted precisely by the need for local capital investment. The Netherlands' major cities with their wider range of income sources (from municipal undertakings) have managed to make room for some new investment, certainly compared with the general investment pattern in this country, but the sums involved are modest and there is great reluctance to increase local taxes and charges for this purpose.

There are considerable inter-municipal variations in the local and urban culture in this area. Rotterdam pursues an active structural policy within the bounds of the municipally possible, for example, making far more use of charges and even of the unpopular tax on the users of real estate to fund investment in the social and economic structure than does Amsterdam.

A second noteworthy international trend is the movement to cutback on specific grants as a source of municipal income. In 1983 around half the sum earmarked for specific grants in France was transferred to the

[12] G.J.S. Uhl, op. cit., p. 112.

[13] Council of Europe, Financial resources for local and regional authorities; Study Series on Local and Regional Authorities in Europe, no. 34; Strasbourg, Council of Europe, 1985.

[14] Urban innovation and autonomy; S. Clarke (ed.), Newbury Park, Sage Publications, 1989, p. 244.

'dotation globale d'equipement', a sort of general investment scheme; Norway too has recently made such a change, replacing 50 specific grants with a general grant which now accounts for 85% of municipalities' income from central government. Municipal financial autonomy is taken furthest in Spain and Portugal, where specific grants are reserved for exceptional situations. Denmark and the Netherlands have for some time been engaged in rationalizing specific grants, but with little to show for it in terms of the sums involved. There are also moves in the opposite direction, however: in Austria, Britain and Belgium, for example, the role of specific grants has been deliberately expanded in the 1980s. Very recently, though, Britain too has followed the predominant trend towards local financial control.

In none of these areas is the Netherlands seeking to reduce the exceptional financial dependence of its major cities; on the contrary, when (as in recent years) public spending is squeezed, then within the existing financial relationship local authorities become even more dependent on the centre. It is of course understandable that wide local variations are not easily tolerated in a small country, but the situation of the our major cities, as they increasingly find themselves having to cooperate with other municipalities while competing with cities elsewhere which have much greater decision-making and financial autonomy, is putting the existing scale and powers of local government directly to the test.

6.2.6 Summary and outlook

Previous sections have considered whether the present structure of financial responsibilities allows the Netherlands' cities to respond dynamically to international shifts in the position of metropolitan areas and to develop new strengths. They have focused particularly on the question whether, given the present pattern of financial relationships, the various parties concerned within the cities themselves are sufficiently *accountable* for the maintenance of a sound urban structure; it had emerged that the context in which metropolitan development takes place does not automatically promote the kind of actions needed to reverse the weakening of the cities' economic and social position which has taken place over the last fifteen years. Urban recovery programmes did not get under way until the 1980s and are still far from perfect, and it may be that part of the explanation for the cities' inadequate responses to their changing situation lies in the system of financial relationships.

Our consideration of local-government finance, focusing particularly on the position of the major cities, noted that Dutch municipalities *depended* on central government for 90% of their income (63% in specific grants and 27% in general grant). These revenue flows do not require local authorities to concern themselves with social and economic developments in their areas, since the amounts are determined by criteria set by central government. While the remaining 10% of municipal income (from taxes, fees and charges) is affected by local circumstances, the nature and amount of such local revenues are constrained by legislation.

Turning now to the expenditure side, central government lays down in varying degrees of detail how specific grants are to be used. In principle

local authorities have greater discretion in the use of general grant from the Municipalities Fund; this is intended to allow municipalities to meet the 'reasonable' costs of their activities and to enable them to perform functions on central government's behalf. In practice, however, the area of local discretion is limited by the many spending obligations imposed by central government. A major function of general grant is equalization: it is distributed among municipalities in accordance with a formula designed to compensate for cost factors not under local control. Revenue from local taxes and charges, finally, may be used entirely as local authorities see fit. Central government thus also dominates the pattern of municipal spending, if not to the same extent as municipal revenue.

Retrenchment at national level has made local authorities increasingly dependent on central government on both the income and expenditure sides. Central government's policy of curbing public expenditure led in the 1980s to a shift in the boundary between public and private funding for services; this trend is likely to continue, partly in the light of international developments.

While much public spending is channelled through municipal budgets (around 40%, if social insurance is excluded), local authorities have no responsibility for the structural reform of public finance; they have too little control over the financial flows through their budgets for this to be possible. Their financial position is thus determined primarily by the relationship with central government, with the effects of national retrenchment making themselves felt in the funding of local services. This happens both directly, in all the policy areas over which local authorities have no control, and indirectly, through the structure of municipal revenues and expenditures. Cuts in the grants to local government, both general and specific, considerably reduce the scope which municipalities have for deciding how to use their resources. Central-government grants may seem a financial lifeline for local authorities; the system's drawbacks do not become obvious until the grants are squeezed, when a lifeline can feel like a noose.

The changes in municipal policies and priorities were largely pre-structured by central government. The growing pressure of obligatory expenditures on municipal budgets meant that cuts were concentrated in the margin of local discretion: administrative costs, the maintenance and operation of infrastructural and other facilities, capital investment, cultural and recreational provision, physical planning and development, and so on. In general retrenchment was most painful in the largest municipalities. Initially most municipalities were reluctant to ease their financial problems by exploiting to the full their power to levy taxes and charges because of the impact this would have had on the disposable incomes of the less well-off; for example, until recently Amsterdam set the rate of real-estate tax on the users of property at a level which produced revenue some 100 million guilders below the statutory ceiling.

In the 1980s the major cities, unlike most other municipalities, managed to release some additional resources for investment. While the overall level of municipal investment fell to a post-war low the major cities seized what

opportunity they had to strengthen this vulnerable expenditure item as part of their economic recovery policy. The injections were relatively modest, though, ranging between 15 and 25 million guilders a year in the cities of Amsterdam and Rotterdam. The new priority given to economic revitalization, as incorporated in the four major cities' plans from 1983 onwards (and recently supplemented with social renewal policies), has thus not involved any very radical change in the pattern of expenditures.

Underlying the new Local Government Finance Act of 1984 is the principle that the decentralized allocative function of government should be carried out by local authorities, subject to the constraints imposed by the distributive function and macroeconomic management, responsibility for which lies with central government. The normative framework which the Act sets thus implies a need for changes to the present composition of municipal revenues, and with this in mind two processes of reform have been initiated, one focusing on specific grants and the other on local taxation.

While the first of these has sharply reduced the number of specific grants - a success in administrative terms - virtually all of the largest grants are still in place; in financial terms, therefore, there has been little change. The second reform process, involving effectively a greater role for local real-estate tax, has been hesitant and restricted. The requirement that the rates levied under the two forms of the tax (on owners and users) may not differ by more than a set margin limits unnecessarily local authorities' scope for using their main fiscal instrument. The conclusion is that the allocative element in the current structure of local government finance has seen no improvement since the underlying statutory principles were adopted.

The last part of our analysis set local-government finance in the European context. The structure of Dutch municipalities' revenues and expenditures is unique: nowhere else is the financial relationship between central and local government so dominated by the former. Though Dutch municipalities are relatively big spenders there is a wider margin for the allocative function of municipal policy in other countries. Local authorities in the Netherlands are not sharing in the international movement towards higher local revenues from taxes and charges; nor is this country among the leaders in the rationalization of specific grants. As Dutch cities seek to play a growing international role their lack of financial and decision-making autonomy will prove an increasing handicap.

6.2.7 Policy tasks

Our findings lead us to urge a large measure of decentralization in the financial relationship between central government and the major cities with a view to making the balancing of costs and benefits as direct as possible, subject to the constraints set by national macro-economic policy and the distributive function of central government.

We believe that the policy of abolishing specific grants and increasing the general grant should continue but with the focus shifting to the thirty or so very large specific grants which have so far remained untouched.

Municipalities' freedom to use general grant as they see fit is a further important principle. In the shift away from specific grants the use of general grant will often be only a *half-way stage*, however, since ultimately the main aim must be to strengthen and extend municipalities' own revenue source, namely local taxes and charges. Aggregate local revenues should eventually come more closely into balance with aggregate general grant. Detailed figures are outside the scope of this report, but we would favour a situation in which local taxes and charges made up 20-25% of all municipal revenues.

On the revenue side we thus favour a shift away from the general grant from the Municipalities Fund (in fact a central-government fund) and towards local taxes and charges. We in no way underestimate the importance of general grant: it plays and will continue to play a vital role in offsetting local differences which are *not under local control*, but this does not necessitate a level of grant two or three times greater than the aggregate of local revenues. Equalization through the Municipalities Fund has come to overshadow local *accountability*, a fact which goes a long way towards explaining metropolitan government's weaknesses in a number of strategic policy areas as identified in preceding chapters. Local-government finance needs to incorporate a self-regulating mechanism, involving all parties with responsibility for local administration, which tends to maintain and strengthen the structure of our urban areas. From the standpoint developed in this report, the need to increase local authorities' role in and responsibility for those elements in the revenue base which are *subject to local influence* constitutes our main ground for urging an increase in the proportion of municipal revenue raised from local taxes and charges.

The fact that such a change would eventually affect the position of all municipalities implies a need to qualify our recommendations, since this report is concerned only with the major cities. However, while the problems which prompted this study are generally more severe in the cities, many of them are also to be found elsewhere in less concentrated and cumulated form.

Decentralizing financial responsibilities makes no sense where *expenditures* cannot be influenced at local level. We believe that substantive and financial responsibility for policy should as far as possible be exercised locally where the functions in question are clearly of an allocative nature; this principle is also in keeping with the normative framework adopted in connection with the Local Government Finance Act 1984. The implication is that differing decisions will be reached in the light of differing local circumstances and priorities: local policy differentiation is thus not a flaw in the pattern of financial relationships but part of the design.

Calls for financial decentralization are not new - they have been coming from a variety of quarters, not least the municipalities themselves, for some considerable time - but what is generally meant is greater powers for local authorities to decide their spending patterns; from this viewpoint replacing specific grants with extra block grant is a form of financial decentralization, provided that municipalities can use the funds concerned in accordance with local needs. In fact the municipal allocation of expenditures is possible even

with specific grants, in those cases where central government's requirements as to their use are couched in such broad terms that detailed decisions can be taken at local level; this is true of several of the larger specific grants (such as the urban-renewal fund, which is both popular and seen as successful), the new 'decentralization' of housing grants and the programme of social renewal. At first sight, from local government's viewpoint, this is an ideal arrangement: revenues are guaranteed by central government (the general grant from the Municipalities Fund is also a payment by central government) while spending priorities are locally determined wherever possible. But in fact it is at best only a half-way financial decentralization.

In our view this familiar pattern of financial decentralization has clear limitations. True decentralization implies that local authorities bear the risks and responsibilities of raising *revenue*, and in fact central funding for the administration of local policy is not an unmixed blessing from the viewpoint of municipal policy-makers (in the 1980s this situation led to local authorities being bound more tightly by the consequences of policy changes decided by central government); moreover - and this is the core of our argument - it is by no means clear that municipalities would opt for the same spending patterns if they were responsible for raising more of their revenues. No doubt to some extent they would, but in any event they would be forced to adopt policies aimed at preventing the erosion of their tax base, while local groups (such as tenants' committees) would have a direct interest in the establishment of new businesses or in housing schemes designed for higher-income residents. Such coalitions are rare in the administrative culture of Dutch cities. In the United States financial decentralization is generally so extreme that the reverse situation becomes a problem: local policy-making is in many cases over-dependent on revenue from local taxes and some system of equalizing grants from a higher tier of government is seen as urgently necessary.

Local responsibility for curbing the growth of imbalances in the urban structure can also be extended by making local authorities share the cost of social transfers of a distributive nature, such as welfare assistance and rent relief. Given their distributive nature the level of such payments must be centrally determined, but where allocative factors are also in play some measure of financial and decision-making responsibility should in principle also be borne by local authorities. Some of the factors that determine how many people become, and cease to be, eligible for welfare assistance or rent relief are affected by local policy, and there is therefore value in providing financial and policy incentives for the exercise of these allocative functions.

Such arguments suggest that local government's contribution to the cost of welfare assistance should be raised from its present level of 10%, with allowance made for unavoidable structural inequalities between 'strong' and 'weak' municipalities. The expansion of local authorities' financial responsibility should be achieved not through general grant but e.g. through fixed payments. A pilot scheme could be established, involving a small number of cities, under which each local authority would receive an amount equivalent to its additional contribution and would retain any surplus resulting from a reduction in the numbers on assistance. Safeguards would

be needed for a situation in which the numbers on assistance rose by more than the national average. In this way municipalities would be rewarded, in financial and policy terms, for creating conditions favourable to a reduction in benefit entitlements.

