

programmes

**Regional development programmes
for the Netherlands
1977-1980**

COMMISSION OF THE EUROPEAN COMMUNITIES

**Regional development programmes
for the Netherlands
1977-1980**

COLLECTION PROGRAMMES

Regional Policy Series no. 8

Brussels, August 1978

This publication is also available in

DE ISBN 92-825-0524-3

FR ISBN 92-825-0526-X

NL ISBN 92-825-0527-8

A bibliographical slip can be found at the end of this volume

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Printed in Belgium

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ISBN 92-825-0525-1

Catalogue number: CB-NS-78-008-EN-C

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The text and the contents of these programmes
refer to the situation as at March 1978.

THE REGIONAL DEVELOPMENT PROGRAMMES OF

THE NETHERLANDS

1977 - 1980

GENERAL

Introduction

A regional development programme can be properly assessed only against the background of the main features of a Member State's national regional policy and a complementary regional policy at Community level.

The standard outline for regional development programmes recognizes the importance of placing individual programmes in the general social and economic context of the country. This general introductory chapter therefore devotes attention to this point. There are also a number of related topics of a general nature which are difficult to fit into the individual programmes, and the following subjects will accordingly be discussed here:

1. Relationship between national and regional policy.
2. Characteristics of the regional policy in the Netherlands.
3. Character and organization of the two Dutch regional development programmes.
4. Relationship between regional and sectoral policy.
5. Cross-frontier regional action programmes.

1. Relationship between national and regional policy

- 1.1 Socio-economic developments in the regions are closely related to what happens nationally; regional development can be regarded as a cross-section of national development.
- 1.2 Taking the economic development of the four parts of the country (North, East, South and West (1)) since 1960, it can be seen from the following table that there was a slight improvement in the regional distribution of production, income and employment over the whole period.

Regional development of production, income and employment

	North	East	West	South	Netherlands
Share of gross national product 1960	10%	16%	55%	19%	100%
Added value 1975	10%	17%	