If municipal powers of taxation are to be widened to generate more local revenue the most obvious route is via real-estate tax. The nationally imposed linkage between the tax rates for users and owners is primarily intended as a brake on local tax revenues and in keeping with the central thrust of our report we recommend its abolition. Other options for increasing local revenues include existing taxes (such as the betterment and infrastructure levy and the building-sites tax) and the introduction of new taxes. Fees and charges, widely used in other countries, could also be used to increase local income.

Municipalities must derive greater financial benefit from *the growth of local industry* and *household wealth* since if industry and households were more important sources of local income municipalities would have an incentive to seek to attract and retain them. Under current arrangements infrastructural investment and the more general promotion of the business climate mainly affect municipal budgets on the expenditure side, since the additional revenues generated largely accrue to central government. There are also too few direct links in respect of the maintenance of the social structure: in the housing field, for example, the course of municipal expenditure and revenue depends very little on whether the housing stock is augmented with Housing Act or owner-occupied dwellings - even where, as in Amsterdam and Rotterdam, 90% of the existing stock is in the social rented sector. Were municipalities more dependent on tax revenue from households they would be more sensitive to the development of imbalances in the social structure. Greater reliance on the local tax base raises the problem that its composition varies from one place to another. In many cases it can be affected by local policy, however: the social and economic structure of local communities may differ widely from one place to another but those differences are not fixed. We advocate financial decentralization precisely to give those concerned in the cities and elsewhere a direct interest in investing in the local tax base.

The fact that financial decentralization disadvantages local authorities with a weak tax base and favours those with a strong one is not a regrettable stroke of fate but reflects a deliberate desire to activate this allocative incentive, within reasonable limits. The consequences will be adverse, however, if the change takes place in a situation of great inequality. The framework we envisage for local-government finance will engender much greater vitality than the current structure of dependence, but its assembly starting from the inequality which now exists will require careful effort. This must go not into cloaking differences in the local tax base (since the new framework would then never be achieved) but into ensuring - working back step by step from the target situation - that the necessary resources are available at each stage.

6.3 The administrative framework

6.3.1 Current position

The administrative framework of local government, particularly in metropolitan areas, has been a major focus of attention since the debate was rekindled in 1989 by the reports of the Montijn Committee (which proposed four metropolitan municipalities) and the Council of Home Affairs (which made a series of proposals, among other things for metropolitan municipalities with provincial powers) [15]. Before presenting our considerations and conclusions regarding metropolitan administrative structures, in the light of the principles and viewpoint adopted in our report, we first review the current position.

In this country as elsewhere, the need for reforms in the structure of city and metropolitan government in response to urban expansion and the increasing interdependence and interwovenness of development, infrastructure and functions has occupied minds over a long period. Proposals for change have been put forward in all western countries since the beginning of the century; here in the Netherlands Struycken's 1912 publication on municipal powers marks the start of a series that has continued to the present day [16]. In the period before the Second World War regional plans for metropolitan areas were increasingly advocated at international level (e.g. the International Congress on Urban Development which took place in Amsterdam in 1925); important contributors to the discussion included M.J.W. Roegholt (1925), G.A. van Poelje (1924, 1928, 1933, 1935) and J. in 't Veld (1929) [17].

Immediately after the Second World War the movement for change was strengthened by the Koelma Committee's proposals, published in 1947, for a regional form of government for the metropolitan areas [18]. Where before the War changes had in practice been limited to boundary adjustments, despite the contributions of Van Poelje and others, the Koelma Committee shifted the focus to the structure of administration in

[15] Grote steden, grote kansen (Big cities, great opportunities), Report of the External Committee on City Policy (Montijn Committee); The Hague, Ministry of Home Affairs, 1989. Advies over het bestuur in grootstedelijke gebieden (The administration of metropolitan areas); The Hague, Council of Home Affairs, 1989.

[16] A.A.H. Struycken, De gemeenten en haar gebied, eene studie over de vrijwillige en onvrijwillige samenwerking der gemeenten en de verandering van gemeentegrenzen (Municipalities and their areas, a study of voluntary and compulsory cooperation between municipalities and the adjustment of municipal boundaries); Arnhem, S. Gouda Quint, 1912.

[17] A bibliography may be found in: T.A.J. Toonen, Denken over binnenlands bestuur, Theorieen van de gedecentraliseerde eenheidsstaat bestuurskundig beschouwd (Thinking on local government, Theories of the decentralized unitary state considered from an administrative viewpoint); The Hague, Vuga, 1987. G.A. van Poelje, Hedendaags gemeentewezen (Municipalities today), Alphen aan den Rijn, Samsom, 1963, and Metropolitanië (Metropolitania), Alphen aan den Rijn, Samsom, 1966.

[18] Report of the Koelma Committee; The Hague, State Printing House, 1947.

metropolitan areas. Its proposals, like all similar proposals since, were rejected as implying a fourth layer of government between the municipal and provincial tiers, something generally seen as undesirable within the country's administrative framework. A solution was finally found in the 1950 legislation governing formal cooperation between municipalities, which was intended to enable the metropolitan areas to respond, in a voluntary framework, to the challenges of urban expansion and interdependence; certain regional structures established in the 1960s and 1970s were based on this legislation. Ironically, though originally aimed mainly at the metropolitan areas, the legislation, particularly since last amended in 1985, has been broadly applied, generally with success, everywhere except the metropolitan areas.

The report of the De Quay Committee (1955) represented the next attempt to find the right administrative framework for metropolitan areas [19]. This committee, composed of representives of fringe municipalities perceiving themselves under threat, was primarily concerned with administration in areas where large cities, notably Amsterdam, were continually expanding and becoming more complex; its view of urban development appeared to involve a notion of optimum city size. Unsurprisingly, the committee did not propose a supra-municipal form of administration; instead it recommended unravelling the administrative structures in the cities and metropolitan areas in a system of internal territorial and functional decentralization. Proposals of this kind are the second commonest variant of metropolitan administrative reform after those involving supra-municipal structures, if we ignore merger and annexation. This last approach - expanding the scale of administration from city to agglomeration through boundary changes and annexation, coupled with intra-municipal decentralization - was adopted in the early part of the century (in Berlin and London in the 1920s) [20]; in the 1980s Amsterdam was to revive the formula with its combined proposal for intra-municipal decentralization and the city province.

Two papers on supra-municipal administrative reform published in 1959 by S.O. van Poelje and H.A.M.T. Kolfschoten of the Netherlands Law Society [21] stand out for their detailed and balanced treatment of the various options and for their well-argued choice, setting out the details and

[19] Report of the State Committee on the Administration of Large Municipalities (De Quay Committee); The Hague, State Publishing House, 1955.

[20] For a general historical overview, notably of the pre-war period, se: F.M. van der Meer and J.C.N. Raadschelders, 'Urbane problematiek in Nederland' ('Urban problems in the Netherlands'), in: Bestuurswetenschappen, November/December 1988, vol. 42, no. 7, pp. 487-498.

[21] S.O. van Poelje, 'Hoe behoort, anders dan door annexatie, het bestuur van een stedelijke concentratie, die de grenzen van een gemeente te buiten gaat, wettelijk te worden geregeld?' ('What statutory provision is needed, other than the possibility of annexation, for the administration of urban areas which extend across municipal boundaries?'), in: Proceedings of the Netherlands Law Society I, 1959, vol. 89, pp. 1-75. H.A.M.T. Kolfschoten's paper, under the same title, appeared in: Proceedings of the Netherlands Law Society I, 1959, vol. 89, pp. 77-138.

implications, of a supra-municipal administrative structure; Kolfschoten's paper also included a thorough comparative analysis of local and regional structures in Britain, West Germany and the United States. These excellent papers may have been virtually forgotten, but subsequent discussions and proposals have added nothing new to the dilemmas and options which they outlined.

The 1960s formed a kind of intermezzo in which geographers and planners in particular made important contributions to the development of thinking on the various forms of urbanization in the Netherlands, exploring such concepts as agglomeration, metropolitan area and conurbation. In addition the physical forms taken by urbanization and suburbanization, the hierarchy of centres and the grouping of cities in agglomerations, metropolitan areas and conurbations were described and classified (Van den Berg, 1957; Bours, Lambooy, 1970) [22]. This body of ideas quickly found its way to those who were concerned with administrative developments in the metropolitan areas, providing a valuable support and stimulus for a thoughtful and balanced approach to the issue.

In the event these proposals led only to the establishment in 1965 of the Rijnmond Authority, covering Rotterdam and the surrounding areas, and in 1976 of a similar entity for the Eindhoven agglomeration. Proposals for a similar entity for Greater Amsterdam came to nothing, despite the work of the Kranenburg Committee (1967) [23]. The general reluctance to institute a fourth tier of government was reflected in the withholding of real

[22] G.J. van den Berg, 'Algemene inleiding: op zoek naar een kader' ('General introduction: in search of a framework'), in: Nieuwe steden in Nederland? Pre-adviezen aan het Nederlands Instituut voor Volkshuisvesting en Stedebouw (New towns in the Netherlands? Preliminary recommendations to the Netherlands Housing and Urban Development Institute), publication LXII, Alphen aan den Rijn, Samsom, 1957. A. Bours and J. Lambooy (eds.), Stad en stadsgewest in de ruimtelijke orde, Moderne geografie ten dienste van de planologische en bestuurlijke ontwikkeling (City and metropolitan region in the spatial order, Modern geography in the service of planning and administrative development); Assen, Van Gorcum, 1970. This publication brings together papers by, among others, Steigenga, Van den Berg, Van Paassen, Wissink, Hoekveld, Bours and Kouwe, given at successive conferences. These included the Congress of the Netherlands Housing and Urban Development Institute held under the title 'New towns in the Netherlands', contributions to which included Van den Berg's 1957 paper; the congress organized in 1957 by the Utrecht Association of Students of Geography under the title 'Regional structure and interregional function'; the same body's 1962 congress under the title 'The city in new forms'; and the 1966 meeting of the Social Science Research Association on the theme of 'The city as an organizational framework'. The term 'stadsgewest', meaning a region centred on a major city (generally translated here as 'metropolitan region'), which had been used by Roegholt in 1925, was revived by Wissink to designate a functionally coherent area intermediate between an agglomeration (a continuously built-up area) and a conurbation (a grouping of agglomerations). Other concepts distinguished included 'conurbo-province' (a group of conurbations whose location and function are such that they form a unit in terms of social geography) and 'megalopolis' (a nationally and internationally coherent urban cluster).

[23] A clear note of reform sounds in the 1963 report of the Constitutional Studies Centre of the former Catholic People's Party (now incorporated into the Christian Democrat Alliance) on the administration of metropolitan areas. The report argues strongly for large administrative units, firmly rejecting the fears of ungovernability expressed by the De Quay Committee in the following words: 'There can be no grounds for fearing that an urban area in the Netherlands might be ungovernable on account of its size'.

administrative powers from the new bodies, particularly in respect of the central cities. An important background factor was the priority which the then (1959-65) Minister of Home Affairs gave to general municipal reorganization; this mainly involved reducing the large number of municipalities through local mergers for the most part between small authorities. These 1960s solutions eventually proved unable to withstand weakening and erosion by both internal (mainly central-city) and external (mainly provincial) forces, and both the Rijnmond and the Eindhoven authorities were abolished at the beginning of the 1980s.

In the 1970s a process of local-government reform was initiated which was intended to cover the whole country [24]. The opening move was a joint plan by the National Physical Planning Service and the Ministry of Home Affairs for an administrative division of the country into 44 districts of sub-provincial size. Under successive ministers (Beernink, Geertsema, De Gaay Fortman and Wiegel) the number fell from 44 to 26/24 and finally 17, by which time the proposed entities had become provinces (thus avoiding the creation of a new administrative tier). Decision proved impossible and in 1984, after more than ten years of proposals for general reorganization, the next minister, Rietkerk, ordered a return to normal business under the existing legislation on formal inter-municipal cooperation (the Joint Arrangements Act), updated for the purpose in 1985.

In the 1980s administrative problems worsened, particularly in the major cities. The Joint Arrangements Act, which is based on voluntary principles, was unable to compel cooperation where this was needed, and it was against this background that Amsterdam began to develop its own administrative model in which intra-municipal decentralization (with neighbourhood councils) was seen as complementary to an agglomeration-wide authority with provincial status (the city-province notion which Amsterdam unsuccessfully mooted in 1982). In the 1980s the cities' growing social problems, the need for vigorous economic and cultural development and the imperatives of competition with metropolitan areas in other countries increasingly brought out the inadequacies of the administrative structure of the Netherlands' metropolitan areas. By 1989 the intellectual climate was thus ready for the proposals for strengthening the administration of metropolitan areas made by the Montijn Committee and the Council of Home Affairs.

Two points stand out from this historical overview.

First, it is clear that interest in and proposals for local-government reform have paralleled trends in urbanization. Before the Second World War interest in the administrative structure of the metropolitan areas was greatest in the period 1910-35; after the war the peak of interest was in 1955-68. This pattern reflects precisely the two main periods of urban

[24] A memorandum on administrative organization by the Association of Netherlands Municipalities was published in 1969, as was the Labour Party research department's paper on municipal districts and metropolitan regions; the latter was the first report to propose different structures for rural and urban areas.

development in the Netherlands. By the second period the pressures of a growing population and economic expansion were no longer limited to the major cities: the areas immediately around them were also affected, and the cry was that the cities were 'full' and that the processes of overspill within the Randstad and over the Randstad's boundaries needed to be properly channelled.

Administrative issues again came to the fore in the 1980s when urbanization entered a new phase. By then the nature of the problems facing the cities had changed, however: the 1970s had seen, for the first time, a sharp fall in urban populations and a clear weakening of the cities' economic function while at the same time the process of urban spread had continued. From the first measures to strengthen the cities at the end of the 1970s, taken in response to this situation, it became increasingly clear that their development prospects were tied up with their international position and that what counted was not the quality only of the cities themselves but that of the cities and their immediate surroundings. It is against this background that the current focus on administrative issues must be located.

The second point to emerge from the historical overview is that analytical and preparatory processes relating to an appropriate administrative framework for the Netherlands' metropolitan areas began in the early part of the century. The contributions made to the debate in the period up to the 1950s were generally in line with thinking in other countries, and since then nothing essentially new has been added to the description, pros and cons and commentators' preferences in respect of the three main variants (in addition to inter-municipal cooperation), which are: (a) merger/annexation, (b) a supra-municipal structure, and (c) territorial and functional decentralization within the city and the metropolitan region. The debate has consisted only of variations on set themes.

The preference of experts from a variety of political backgrounds is predominantly for a supra-municipal entity, democratically accountable and with clear powers of its own. Since the existing structure of municipalities, provinces and central government is retained and the supra-municipal entity is seen mainly as bringing together and emerging from a group of municipalities, some have argued that it does not amount to a fourth tier of government (e.g. the Van Wijnbergen Committee and others in a report by the Constitutional Studies Centre of the former Catholic People's Party, 1963); others have seen the new entity as a fourth tier of government and have argued for such a structure (e.g. the Van Kranenburg Committee's Greater Amsterdam proposals of 1968). However, the political and administrative world continues successfully to resist the introduction of a supra-municipal tier with real powers and, with the exception of the somewhat toothless authorities for the Rijnmond and Eindhoven areas and inter-authority cooperation on a largely voluntary basis, the only measures actually taken for the purpose of bringing the administrative framework of metropolitan areas into line with changing needs has been boundary changes and merger/annexation in Amsterdam, The Hague and Utrecht.

Third, and following on from the previous point, it is clear that this country has lagged behind others in the testing or introduction of *differentiated* forms of administrative organization for metropolitan areas: most other countries have devised, introduced, reformed and sometimes later abolished a variety of arrangements. Since the many variants have remained on the drawing-board here in the Netherlands, we have built up little practical experience of the various options and regional administrative structures have remained uniform throughout the country.

In what follows we review the experience of a number of other countries.

In France the nine recently established communautés urbaines provide a statutory framework for functions, powers, funding and democratic oversight for the group of municipalities making up the metropolitan areas.

In West Germany local and regional administration is the responsibility of the Länder and the form and structure of municipal government differ from one Land to another. A range of administrative structures have taken shape in the various metropolitan areas. Hamburg, Bremen and Berlin are Länder in their own right and have local agreements with metropolitan municipalities outside the Land boundary, while Frankfurt and Hanover have their own agglomeration authorities (known as Zweckverbände or special-purpose associations), as does Mannheim, Ludwigshaven and Heidelberg. Here the authorities involve a large number of Kreise (districts) and the Länder of Baden-Württemberg and the Rhineland Palatinate. In contrast, the metropolitan areas of Münich, Nüremberg, the Ruhr and Rhein-Sieg (Cologne and Bonn) form what are known as Regierungsbezirke (administrative regions), an arrangement under which the Länder concerned (Bavaria, North-Rhine Westphalia and Baden-Württemberg) provide for administrative decentralization in the areas concerned. In the Zweckverbände coordination is mainly vertically organized in each policy sector, which often gets in the way of coordination both within and between sectors.

In Great Britain the 1970s saw the creation alongside the special London authority (the Greater London Council) of six metropolitan counties. These were to have had tighly defined powers but in the event they were somewhat vague; this inevitably produced frictions with the lower tier (known as boroughs or districts) of this two-tier system. The metropolitan counties and the GLC were abolished in the 1980s by Mrs Thatcher's government.

In the Danish system, which somewhat resembles the British, a distinction is made between ordinary municipalities (the 275 or so faelleskommuner or districts) and larger functional units (the 15 amtskommuner or counties). The districts have a general competence in areas not specifically reserved to the counties. A special authority was created for Greater Copenhagen, the Hövestadsrat, bringing together three counties, 48 districts and the two centralkommuner (with both county and districts powers) of Copenhagen and Frederiksberg; it recently foundered.

When Belgium moved to a federal structure the Brussels metropolitan area was made a region in its own right. The city of Brussels comprises 19 municipalities linked to one another and the regional government by an extensive network of formal and informal arrangements. The Brussels region is under the 'special protection' of central government in recognition of its bilingual status and position as the national capital and the seat of the European Community. Municipal reorganization (boundary changes and mergers) have taken place in and around other major cities (Antwerp, Charleroi, Ghent and Liege).

In Canada responsibility for the structure of local government lies with provincial governments and metropolitan areas are administered in different ways in different provinces. The approach adopted in the Toronto metropolitan area has for some time been a focus of international attention. The metropolitan municipality of Toronto, encompassing six lower-tier authorities, facilitates coordination between policy sectors; the policy areas of particular importance at metropolitan level are specified and the relevant powers are withdrawn from the component municipalities. However, there is great reluctance to designate policy areas in this way (transport is one area which has been so designated); moreover the metropolitan authority is made up of delegations from the component municipalities which thus retain a voice. The metropolitan authority operates mainly through commissions (such as the Toronto Transit Commission, which runs the metropolitan transport undertaking).

In the United States too there is much variation from one state to another. The dominant approach is one involving functional administrative entities (Chicago, for example, has around 1400 such bodies), some of them directly elected. Checks and balances generally exist, albeit to varying extents, between the authority for the city itself (Pittsburg, Chicago, Baltimore) and that for the county in which it is located; in the case of New York this applies to the city and state governments. In Minnesota the state governor recently established an authority with the job of ensuring administrative coordination between the 'twin cities' of Minneapolis and Saint Paul; this authority has been given a number of powers which it exercises under the responsibility of the governor [25].

Set against this wide range of administrative variation this country has only modest experience of special forms of administration in metropolitan areas: ignoring the municipal mergers and take-overs which have occurred in the course of time, the only examples have been the short-lived Rijnmond and Eindhoven authorities [26].

[25] This international summary is based on the study of metropolitan administration by H.J.T. Wilmer, op. cit.

[26] For a closer analysis of the Netherlands' position in the international context, see: A.M.J. Kreukels and H.J.T. Wilmer, 'Metropolitan government in the Netherlands'; Tijdschrift voor Economische en Sociale Geografie (printing).

6.3.2 Standpoints and principles

We turn now to the administrative options for the four metropolitan areas.

The main requirement for the administrative structure is that local communities, while not being isolated from the many broader frameworks of which they form part, should bear a basic responsibility for their own social functioning (and face the associated risks); there is no difference in this respect between the central cities and the smaller communities of the metropolitan fringes. That this responsibility needs to be interpreted and exercised under very different circumstances in the central cities and fringe municipalities does not alter the fact that this is the only way of building into the financial and administrative machinery incentives for investment in the structure of the local community. That machinery must also help to keep the parties in the local community awake where they are in danger of dozing off.

This requirement has wide-ranging implications for the type of administrative arrangement to be adopted in the metropolitan areas. The vitality that comes from local decision-making and accountability for the decisions made must not be jeopardized by the administrative arrangements made for complexes of local communities. There are strong grounds for strengthening the functioning of such complexes, both internally and in relation to larger complexes and higher levels (including central government), but for relations within metropolitan areas it would be wrong to opt for an undivided structure.

One such implication is a large measure of *competition*, in policy development and implementation, not just among the cities and between them and other municipalities but also within the metropolitan areas (i.e. between the central city and the fringe municipalities and among the latter and all parties concerned). Cooperation is required alongside competition, however, and the principle of the viability of local communities, with the various actors standing on their own feet, provides a sound basis for cooperation. Competition and cooperation are not mutually exclusive: competitors can benefit from give and take in the context of what British and American writers have called *'antagonistic cooperation'*. For this reason we do not favour large unitary structures for the administration of metropolitan areas.

This basic position is subject to a number of qualifications. First, local communities in metropolitan areas do not possess autonomy: they are an integral part of the national, and within it the provincial, community and are therefore bound by the general norms and conditions adopted in various policy fields.

The second qualification is closely related to the first. Territorial units pursuing their own interests in a competitive environment are likely to generate negative *external* effects, whether directly in the form of pollution, traffic congestion and residential or recreational pressures or in other, more indirect, ways. Moreover rural areas often shift their problems onto the cities, which suffer e.g. through the influx of unemployed young people,

marginal groups, criminals and so on from the urban peripheries, rural areas or the outlying parts of the country. In addition to such external effects of internal pressures and policies, in a situation of free competition any imbalances between strong and weak, rich and poor, attractive and disadvantaged municipalities will tend to be self-reinforcing, producing urban concentrations of social deprivation, environmental pollution, traffic congestion and so on which are very difficult to remedy as the structurally disadvantaged cities become locked into a downward spiral. Without corrective action of some kind there can be little normal competition in policy development and implementation between the central cities and more favoured growth centres, dormitory suburbs and districts with a large proportion of expensive housing. Such imbalances are a further argument for centrally imposed limitations on the policy discretion and administrative autonomy allowed to local and regional governments: they are a structural problem and require a structural response. In other respects, however, the cities should not be accorded preferential treatment, and there should be pressures on them to minimize and rectify imbalances.

The third restriction on local autonomy relates to the fact that the functioning of the Netherlands' cities and their surroundings must increasingly be judged in relation to the metropolitan areas of other countries with which our cities now have to compete as business locations. The cities' position in this market depends on the presence of a variety of services and facilities but the range and quality needed are often impossible to achieve in the context of free competition between central and peripheral municipalities; indeed, as such competition becomes more vigorous and decisive it may be that the necessary amenities are of inadequate quality or are provided too late or not at all. Strategically important areas in which high standards are vital include the country's intercontinental ports (Schiphol Airport and the Port of Rotterdam), international road and rail links, road and rail links within and between the metropolitan areas, public transport, a diversified market in residential, commercial and industrial property, high-quality and varied shopping facilities and other services, educational and health-care institutions and employment services. In all these fields the central cities and their peripheries are mutually complementary and dependent. Where the combination of rivalry and cooperation fails to produce the necessary services and facilities concerted action at an appropriate administrative level is essential and specific limitations on the competence of municipalities in metropolitan areas are needed to make such concerted action possible.

Bearing these considerations in mind we have sought to develop an administrative structure for the cities and their surrounding areas in three stages focusing in turn on:

1. the primary requirement of local autonomy: local authorities must be able to compete and cooperate;
2. the requirement of decentralization in a range of policy areas;
3. the special administrative requirements of metropolitan areas.

This approach departs from what has been suggested in recent discussions of this issue in that the necessary administrative strengthening is not

achieved solely or even predominantly by reorganization at the level of the metropolitan areas (step 3), this being only one, albeit important, element in a wider series of necessary reforms. In the light of our findings steps 1 and 2 are at least equally important.

Administrative reform in metropolitan areas must not be identified with reorganization. Steps 1 and 2 relate to the general structure of financial and administrative relationships and to a variety of policy areas and central-government ministries; they chiefly involve adjustments within those areas and generally do not require changes to the administrative organization of the cities or the metropolitan areas.

Having noted this point we now consider the three steps in detail; each subsequent step assumes its predecessor.

6.3.3 Policy tasks

a. *Autonomy, competition and cooperation*

In the course of the 1980s local bodies in the urban areas have begun to take more active positions. However, the dynamics of rivalry and cooperation colour the differences of approach in the cities themselves and in the relations between the central cities and the fringe municipalities. The four metropolitan areas - Amsterdam, with the Amsterdam Regional Forum (ROA); Rotterdam, with the Rijnmond Municipalities' Forum (OOR); The Hague and the surrounding municipalities; and Utrecht, with its Regional Forum - all have their own structure of internal relationships and their own relationship with their provinces and with central government.

However, the ability of the units within each metropolitan area to make their own contribution within the centralist frameworks was seriously eroded in the 1960s and 1970s, to the point that steps are now needed to increase their responsibility and accountability for developments within their own jurisdictions; this applies particularly to the central cities. That is why we focused first on local-government finance, proposing ways of sharpening accountability in that context. Increased local accountability will also make for greater differentiation between the units, with beneficial effects on inter-municipal competition in policy development and implementation.

Changes in the pattern of institutional relations which strengthen the links between local market processes and local authorities have implications for the culture of administration, tending as they do to promote one in which the role of administration becomes more varied and its quality improves in line with the interests at stake in the metropolitan areas. The only limitations on this accountability and competition relate to centrally decided norms and conditions in various policy fields and the need to prevent negative external effects and limit structural imbalances.

b. *Decentralization*

This requirement, which follows on immediately from the previous one, can be seen as a way of optimizing the combination of market processes in various policy fields, in relation with local authorities, with coordination at national level ensured by central government.

Chapter 5 developed proposals for reforming institutional relationships in the cities and metropolitan areas in three strategic sectors, namely education, employment services and health and social services. Our recommendations, which are based on the requirements for the administrative and policy structure discussed here, are summarized below.

Each of the three policy sectors has its own profile, derived from and in keeping with its substantive characteristics. In education we urge the decentralization of responsibilities to those immediately concerned, namely the schools and colleges on the supply side and employers and other institutions on the demand side, with a strengthened policy role for the metropolitan local authorities. In the area of employment services too we believe that the leading role should be played by those immediately concerned, but this time with a greater involvement of the urban municipalities and closer links with employers to ensure that services are better geared to the fluctuating requirements of the market. In the area of health and social services we favour a system of decentralized responsibilities involving providers, users and funding bodies, with an input from local government at local and regional level, within a national system of norms and conditions in which special provision is made for the cities and metropolitan areas.

The full text of chapter 5 (not included in this translation) indicates in each case how the basic principle of competition in policy development and implementation is qualified by the need to take account of national norms and conditions and to enable action against negative externalities and structural imbalances.

c. *Administrative differentiation*

Here we are concerned with the need to bind the separate local authorities within metropolitan areas more closely together to ensure that infrastructural and other facilities of strategic importance are provided and properly maintained.

As our historical review of thinking on metropolitan administration showed there is little enthusiasm in the Netherlands for another tier of government; we share that lack of enthusiasm, given the vitality of existing administrative levels and relations. We do not see the creation of a tier of metropolitan government between the municipal and provincial tiers as a worthwhile option in the context of this country's administrative structure, either now or in the future when regional pressures in an increasingly integrated Europe will at most necessitate some adjustment in the current provincial structure.

Given that considerations of administrative efficiency and democratic control favour the retention of the three-tier structure of central, provincial and municipal government, the following options remain open.

The first and most obvious one is that of boundary adjustments in those cases where municipal boundaries in metropolitan areas do not give the central cities scope for essential development. Of the cities considered in

this report, this option appears to be relevant only to The Hague and Utrecht.

In all four cities some reform is needed at metropolitan-area level. A distinction between the agglomeration (continuously built-up area) and the broader, functionally coherent area encompassing it is unhelpful here, since what matters is not continuity of construction but coherence of function. This would indicate the need for a grouping-together of municipalities such as already happens in the consultative forums in the metropolitan areas of Amsterdam, Rotterdam and Utrecht. However, such groupings are always unstable and impermanent, because functional linkages, and with them the size and shape of the metropolitan space, are constantly shifting - a further argument for caution regarding new and/or powerful administrative tiers. For this reason our preference is for retaining and using, pending further developments, the kinds of pattern that have emerged on pragmatic grounds. In each metropolitan area the core city and fringe municipalities should be brought together in a regional structure covered by an authority with specific powers (to be withdrawn from the individual municipalities) covering a limited number of strategic functions in the areas of transport (including public transport), housing provision and environmental planning and protection. This would give the transport regions the higher administrative profile they need, mentioned in chapter 3.

The new regional authorities would have their own governing bodies and operational departments but democratic accountability would remain concentrated at municipal level, since the powers delegated to the regional level would be limited to a small number of strategic functions and the regional level's administrative responsibility would remain bound up with the municipalities' and the cities would have their own voice on the governing bodies. To bring about the changes proposed and prevent individual authorities from opting out we propose that the Municipalities Act be amended in such a way as to allow this distribution of functions between municipalities and the regional authority in each metropolitan area, to be sanctioned by special Act of Parliament. The Joint Arrangements Act (governing formal inter-municipal cooperation) and relevant sectoral legislation (such as the Passenger Transport Act) will also need amending to take account of the new structure.

The approach we propose allows the establishment of a system of metropolitan administration which does not do violence to the basic three-tier structure of government or the basic pattern of provinces and municipalities; we believe it has the administrative strength needed for the provision of basic services and facilities at the metropolitan level and is flexible enough to grow and develop over time as the cities and metropolitan areas themselves grow and develop.

We urge that the measures proposed be implemented as speedily as possible.

The resulting shifts in the distribution of functions will also lead to a reappraisal of the provinces' functions. A longer-term option, as part of a

possible reorganization of the provincial tier, would be to give the provinces some degree of responsibility for inter-regional coordination and for policies affecting all the metropolitan areas and rural areas; such a move could be considered once experience of the new regional structures had begun to accumulate.

In conclusion 7

7.1 Background and approach

Underlying this report is the question of the necessity and value of new policies for the Netherlands' major cities. Our international review of developments affecting urban areas and our investigation of the economic and social changes taking place convinced us that our cities will continue to play an essential role in the nation's economic and social life and therefore merit the attentions and efforts of policy-makers. Despite spreading urbanism the metropolitan areas still have a vital role as nodes in the networks of transport and communication; indeed, international economic and social trends are generating more and more direct contacts between metropolitan areas in different countries. It is in the whole country's interest that our cities, as the heart of the metropolitan areas, continue fulfilling their 'switchboard' function. Another ground for focusing policy concern on our cities is the concentration of social problems, including a growing social disintegration.

Metropolitan centres in most western countries are caught up in a repositioning process as economies undergo a transformation which everywhere involves the relocation of activity and changes in its nature; massive international movements of population are also underway. These exogenous factors mean that patterns of urbanism that have existed for decades are experiencing structural shifts within and between countries and even between continents.

These functional and spatial regroupings are open to influence at urban and/or national level only to a limited extent and we need to distinguish those that can be influenced if we are to respond to and build on exogenous developments. The key question facing metropolitan policy is thus how our urban areas can develop a new and prominent position in the international framework in this process of reorientation.

National concern with the economy of the metropolitan areas is justified by their large role in the national economy, despite their slow growth, and by their central function as transfer points for goods, services and information. Economic stagnation or decline at metropolitan level damages the national economy and hampers responses to international competition and social stagnation in heavily populated areas can develop into a heavy burden.

This report analyses, separately and in conjunction, urban economic and social trends and urban services and facilities. Urban social trends are not purely the product of economic processes: they have their own significance and dynamic which entail both limitations on and opportunities for economic development. Developments in the social structure of Dutch cities over the last fifteen years have adversely affected their economic potential, and while the present state of that structure offers more opportunities than are currently being utilized (to which point we return later) no local

community can withstand a prolonged erosion of its social and economic fabric. Our cities are failing - in different ways and to differing extents - to secure the loyalty of certain groups of professionals and enterprising spirits (the 'urban elite') who are an essential element in any society's supporting framework.

The services and facilities available in urban areas (of which education, employment services and health and social services are considered in chapter 5) also have a dynamic of their own which influences social and economic processes. They can thus offer a means of pushing such processes (which can be difficult to affect directly) in the desired direction.

In relation both to social and economic trends and to the services and facilities available in urban areas we concluded that compared with other countries the Netherlands reacted slowly to the international repositioning process, not beginning to respond until perhaps 1983-4. While the strategic importance of our major cities is now being realized the development of national policy in this area still has some way to go.

This report seeks to contribute to that process, indicating how changes in administrative and financial relationships and approaches can help the cities achieve their new and prominent position. In the framework of our recommendations for structural improvement we have developed proposals for specific areas which point in the desired policy direction.

7.2 Our cities' present profile

Our analyses of economic trends and social problems indicate that, contrary to what is often thought, our major cities' decline relative to their immediate surroundings and the rest of the country began only recently, roughly speaking in the 1970s. Previously the cities had prospered: they were not disproportionately affected by poverty and unemployment, nor did they lag behind in economic development.

The major cities' growing social and economic problems since the 1970s are reflected in virtually every kind of statistic. While on balance the metropolitan regions do not score negatively on international comparisons the picture is less favourable at the level of their central cities, which continue to decline relative to the rest of the country. What is especially disturbing is that the cities are falling behind not only in manufacturing, as might be expected, but also in services, where they would appear to hold trump cards. Nor do projections to the end of the century reveal any reversal of the cities' relative decline, even on a scenario of maximum national growth. An exception to the general picture is the relatively high level of investment, for which no satisfactory explanation has been found; it may reflect an anomalous sectoral structure, a major catching-up operation after the dramatic downturn of the 1970s or an unusual regime of replacement investment in industry resulting from a high rate of innovation and experiment in the urban areas. The data show that the cities' relative decline is continuing and that there is no reason to suppose that it will

reverse of its own accord; such signs as there are of incipient economic recovery remain fragile.

With regard to our cities' social profile, what is striking in international terms is that the relatively high level of social provision (which prevents poverty becoming extreme) hides a deteriorating social structure in the form of skewed demographic patterns and high levels of unemployment and economic inactivity. Demographic projections show the number of old people rising less rapidly than in the rest of the country, though with a continuing increase in the number of the very elderly, and there may be fewer new one-parent families following the decline in the divorce rate. While large-scale and unpredictable migration makes demographic forecasting very difficult in urban areas, we have even so found no signs that the concentration of low incomes and high unemployment in the cities might be declining. The cities' social profile becomes more favourable only if the fringe municipalities are brought into the picture.

Despite their problems the cities also have considerable social and economic potential. Our exploration of the development profiles of a number of urban industries indicates 'hidden opportunities' in, for example, printing, metals and engineering and the service sector. Unexploited potential also exists among the many unemployed and assistance claimants, a proportion of whom can be drawn out of their dependence, and a reservoir of enterprise remains to be tapped. The significant numbers of unemployed higher-education graduates remaining in the cities where they have studied represent another resource which could be exploited, at a time when highly qualified personnel are in demand, if they were given new or additional skills through appropriate training. Spill-over from existing industry and services could also be better exploited through improvements in such areas as the use of space, accessibility, the living and working environment and/or the cities' image.

Our analysis of the cities' social amenities also identified shortcomings. Their education systems and employment services perform less well than those in the rest of the country and do not serve as engines of new vitality and development. This poor performance is all the more striking when account is taken of the size of the budgets and workforces involved. People who live in the cities are in a number of respects less healthy than the population at large, reflecting the cities' social profile (with its skewed population structure and overrepresentation of low income groups and high-risk lifestyles) rather than deficiencies of service provision. However, mismatches have been noted between the demand for services and their supply which could be aggravated by the reforms now contemplated or in progress.

Looking ahead, it is all too clear that the cities' position leaves something to be desired. The position of the metropolitan areas - the central cities and fringe municipalities - is better, since the more prosperous fringes pull them up towards the national average. The rest of the country compares favourably with the central cities and, in economic terms, even in some cases with the wider metropolitan areas. It must be borne in mind that we

are concerned here with trends over time: while the cities may not score highly in growth terms, their share in the nation's economic activity remains large.

The wide differences between the central cities and the metropolitan areas as a whole are themselves the focus of some of our recommendations; they mean too that the scale - central or metropolitan - must always be specified in relation to the remaining recommendations.

7.3 Underlying relationships and conditions as a starting point for recovery

The slowness of the responses made to the problems facing the metropolitan areas is due mainly to the skewing or distortion of institutional relationships which has gradually developed. This is our most important conclusion and as such underlies all our suggestions and recommendations for policy and action.

By institutional skewing we mean the following. In the welfare state that has grown up in the Netherlands over the last forty years the major cities have come to occupy a distinctive position in which - more than cities in other countries - they are faced with discontinuities and barriers within and between policy sectors. As a result the various interests involved are not directly dependent one upon the other but play their parts in the nationally organized structures for the relevant policy sectors. Many issues which interact with one another can be tackled only indirectly in such a system.

An undoubted merit of the system is that even during the economic recession and squeeze on public spending of the 1980s gross forms of poverty and deprivation were avoided; in this respect the Netherlands' major cities compare favourably with many in other countries. At the same time - and this is a crucial point in relation to the developmental vigor of the metropolitan areas - there has been some loss of social and economic dynamism. The social and economic structure has gradually decayed and in some cases ossified, in part because some socio-economic groups are underrepresented in the cities or have only weak ties with them.

Where welfare schemes and their funding are guaranteed by central government local authorities do not have to take direct responsibility, running risks, investing in what promotes the city's social and economic strength and providing the necessary resources and facilities. The thoroughgoing reallocation of resources and priorities which has taken place at national level has further narrowed local government's margin of discretion. Both the structure and the gradual restriction of the welfare system are shaped at national level, making it steadily more difficult for the other tiers of government to give effect to their own priorities.

We do not seek to remedy the cities' problems by prising them out of their administrative setting and separating them from the national system. Western cities are inextricably bound up in national systems and are likely to remain so for the foreseeable future. We do however urge that the Netherlands' cities be given more elbow room within the national system on

the same lines as in other countries, with a view to providing scope for more direct financial and administrative accountability and for a form of administrative competition capable of releasing more energy than currently happens.

Closely related to this first requirement of a viable and accountable urban policy which encompasses all relevant parties in the cities and conditions the administrative relationship between the city authorities and central government is the need to recognize the specific position and function of the cities and metropolitan areas in the national and international context. This might involve creating some exceptional arrangement, though (as with all exceptional arrangements) this would not sit easily with this country's administrative and political culture. ('Uneasy' relationships between metropolitan authorities and national governments are found in many western countries; the Netherlands is unusual in not according major cities distinctive treatment in administrative and policy terms, a state of affairs which is probably traceable to the failure to appreciate that the cities represent a key national interest.)

The necessary differentiation can be achieved by building on the few policy areas where it already exists, e.g. in the general financial regime of the Municipalities Fund with its formula for the distribution of general grant.

If we can achieve the combination of on the one hand wider policy discretion for the major cities and on the other differentiated policies recognizing the national interest which the cities and metropolitan areas represent, then the interplay between central government and the city authorities in respect of a whole series of separate and proliferating rights and entitlements will become a thing of the past. What matters above all is that energy and resources be released for the policy challenges facing the major cities, challenges which will certainly not become any easier in the future.

The third requirement for metropolitan policy is that a leading role must be played by forces - in the form of large numbers of institutions and organizations and individual initiative-takers - in the cities themselves. There must be more room for both competition and cooperation among all concerned. The city authorities must come to an understanding with that world and working with it - now supportively, now setting limits - continually determine anew their own responsibility. Within metropolitan government too there is a need for greater policy competition (by which is meant competition not only among a wide range of organizations and institutions in the private and voluntary sector but also among municipalities and functional agencies in the spheres of housing, health, education, public transport and so on). Such competition is not only vital in the international struggle for position among metropolitan areas but also promotes dynamic development at regional level.

These three requirements relating to the social and administrative relationships existing in the major cities underlie the policy changes and developments which we advocate in what follows. Our recommendations

follow the structure of the report, focusing in turn on economic trends, social problems, urban amenities and finally the financial and administrative frameworks.

7.4 Recommendations

7.4.1 Economic development

Our major cities' economic position is still not strong, either in comparison with the rest of the country or when set against successful cities in other countries.

A strengthening of the cities' economy demands in the first place an administrative system in which gains and losses are felt at first hand and which thus promotes alertness and speedy responses on the part of local authorities. Our first recommendation in this section is therefore that the local-government finance be modified in such a way as to make the cities more sensitive to the state (flourishing or otherwise) of the local economy by making them more dependent on local taxes. How this might be done is discussed in chapter 6.

Our second theme is that of competition and cooperation in the metropolitan areas. If municipal authorities were given a direct interest in economic development in the manner just mentioned they would have an incentive to take measures which promote the local economy. In addition to strengthened competition among local communities the urban areas can also benefit from effective cooperation in areas of common interest and in order to present a common front to the outside world. Such cooperation will work only if both central cities and peripheral municipalities benefit: collaborative structures led from the central cities are doomed to fail. One of the best illustrations of the gains which flow from combining competition and cooperation and of the innovations that result is provided by the Westland region of South Holland.

Our third theme is infrastucture policy. The Fourth Memorandum on Physical Planning laid down sound foundations in this area and the Randstad Accessibility Plan and the Transport Structure Plan build on them, but more is needed. In our view central government should take responsibility for ensuring that the major cities and the Randstad are equipped with an infrastructure comparable with the best in other countries and, recognizing its national importance, should where necessary bear the costs, as happens elsewhere. This will require concerted efforts, revolving around the Ministry of Transport and Public Works. Accessibility within the metropolitan areas may require tighter regulation notably of car-borne commuting, but any further erosion of the cities' competitive position by overreliance on tolls, road-pricing, peak-hour surcharges on the annual vehicle licence and so on must be avoided.

The infrastructural improvements to which priority should be given, with central government as the main patron and initiator, with a view to strengthening the cities' role in the national and international economy are as follows.

a. The further development of our intercontinental ports - Schiphol Airport and the Port of Rotterdam - is essential if this country and its metropolitan regions are to play a full and growing part in the world economy. In the case of Schiphol in particular there is an urgent need for increased capacity and improved accessibility; we therefore urge the speedy and energetic implementation of plans already drawn up to that end. The environmental implications require careful treatment, as is currently happening in connection with the preparation of the Schiphol Area Action Plan. In order to lighten the environmental impact and reduce traffic congestion the new business zone around Schiphol should extend further than currently envisaged, though within it construction should be concentrated along transport axes.

b. A new and distinctive rail service should join the four major cities with one another and with Schiphol Airport. It must be directly linked at a small number of points (including in any event Schiphol itself) with the developing international network of high-speed lines, thus ensuring that full benefit is derived from the latter. This system of fast and direct inter-urban rail links will bring our metropolitan areas up to the level of San Francisco (with the Bay Area Rapid Transport system) and of Paris and the Ile de France (with their metro and suburban railway networks) and will allow the Randstad to obtain full benefit from its open structure. Existing links can form the basis for such a network, whose efficient development and operation would be promoted by an independent agency between central government and Netherlands Railways.

c. Public transport urgently needs to be expanded and improved in all four metropolitan areas, with bus, tram, light rail and conventional rail services tied in with one another and with the road infrastructure. Investment in this area also brings environmental benefits. Policy and funding responsibilities will need to be organized within the metropolitan areas in order to facilitate the development and operation of the different infrastructures; there must also be proper coordination between the areas.

d. Finally, the development of information technology and telecommunications services in the metropolitan areas must keep pace with what is happening elsewhere in Europe through concerted development policies on the part of industry, the two intercontinental ports and the Postal and Telecommunications Authority (PTT). This will require an ongoing programme of investment and renewal above all in business organization and business services. Greater advantage could be taken than has happened hitherto of the knowledge and experience possessed by industry. Central government will need to stimulate developments through the Ministry of Economic Affairs.

Our fourth theme is education. Many cities in other countries make use of education and training in the revival and development of their economy. While this country possesses a sound educational infrastructure, it is precisely in the cities that the secondary and vocational sectors perform least well. Intensive investment in these sector can take place in a number of ways. First, publicly funded educational and training provision can be

geared more closely to the cities' specific circumstances and requirements; in this connection we endorse the recommendation of the Rauwenhoff Committee on Education and the Labour Market that the worlds of education and industry should work more closely together. Second, greater freedom could be accorded to commercial education and training institutions and to facilities developed and provided by or in conjunction with industry. Finally, the specialized and higher sectors of the education system should be enabled to gear their provision more closely to the economic and technological requirements of the four metropolitan areas; this implies less uniformity and a relaxation of national regulations. In this connection we also propose closer links between the universities and the metropolitan areas in which they are located.

Our fifth recommendation concerns economic development. Our exploration of this field has shown that economic development policies in the cities themselves and also in the metropolitan areas as a whole do not compare favourably with those operated in middle-ranking towns e.g. in the provinces of Gelderland and North Brabant. The policy infrastructure remains fragmented and undirected. The main requirement is that industry and commerce in the cities should share responsibility for development policy; it is thus essential that the urban local authorities join with and build on initiatives and networks in the private sector rather than seeking to put primarily administrative structures in their place. The Rotterdam Development Council (ROTOR) is an interesting experiment in this area.

A further essential of economic development policy in the metropolitan areas is the involvement of central government. Here again it is vital that administrative action should not weaken market forces, still less seek to replace them; what is needed is a policy which accommodates or facilitates the operation of market forces, and it should be developed along two lines. One is the sharpening and reinforcement of regional economic policy, and the first move in this direction (the recent statement on regional economic policy for the early 1990s entitled 'Regions without frontiers') should be followed up vigorously. The other line is that of structural policy, with infrastructural support being given to industries and industrial initiatives of crucial importance to the metropolitan economy particularly in the international context.

Both lines of policy need to focus on the question of how development can be promoted without infringing European Community competition regulations. This may mean stressing the diffusion of expertise and other similar forms of support rather than financial assistance; mention has already been made of the 'Regions without frontiers' statement, which includes proposals of this kind. In the area of facilitative economic policies for regional development much can be learned from West Germany, while in the area of structural policy lessons can be drawn from projects and programmes implemented in Britain and France.

A major focus of economic development policy is the location of industry. Accessibility problems, an unappealing immediate environment and, above all, shortages of space have forced more economic activities out of our cities

than was strictly necessary and this process still continues. Lack of space, a problem mainly concentrated in the major cities themselves, is in large part the result of many years' overemphasis on housing provision and an attempt to preserve the inner cities and surrounding areas absolutely unchanged. Greater selectivity and dynamism are needed in both development and conservation, without damaging the cities' architectural and environmental heritage. Planning considerations are of essential importance in the cities and metropolitan areas and remain valid here. In Rotterdam a considerable area of land remained in reserve after the bombing inflicted on the city during the Second World War and much of it has recently been released for inner-city development; this kind of approach could also help promote economic renewal and development in the other major cities, even Amsterdam.

7.4.2 Investing in the social structure

This report devotes attention to two central problems, poverty and unemployment, which are generally also associated with many other indicators of deprivation. We have noted that over the last fifteen years the problems of disadvantage have grown more acute in particular sections of the urban population and often also in particular neighbourhoods. The cities' social structure has decayed and the structure of their population has become skewed (with many single-person households, old people and one-parent families).

In line with the general thrust of this report, particularly with our suggestions for economic policy, our first two recommendations for improving the social structure seek to give greater responsibilities to the cities themselves. The first is for a greater devolution of financial responsibility, implying an element of accountability if the social structure of the cities develops in the wrong direction. The financial mechanisms linking income and expenditure must include sufficient incentives for local authorities to invest in their cities' social fabric. Compared with the position in other countries Dutch municipalities are under no in-built pressure to try to attract and retain middle-class groups or to help households receiving state support, whether as welfare assistance or in some other form, to stand on their own feet.

The direction of the changes we wish to see must be clearly understood. It is essential that practical steps be taken to decentralize the financial relationship between central and local government and to widen the fiscal powers of municipalities, particularly those of the major cities, in such a way as to give them a 'natural' interest in investing in their social and economic base and the source of their tax revenues.

Our second theme in this section is closely related to the first. The central cities are in the position of competing with fringe municipalities within and beyond the urban areas to retain the social groups which sustain their communities, and if certain groups leave the cities - through choice or otherwise - this is a signal to which policy-makers must respond. Primary responsibility for maintaining and enhancing their attractiveness lies with the cities themselves and if the mechanisms associated with that

responsibility do not work properly they must be modified. For this reason too greater competition in the development and implementation of policy would benefit our cities: it is not sensible to provide rewards for inequalities which occur in the cores and on the fringes of urban areas through equalization measures such as the commuter tax. It should be noted that greater competition is perfectly compatible with greater cooperation, provided that the parties concerned have something to offer one another.

Giving local communities greater responsibility implies above-average risks for the cities because of their deteriorated social and economic structures: the first effect of pushing communities towards greater self-reliance is likely to be a further weakening of the already weak and strengthening of the already strong. The inauspicious starting position must, however, not be allowed to stand in the way of greater local autonomy, but it does require supplementary action from central government. This should not involve steps to neutralize urban disadvantage completely since that would constitute a form of insurance for risks properly borne by the local authorities themselves; what is needed rather is action to enable cities with a skewed social structure to take on greater responsibility. We have given examples of such supporting measures in the areas of planning policy and welfare assistance.

Local responsibility is also embodied in the principle underlying this and the other recommendations. Social problems cannot be tackled effectively by action in one policy area, whether it is anti-unemployment policy, welfare assistance or general social work. The different fields of action and traditions which exist in the cities can and must be more closely coordinated at local and regional level, as envisaged in the social-renewal programme. However, it is not desirable that pressure in this direction be such as to cause organizations to be merged under one flag (such as employment services or municipal social welfare) or in some all-embracing entity.

Our third theme is housing and planning. We believe that, to varying extents, the largest municipalities have neglected opportunities to create a more attractive environment, notably in the inner cities (with their declining shopping areas, lack of architectural renewal and unsightly open spaces) and some outer neighbourhoods. The most urgent need is for a change in the skewed pattern of housing tenure, in which social rented housing is dominant in the cities and owner-occupied housing in the metropolitan fringes. Given that almost 90% of Amsterdam's and Rotterdam's housing stock is in the social rented sector we urge that major new housing schemes in these cities should not include large numbers of such dwellings.

Such a restriction on the social rented sector in the central cities themselves needs to be accompanied by measures at regional level to ensure that the real need for such housing is met. Regional arrangements for the planning and distribution of housing provision are currently highly unsatisfactory; we believe a new administrative structure to be needed and suggest a way forward in section 7.4.4.2. We also recommend that the housing corporations (the main providers of social rented housing) be given responsibility for larger areas. Planning policy for the Randstad must also

have more of an eye to the spatial implications of housing restructuring in the cities and the surrounding areas than is currently the case in policy preparation. While recognizing that other considerations also play a part in planning policy we note that in recent decades it has been possible to provide social rented homes in any number outside the central cities only in the larger towns (growth centres).

Our fourth theme concerns low-income households. In the cities more and more urban households are now on minimum incomes, in many cases regular welfare-assistance payments, and even where this is not the case households may benefit from special assistance under the Welfare Assistance Act. Since 1974 the Act's operation has been subject to rigid national criteria. During the recession and retrenchment of the 1980s the system held, even if benefits were frozen and ceased to be tied to minimum wages. The greater flexibility and differentiation envisaged in the recent reform proposals are to be welcomed in connection with the concentrations of minimum-income households in the major cities. The following action is also needed. Given that the Welfare Assistance Act requires an individual approach to claimants' cases, municipal departments of social welfare should be enabled once again to assess problems and needs on an individual basis, to ensure that the Act's normative requirements are observed and to provide more than just financial help. This will become still more important if and when local schemes to help those on minimum incomes are incorporated into the special assistance for which the Act provides. The element in the distribution formula for the block grant relating to the Welfare Assistance Act gives local authorities only limited help with the cost of administering it and retrenchment has borne particularly heavily on their administrative machinery. We therefore urge the adoption of a funding system for administrative costs which enables social-welfare departments to provide at least the minimum level of service needed for an individual approach.

Local government's contribution to funding welfare assistance should be increased, with allowance made for unavoidable structural inequalities between 'strong' and 'weak' municipalities. The expansion of local authorities' financial responsibility should be achieved not through block grant but e.g. through fixed payments. A pilot scheme could be established, involving a small number of cities, under which each local authority would receive a payment from central government equivalent to its additional contribution and would retain any surplus resulting from a reduction in the numbers on assistance. Safeguards would be needed for a situation in which the numbers on assistance rose by more than the national average. In this way municipalities would be rewarded, in financial and policy terms, for creating conditions favourable to a reduction in benefit entitlements.

We next focus on housing costs, an increasingly important aspect of the problem of low incomes particularly in the cities. The government's recent policy statement on housing in the 1990s retains the principle that new homes should be immediately available to low-income groups. This can be achieved, provided the grants and subsidies are large enough. Current policy is that the costs are recouped (through annual rent increases) from the

households concerned as their financial position improves, an approach causing obvious problems for those households whose incomes do not rise.

Our fifth point concerns action against unemployment. A major problem in the cities is the mismatch between labour supply and demand, with vacancies for the highly qualified coexisting with unemployment among those with little or no training; another is the concentration of unemployment and the poor motivation, real or imagined, of the urban unemployed. Both make an individual approach desirable. The social and geographical immobility of the groups concerned requires action by policy-makers, since a lack of mobility is a major cause particularly of long-term unemployment.

In keeping with the reinforcement of action against unemployment now underway under policies on social renewal and ethnic minorities we favour more systematic action by individual employers and industry itself. This must involve greater interaction between employment policy, training, employment services and commercial placement agencies, and the barriers which exist between these areas must be broken down. Finally, we endorse the approach developed in Utrecht and elsewhere (Helmond, Enschede) whereby job-seekers and firms themselves determine the course of the placement and preparation process. This is similar to the approach used in many British projects and programmes, which have generally proved successful.

Our sixth and last recommendation in this section concerns action against unemployment in the cities. In addition to the intensification of placement and training activities there is a need to promote a culture of enterprise, with an explicit focus on the urban unemployed. Our study found that measures to promote entrepreneurship pursued notably in Britain and the United States had had some success in cutting unemployment. Programmes which may be worthy of emulation include help (subject to less demanding criteria than at present) for those starting new small businesses (on the lines of the British Enterprise Allowance Scheme, which pays the equivalent of welfare benefit to the self-employed in their first year of operation), the public-private partnerships which exist in some American cities and systematic intervention, in the manner of the Task Forces in some British cities, aimed at promoting enterprise within particular target groups. The help currently available for new businesses in the Netherlands is generous but the criteria of eligibility are stiffer than under, for example, the British scheme.

7.4.3 Urban amenities

Economic and social trends which are difficult or impossible to steer directly can sometimes be influenced through such social amenities as education and employment services. While the standard of such amenities in the Netherlands is high and can stand the test of international comparison, Dutch cities have lagged behind those in other countries in their strategic exploitation for the promotion of urban development. In the Netherlands such exploitation has for the most part been limited to physical amenities (infrastructure, urban development, housing).

We have looked at ways of setting urban amenities firmly in the context of metropolitan policy, focusing particularly on education, employment services and health care and social services. The reason why so little use is made of such amenities in guiding the cities' social and economic development lies in the institutional framework: policy-making is so centralized that no distinctive content can be given to urban amenities at city level. Partly because so many aspects of these amenities are of an allocative nature, under current arrangements it is impossible to respond adequately to local and particularly urban needs.

Reform processes have recently been initiated in all three amenity categories involving fundamental decentralization. In the case of education and employment services functional decentralization is envisaged, in that of health and social services a combination of functional decentralization and market forces. In all three cases the position of local providers and users is strengthened but central government remains in overall charge of the decentralization operations. At urban level there must be space for allocative considerations in order to do justice to local dynamics between the institutions concerned and local authorities.

Education

In other countries, notably in the English-speaking world, heavy investment is currently being made in education and training as the key to cities' economic renewal and development; examples can be found in Boston, Chicago, Los Angeles, London and Newcastle. The reforms in question, which include a greater role for the private sector, also offer scope for action against social deprivation in education. Also of growing importance - especially in the cities, with their nodal position in national and international networks - are the functions of general education (culture and languages) and of higher and highly specialized education (scientific development and advanced technology).

In the Netherlands the move to self-management in schools and colleges has created greater scope for locally and regionally differentiated developments and initiatives, particularly in primary and secondary education. However, the form of decentralization adopted, which gives power to individual institutions and through them to nationally organized educational interests, leave only limited room for local government to promote development geared to internal and external forces.

The performance of primary and secondary schools in the major cities is poor relative to the rest of the country; the role played by vocational education at all three levels (lower, intermediate and higher) in connection with employment and action against unemployment has also been disappointing. Finally, while the major cities have in recent years established closer links with the universities and institutions of higher vocational education administrative ties remain weak and, with one exception, there has been no joint policy development by city authorities and educational institutions.

We believe that primary and general secondary education in metropolitan areas needs to be geared more closely to metropolitan development. To this end the municipalities' role as the provider of public education needs to be uncoupled from their role as the stimulator of primary and secondary education, without prejudice to the status of public education as an amenity open to all and guaranteed by the state. Municipal authorities will then be freer to take steps to stimulate education.

We also urge a closer gearing of intermediate and higher vocational education to the needs and circumstances of the cities and metropolitan regions, with the differentiation that this implies. Metropolitan education councils, comprising representatives of the main organizations concerned and advising on a range of educational matters, could give a major impetus to both general and more specialized education, as experience in Utrecht and Rotterdam has shown.

In the area of specialized and university education, finally, we favour increased scope for institutional differentiation through strengthened administrative links between the institutions concerned and the metropolitan regions.

Employment services

We believe that the employment services are insufficiently absorbed into the economic and social fabric of the major cities, a likely reason for this being the tendency towards insulated operation which the employment services have shown over time.

There are various ways in which employment services can be made more responsive without amending the new Employment Services Act, i.e. on the basis of the tripartism and regionalism for which the Act provides. One possibility is the use at metropolitan level of the scope offered by the accords reached between government and the two sides of industry; in addition the cities should compete more in their labour-market policies, making use as necessary of the services of the employment offices, even in other regions. The cities should also adopt fixed procedures for consultation on economic policy with locally representative organizations of employers and trade unions.

The employment offices must see their main task as direct intervention in the labour market and the supply of 'tailor-made' services. Activities in some degree independent of these (such as the provision of training programmes or of grants) should be given the opportunity in organizational terms of specializing further and becoming more autonomous. An investigation should be made into ways in which the Regional Employment Boards could make practical use of facilities which exist within industry, such as the personnel departments of large firms, and of temporary-placement agencies. Finally, consideration should be given to the more intensive and systematic use of information emerging from complaints procedures instituted by clients.

Health care and social services

Partly in response to World Health Organization initiatives, municipal health departments are assembling a large body of information on the health profile of urban populations which can serve as a basis for an active intersectoral health policy for urban areas. For the rest, metropolitan health policy can build on the decentralizing reforms initiated in health care and social services; their aim is to achieve greater functional coordination between different services and to ensure that services and resources are distributed in the light of local circumstances and with the direct involvement of service providers.

With regard to the new care infrastructure we believe that wider provision is needed for domiciliary care, with an emphasis on the services and facilities which enable care-dependent elderly people and patients to live at home (purpose-built or adapted housing, improvements in the physical environment, transport services, home-help and community-nursing services, etc.). Municipal authorities can play their part by making available facilities which can provide the fysical and organizational infrastructure like area service units, which offer an organizational basis for service provision. Agreements between urban authorities and services providers are an important instrument for the efficient and appropriate allocation of domiciliary services.

With regard to the insurance system and the financial framework metropolitan health policy is dependent on the conditions that are set centrally. These could however be differentiated to take account of special features in the cities' health profiles and of the special significance of their services and facilities and, given that the use which urban populations make of health and social services differs sharply from the national pattern and that many urban facilities are of supra-regional significance, we view adjustments to the standard grants as indeed desirable. The reforms provide several ways of achieving this.

As the reforms take effect the price, quality, volume and distribution of services will be determined on a much more local basis than at present; this involves a risk that the interests of the weakest party - the patient or client - may be inadequately secured because of the powers given to central government and the dominant market participants (health-care providers and health-insurance agencies) in respect of adjustments to the system. The position of the insured individual will have to find expression mainly through the insurer. In many cases it will be for central government to secure the interests of the insured (local government having no role here), but central government is not in a position to respond effectively to all local and regional differences. We therefore feel that consideration should be given to allotting a greater role to metropolitan government.

We urge that local authorities - starting with those in the metropolitan areas - be given the right (supplementing the general regulatory powers of central government) to impose additional conditions on market participants (providers and insurers) with a view to improving the functioning of the market structure, though without allowing the local authorities to resume

the former planning and coordinating functions which have quite deliberately been withdrawn. While local authorities must not usurp the policy responsibilities of the market participants, they must be allowed to amend the rules of play where developments in their area make it clear that these are not operating as they should. To give substance to such a right local authorities must have the power to gather relevant information (e.g. through the municipal health departments) and to tap into the information flows used by central government.

7.4.4 Financial and administrative relationships

Our main theme, the need to give local authorities and other bodies greater responsibility for maintaining the cities' social and economic structure, has its widest implications in the area of financial and administrative relationships.

While much public spending passes through municipal budgets (around 40%, if social insurance is excluded), local government has little control over these resource flows. Local authorities' financial position is largely determined by central government, and while the new Local Government Finance Act introduced in 1984 assigned more allocative functions to the municipalities in practice they are limited to the small proportion of municipal revenues derived from local taxes and charges. Local government's administrative discretion is thus also limited.

The financial and administrative structure of local government in the Netherlands is unique - nowhere else is the financial relationship between central and local government so dominated by the former - and while Dutch municipalities are relatively big spenders the allocative function of municipal policy is given far less scope than in other countries. Dutch local authorities have not joined the international trend towards increasing revenue from local taxes and charges and *relatively little has been done in this country to reduce* the number and importance of specific grants.

On the administrative side there is a long tradition of debate and discussion in the Netherlands, but while most other countries have devised, introduced, reformed and sometimes later abolished a variety of structures, here in the Netherlands we have no experience of administrative differentiation. The issue is now once again a focus of attention, in connection with the problem of the relationship between central and suburban municipalities in metropolitan areas, thanks partly to the recent reports of the Montijn Committee and the Council of Home Affairs.

As Dutch cities increasingly find themselves in competition with metropolitan areas in other countries we fear that their lack of financial and decision-making powers will prove an increasing handicap. We therefore urge a reform which satisfies three criteria: the primary requirement of local autonomy (with local authorities able to compete and cooperate), the requirement of decentralization in a range of policy areas, and the special administrative requirements of metropolitan areas.

Recognizing these three requirements means that we do not identify reform with administrative reorganization, since the first and second requirements relate to the general structure of financial and administrative relationships and to a variety of policy areas and central-government ministries; they chiefly involve adjustments within those areas and do not generally entail changes to the administrative organization of the cities or the metropolitan areas.

Accountability in local government

We recommend a far-reaching decentralization of the financial relationship between central and local government in order to make the balancing of costs and benefits as direct as possible. To this end changes are needed in the structure of municipal revenues, of which specific grants currently account for 63%, general grant for 27% and local taxes and charges for 10%.

We believe that aggregate local revenues, i.e. those derived from local taxes and charges, should eventually come more closely into line with aggregate general grant, making up perhaps 20-25% of the total. This will strengthen local authorities' concern with those elements in their tax bases which are subject to local influence while maintaining the equalizing function of general grant.

The policy of abolishing specific grants and increasing the general grant should continue but with the focus shifting to the relatively small group of very large specific grants which have so far remained untouched. Municipalities' freedom to use general grant as they see fit is a further important principle. In the shift away from specific grants the use of general grant will often be only a half-way stage, however, since the ultimate aim is to expand municipalities' local revenues.

If municipal powers of taxation are to be widened to generate more local revenue the most obvious route is via real-estate tax. The current linkage between the tax rates for users and owners is primarily intended as a brake on local tax revenues and in keeping with the central thrust of our report we recommend its abolition. Other options for increasing local revenues include existing taxes (such as the betterment and infrastructure levy and the building-sites tax) and the introduction of new taxes. Fees and charges, widely used in other countries, could also be used to increase local income.

The process of enhancing local financial autonomy will demand careful effort and, where necessary, compensatory measures. The aim must not be to cloak differences in the local tax base (since the new framework would then never be achieved) but to ensure - working back step by step from the target situation - that the resources needed to achieve the transition to greater autonomy are available at each stage.

The fact that the reforms we propose would eventually affect the position of all municipalities implies a need to qualify our recommendations, since this report is concerned only with the major cities (which face the greatest risks as a result of financial decentralization). However, while the problems

which prompted this study are generally more severe in the cities, many of them are also to be found elsewhere in less concentrated and cumulated form.

A more differentiated administrative structure for metropolitan areas
The contribution which the units within each metropolitan area (the central city and fringe municipalities) can and do make within the centralist policy frameworks was seriously eroded in the 1960s and 1970s, to the point that steps are now needed to increase their responsibility and accountability for developments within their own jurisdictions; this applies particularly to the central cities. That is why we focused first on local-government finance, proposing ways of sharpening accountability in that context. Increased local financial accountability will also make for greater differentiation between territorial units, with beneficial effects on inter-municipal competition in policy development and implementation. Lessons can be learned in this connection from West Germany, where there are wide variations from one city and metropolitan region to another.

We would expect changes in the pattern of institutional relations which strengthen the links between local market processes and local authorities to generate a more alert and less passive administrative culture. The quality of administration also depends in part on the interests at stake.

In chapter 5 we developed proposals for reforming institutional relationships in the cities and metropolitan areas in three strategic sectors, namely education, employment services and health care and social services; each of them is given its own profile, building on the reforms now initiated. In education we urge the decentralization of responsibilities to those immediately concerned, namely the schools and colleges on the supply side and employers and other institutions on the demand side, with a strengthened policy role for metropolitan local authorities. In employment services too we believe that the leading role should be played by those immediately concerned, but this time with a greater involvement of the urban municipalities and closer links with employers. In the area of health care and social services the system of decentralized responsibilities involving providers, users and funding bodies should be supplemented with an input from local government at local and regional level.

In the full text of chapter 5 (not included in this translation) we indicated in each case how the basic principle of competition in policy development and implementation is qualified by the need to take account of national norms and conditions and to enable action against negative externalities and structural imbalances.

To ensure that infrastructural and other facilities of strategic importance are provided and maintained, the decentralization process we advocate must be supplemented with measures to bind the separate local authorities within metropolitan areas more closely together.

Sharing the general lack of enthusiasm in the Netherlands for another governmental tier we do not favour the creation of a new tier of

metropolitan government between the municipalities and the provinces and limit ourselves to suggesting ways of going beyond the voluntary arrangements possible under the current legislation governing formal cooperation among local authorities.

The first and most obvious option is that of boundary adjustments in those cases where municipal boundaries in metropolitan areas do not give the central cities scope for essential development. Of the cities considered in this report, this course appears to be relevant only to The Hague and Utrecht.

In all four cities some reform is needed at metropolitan-area level. This can be achieved by grouping municipalities together in a regional structure covered by an authority with specific powers (withdrawn from the individual municipalities) in respect of a limited number of strategic functions in the areas of transport (including public transport), housing provision and environmental planning and protection.

The new regional authorities would have their own governing bodies and operational departments but democratic accountability would remain concentrated at the level of the municipalities. The limited number of strategic functions involved make such a two-tier approach democratically defensible and administratively feasible, with the cities would having their own voice on the new authorities.

To bring about the changes proposed and prevent individual authorities from opting out we propose that the Municipalities Act be amended to allow this distribution of functions between municipalities and the regional authority in each metropolitan area, in consultation with the authorities concerned, and its sanctioning by special Act of Parliament.

The approach we propose allows the establishment of a system of metropolitan administration which does not do violence to the basic three-tier structure of government or the basic pattern of provinces and municipalities; we believe it is flexible enough to grow and develop over time as the cities and metropolitan areas themselves grow and develop in their different ways and that it should be introduced as a matter of urgency. The new structure of metropolitan government could eventually be followed by a shift in the scale and function of the provinces, giving them some degree of responsibility for inter-regional coordination and for policies affecting all the metropolitan areas and rural areas.

The Council has published the following Reports to the Government

First term of office

1 Europese Unie (European Union), 1974.

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.

5 Bevolkingsprognoses (Population Forecasis), 1974.

6 De organisatie van het openbaar bestuur (The Organization of Publics Administration), 1975.

7 Buitenlandse invloeden op Nederland: Internationale migratie (Foreign Influence on the Netherlands: International Migration), 1976.

8 Buitenlandse invloeden op Nederland: Beschikbaarheid van wetenschappelijke en technische kennis (Foreign Influcence on the Netherlands: Availability of Scientfic and Technical Knowledge), 1976.

9 Commentaar op de Discussienota Sectorraden Wetenschapsbeleid (Comments on the discussion Paper on Sectoral Council of Science Policy), 1976.

10 Commentaar op de nota Contouren van een toekomstig onderwijsbestel (Comments on the White Paper on the Contours of the Future Eduacation System), 1976.

11 Overzicht externe adviesorganen van 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.

15 De komende vijfentwintig jaar, een toekomstverkenning voor Nederland (The Next Twenty-Five Years: a Survey of Future Developments in the Netherlands), 1977.

16 Over sociale ongelijkheid, een beleidsgerichte probleemverkenning (On Social Inequality: a Police-oriented Study), 1977.

Second term of office

17 Etnische minderheden – A. Rapport aan de regering; B. Naar een algemeen etnisch minderhedenbeleid? (Ethnic minorities – A. Report to the Government; B. Towards on Overall Ethnic Minorities Policy?), 1979.

18 Plaats en toekomst van de Nederlandse industrie (Industry in the Netherlands: its Place and Future), 1980.

19 Beleidsgerichte toekomstverkenning: deel I. Een poging tot uitlokking (A Policy-oriented Survey of the Future: Part I. An Attempt to Challenge), 1980.

20 Democratie en geweld – Probleemanalyse naar aanleiding van de gebeurtenissen in Amsterdam op 30 april 1980 (Democracy and Violence – an Analysis of Problems in Connection with the Events in Amsterdam on April 30, 1980), 1980.

21 Vernieuwing in het arbeidsbestel (*Prospects for Reforming* the Labour System), 1981.

22 Herwaardering van welzijnsbeleid (A Reappraisal of Welfare Policy), 1982.

23 Onder invloed van Duitsland. Een onderzoek naar gevoeligheid en kwetsbaarheid in de betrekkingen tussen Nederland en de Bondsrepubliek (The German Factor, A Survey of Sensitivity and Vulnerability in the Relationship between the Netherlands and the Federal Republic), 1982.

24 Samenhangend mediabeleid (A Coherent Media Policy), 1982.

Third term of office

25 Beleidsgerichte toekomstverkenning: deel 2; Een verruiming van perspectief (A Policy-oriented Survey of the Future: Part 2: Towards a Broader Perspective), 1983.

26 Waarborgen voor zekerheid; een nieuw stelsel van sociale zekerheid in hoofdlijnen (Safeguarding Social Security), 1985.

27 Basisvorming in het onderwijs (Basic Eduaction), 1986.

28 De onvoltooide Europese integratie (The Unfinished European Integration), 1986.

29 Ruimte voor groei (Scope for Growth), 1987.

30 Op maat van het midden- en kleinbedrijf (Tailoring Policy to the Needs of the Small and Medium-sized Business), 1987.

31 Cultuur zonder grenzen (Culture and Diplomacy), 1987.

32 De financiering van de Europese Gemeenschap (Financing the European Community), 1987

33 Activerend arbeidsmarktbeleid (An Active Labour Market Policy), 1987.

34 Overheid en toekomstonderzoek (Government and Future Research), 1988

Fourth term of office

35 Rechtshandhaving (Maintenance of the Law), 1989

36 Allochtonenbeleid (Immigrant Policy), 1989

37 Van de stad en de rand (Institutions and Cities; the Dutch Experience), 1990

Reports nos. 13, 15, 17, 18, 28, 31 and 32 have been translated into English; English summaries are available of Reports nos. 16, 18, 19, 20, 25, 26, 27, 29, 30, 33, 34 and 37; Report no 23 has been translated into German.

The Council has published the following Preliminary and background studies (in Dutch)

First term of office

V 1 W.A.W. van Walstijn, Kansen op onderwijs; een literatuurstudie over ongelijkheid in het Nederlandse onderwijs (Educational Opportunities: a Literature Study of Inequality in the Netherlands Educational System) (1975)

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)

V 4 J.A.M. van Weezel a.o., De verdeling en de waardering van arbeid (The Distribution and Appreciation of Work) (1976)

V 5 A.Ch.M. Rijnen a.o., Adviseren aan de overheid (Advising the Government) (1977)

V 6 Verslag Eerste Raadsperiode 1972-1977 (Report on the First Term of Office) (1972-1977)*

Second term of office

V 7 J.J.C. Voorhoeve, Internationale Macht en Interne Autonomie International Power and Internal Autonomy) (1978)

V 8 W.M. de Jong, Techniek en wetenschap als basis voor industriële innovatie – Verslag van een reeks van interviews (Technology and Science as a base for Industrial Innovation) (1978)

V 9 R. Gerritse, Instituut voor Onderzoek van Oveheidsuitgaven: De publieke sector: ontwikkeling en waardevorming – Een vooronderzoek (The Public Sector: Development and Valuation) (1979)

V10 Vakgroep Planning en Beleid/Sociologisch Instituut Rijksuniversiteit Utrecht: Konsumptieverandering in maatschappelijk perspectief (Shifts in Consumption in a Social Perspective) (1979)

V11 R. Penninx, Naar een algemeen etnisch minderhedenbeleid? Opgenomen in rapport nr. 17 (Towards an Overall Ethnic Minorities Policy? Attached to Report nr. 17) (1979)

V12 De quartaire sector – Maatschappelijke behoeften en werkgelegenheid – Verslag van een werkconferentie (The Quarternary Sector: Societal Requirements and Employment Opportunities) (1979)

V13 W. Driehuis en P.J. van den Noord, Produktie, werkgelegenheid en sectorstructuur in Nederland 1960-1985 (Output, Employment and the Structure of Production in the Netherlands, 1960-1985) Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V14 S.K. Kuipers, J. Muysken, D.J. van den Berg en A.H. van Zon, Sectorstructuur en economische groei: een eenvoudig groeimodel met zes sectoren van de Nederlandse economie in de periode na de tweede wereldoorlog (The structure of Production and Economic Growth: a Simple Six-Sector Growth Model of the Dutch Economy in the Post-War Period) Modelstudie bij het rapport Plants en toekomst van de Nederlandse industrie (1980)

V15 F. Muller, P.J.J. Lesuis en N.M. Boxhoorn, Een multisectormodel voor de Nederlandse economie in 23 bedrijfstakken (A Multi-Sector Model of the Dutch Economy Divided into 23 Branches of Industry).
F. Muller, Veranderingen in de sectorstructuur van de Nederlandse economie 1950-1990 (Shifts in the Structure of Production in the Dutch Economy 1950-1990). Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V16 A.B.T.M. van Schaik, Arbeidsplaatsen, bezettingsgraad en werkgelegenheid in dertien bedrijfstakken (Jobs, Capacity, Utilization and Employment Opportunities in Thirteen Branches of Industry) Modelstudie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V17 A.J. Basoski, A. Budd, A. Kalff, L.B.M. Mennes, F. Racké en J.C. Ramaer, Exportbeleid en sectorstructuurbeleid (Export Policy and Structural Policies) Pre-adviezen bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

* Also available in English

V18 J.J. van Duijn, M.J. Eleman, C.A. de Feyter, C. Inja, H.W. de Jong, M.L. Mogendorff en P. VerLoren van Themaat, Sectorstructuurbeleid: mogelijkheden en beperkingen (Structural Policies: Prospects and Limitations) Pre-adviezen bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V19 C.P.A. Bartels, Regio's aan het werk: ontwikkelingen in de ruimtelijke spreiding van economische activiteiten in Nederland (Putting Regions to Work: Trends in the Regional Distribution of Economic Activity in the Netherlands) Studie bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V20 M.Th. Brouwer, W. Driehuis, K.A. Koekoek, J. Kol, L.B.M. Mennes, P.J. van den Noord, D. Sinke, K. Vijlbrief en J.C. van Ours, Raming van de finale bestedingen en enkele andere grootheden in Nederland in 1985 (Estimate of the Final Expenditure and some other Data in the Netherlands in 1985) Technische nota's bij het rapport Plaats en toekomst van de Nederlandse industrie (1980)

V21 J.A.H. Bron, Arbeidsaanbod-projecties 1980-2000 Projections of the Labour Supply 1980-2000) (1980)

V22 A. Faludi, R.J. in 't Veld, I.Th.M. Snellen en P. Thoenes, Benaderingen van planning; vier preadviezen over beleidsvorming in het openbaar bestuur (Approaches to Planning) (1980)

V23 Beleid en toekomst (Government Policy and the Future), report of a symposium on the report Beleidsgerichte toekomstverkenning deel I (Policy-Oriented Survey of the Future, Part I) (1981)

V24 L.J. van den Bosch, G. van Enckevort, Ria Jaarsma, D.B.P. Kallen, P.N. Karstanje, K.B. Koster, Educatie en welzijn (Education and Welfare) (1981)

V25 J.C. van Ours, D. Hamersma, G. Hupkes, P.H. Admiraal, Consumptiebeleid voor de werkgelegenheid (Consumption Policy for Employment) Background reports to the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V26 J.C. van Ours, C. Molenaar, J..A.M. Heijke, De wisselwerking tussen schaarsteverhoudingen en beloningsstructuur (The interaction between Relative Scarcities and the Remuneration Structure) Background reports tot the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V27 A.A. van Duijn, W.H.C. Kerkhoff, L.U. de Sitter, Ch.j. de Wolff, F. Sturmans, Kwaliteit van de arbeid (The Quality of Work) Background reports to the report Vernieuwingen in het Arbeidsbestel (Prospects for Reforming the Labour System) (1982)

V28 J.G. Lambooy, P.C.M. Huigsloot en R.E. van de Landgraaf, Greep op de stad? Een institutionele visie op stedelijke ontwikkeling en de beïnvloedbaarheid daarvan (Getting Cities under Control? An Institutional Approach to Urban Development and its Controllability) (1982)

V29 J.C. Hess, F. Wielenga, Duitsland in de Nederlandse pers – altijd een probleem? Drie dagbladen over de Bondsrepubliek 1969-1980 (Germany in the Dutch Press: Always a Problem? Reporting by three newspapers on West Germany, 1969-1980) (1982)

V30 C.W.A.M. van Paridon, E.K. Greup, A. Ketting, De handelsbetrekkingen tussen Nederland en de Bondsrepubliek Duitsland (The Trading Relationship between the Netherlands and the Federal Republic of Germany) (1982)

V31 W.A. Smit, G.W.M. Tiemessen, R. Geerts: Ahaus, Lingen en Kalker; Duitse nucleaire installaties en de gevolgen voor Nederland (Ahaus, Lingen and Kalkar: German Nuclear Facilities and their Implications for the Netherlands) (1983)

V32 J.H. von Eije: Geldstromen en inkomstenverdeling in de verzorgingsstaat (Money Flows and the Distribution of Income in the Welfare State) (1982)

V33 Report on the Second Term of Office 1978-1982*

V34 P. den Hoed, W.G.M. Salet en H. van der Sluijs: Planning als onderneming (Planning as a Form of Action) (1983)

* Also available in English

V35 H.F. Munneke e.a.: Organen en rechtspersonen rondom de centrale overheid (Administative Bodies on the Periphery of Central Government); two volumes (1983)

V36 M.C. Brands, H.J.G. Beunders, H.H. Selier: Denkend aan Duitsland; een essay over moderne Duitse geschiedenis en enige hoofdstukken over de Nederlands-Duitse betrekkingen in de jaren zeventig (Thinking about Germany; An Essay on Modern German History, with some Chapters on Dutch-German Relations in the Seventies) (1983)

V37 L.G. Gerrichhauzen: Woningcorporaties; Een beleidsanalyse (Housing Corporations: A Policy Analysis) (1983)

V38 J. Kassies, Notities over een heroriëntatie van het kunstbeleid (Notes on a Reorientation of Policy on the Arts) (1983)

V39 Leo Jansen, Sociocratische tendenties in West-Europa (Sociocratic trends in Western Europe) (1983)

Third term of office

V40 G.J. van Driel, C. van Ravenzwaaij, J. Spronk en F.R. Veeneklaas: grenzen en mogelijkheden van het economisch stelsel in Nederland (Limits and Potentials of the Economic System in the Netherlands) (1983)

V41 Adviesorganen in de politieke besluitvorming *(Advisory Bodies in the Political Decision-Making Process)*; Report of a symposium by A.Th. van Delden and J. Kooiman (1983)

V42 E.W. van Luijk, R.J. de Bruijn: Vrijwilligerswerk tussen betaald en onbetaald werk; een verkennende studie op basis van een enquête (Volunteering between Paid and Unpaid work; an Exploratory Study Based on a Survey) (1984)

V43 Planning en beleid (Planning and Policy); Report of a Symposium on the Study Planning as a Form of Action (1984)

V44 W.J. van der Weijden, H. van der Wal, H.J. de Graaf, N.A. van Brussel, W.J. ter Keurs: Bouwstenen voor een geïntegreerde landbouw (Towards an Integrated Agriculture) (1984)*

V45 J.F. Vos, P. de Koning, S. Blom: Onderwijs op de tweesprong; over de inrichting van basisvorming in de eerste fase van het voortgezet onderwijs (The organization of the Core Curriculum in the First Stage of Secondary Education) (1985)

V46 G. Meester, D. Strijker: Het Europese landbouwbeleid voorbij de scheidslijn van zelfvoorziening (The European Agricultural Policy Beyond the Point of Self-Sufficiency) (1985)

V47 J. Pelkmans: De interne EG-markt voor industriële produkten (The Internal EC-Market for Industrial Products) (1985)*

V48 J.J. Feenstra, K.J.M. Mortelmans: Gedifferentieerde integratie en Gemeenschapsrecht: institutioneel- en materieelrechtelijke aspecten (Differentiated Integration and Community Law: Institutional and Substantive Aspects) (1985)

V49 T.H.A. van der Voort, M. Beishuizen: Massamedia en basisvorming (Mass Media and the Core Curriculum) (1986)

V50 C.A. Adriaansens, H. Priemus: Marges van volkshuisvestingsbeleid (Margins of Housing Policy) (1986)

V51 E.F.L. Smeets, Th.J.N.N. Buis: Leraren over de eerste fase van het voortgezet onderwijs (Teachers' Opinions in the First Stage of Secondary Education) (1986)

V52 J. Moonen: Toepassing van computersystemen in het onderwijs (The Use of Computer Systems in Education) (1986)

V53 A.L. Heinink, H. Riddersma: Basisvorming in het buitenland (An International Comparison of Core Curricula) (1986)

V54 Zelfstandige bestuursorganen (Quasi-Autonomous Non-Governmental Organisations) Verslag van de studiedag op 12 november 1985 (1986)

V55 Europese integratie in beweging (European Integration in Motion) Verslag van een conferentie, gehouden op 16 mei 1986 (1986)

* Also available in English

V56 C. de Klein, J. Collaris: Sociale ziektekostenverzekeringen in Europees perspectief (National Health Insurance in a European Perspective) (1987)

V57 R.M.A. Jansweijer: Private leefvormen, publieke gevolgen (Private Households, Public Consequences) (1987)

V58 De ongelijke verdeling van gezondheid (The Unequal Distribution of Health) Verslag van een conferentie op 16-17 maart 1987 (1987)

V59 W.G.M. Salet: Ordening en sturing in het volkshuisvestingebeleid (Regulation and Management of Housing Policy) (1987)

V60 H.G. Eijgenhuijsen, J. Koelewijn, H. Visser: Investeringen en de financiële infrastructuur (Investments and the Financial Infrastructure) (1987)

V61 H. van der Sluijs: Ordening en sturing in de ouderenzorg (Regulation and Management of Care for the Eldery) (1980)

V62 Report on the Third Term of Office 1983-1987*

Fourth term of office

V63 Milieu en groei (Environmental Control and Growth) Verslag van een studiedag op 11 februari 1988 (1988)

V64 De maatschappelijke gevolgen van erfelijkheidsonderzoek (Social consequences of Genetic Research) Verslag van een conferentie op 16-17 juni 1988 (1988)*

V65 H.F.L. Garretsen en H. Raat: Gezondheid in de vier grote steden (Health in the Four Big Cities) (1989)

V66 P. de Grauwe, A. Knoester, A. Kolodziejak, A. Muijzers, F. van der Ploeg, C.J. Rijnvos: De Europese monetaire integratie: vier visies (European Monetary Integration: Four Visions) (1989)

V67 Th. Roelandt, J. Veenman: Allochtonen van school naar werk (Immigrants from School to Work) (1990)

V68 W.H. Leeuwenburgh, P. van den Eeden: Onderwijs in de vier grote steden (Education in the Four Big Cities) (1990)

V69 M.W. de Jong, P.A. de Ruijter (red.): Logistiek, infrastructuur en de grote stad (Logistics, infrastructure and the Big Cities) (1990)

V70 C.P.A. Bartels, E.J.J. Roos: Sociaal-economische vernieuwing in grootstedelijke gebieden (Social economic Innovation in the Big Cities regions) (1990)

V71 W.J. Dercksen (ed.): The Future of Industrial Relations in Europe; Proceedings of a Conference in hounour of Prof. W. Albeda (1990)*

* Also available in English

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)

M 3 L.J. Heinsman/Nederlandse Omroep Stichting: De kulturele betekennis van de instroom van buitenlandse televisieprogramma's in Nederland – Een literatuurstudie (The Cultural Significance of the Inflow of Foreign Television Programmes in the Netherlands – A Survey of the Literature) (1982)

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-politicologische evaluatie van de Omroepwet (Broadcasting – Legislation and Government Policy: A Legal and Political Evaluation of the Broadcasting Act) (1982)

M 6 Intomart B.V.: Etherpiraten in Nederland (Radio Pirates in the Netherlands) (1982)

M 7 P.J. Kalff/Instituut voor Grafische Techniek TNO: Nieuwe technieken voor productie en distributie van dagbladen en tijdschriften (New Techniques for the Production and Distribution of Newspapers and Magazines) (1982)

M 8 J.J. van Cuilenburg, D. McQuail: Media en pluriformiteit; een beoordeling van de stand van zaken (The Media and Diversity: An Assessment of the State of Affairs) (1982)

M 9 K.J. Alsem, M.A. Boorman, G.J. van Helden, J.C. Hoekstra, P.S.H. Leeflang, H.H.M. Visser: De aanbodsstructuur 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)

M11 A.P. Bolle: Het gebruik van glasvezelkabel in lokale telecommunicatienetten (The Use of Fibre Optic Cable in Local Telecommmunications Networks) (1982)

M12 P. te Nuyl: Structuur en ontwikkeling van vraag en aanbod op de markt voor televisieprodukties (The Structure and Development of Demand and Supply in the Market for Television Productions) (1982)

M13 P.J.M. Wilms/Instituut voor Onderzoek van Overheidsuitgaven: Horen, zien en betalen; een inventariserende studie naar de toekomstige kosten en bekostigingen van de omroep (Listening, Viewing and Paying: An Inventory Study of the Future Cost and Funding of Broadcasting) (1982)

M14 W.M. de Jong: Informatietechniek in beweging, consequenties en mogelijkheden voor Nederland (Information Technology in Flux: Consequences and Possibilities for the Netherlands) (1982)

M15 J.C. van Ours: Mediaconsumptie; een analyse van het verleden, een verkenning van de toekomst (Media Consumption: An Analysis of the Past and Survey of the Future) (1982)

M16 J.G. Stappers, A.D. Reijnders, W.A.J. Möller: De werking van massamedia; een overzicht van inzichten (The operation of Mass Media: A Survey of the State of Understanding) (1983)

M17 F.J. Schrijver: De invoering van kabeltelevisie in Nederland (The Introduction of Cable in the Netherlands) (1983)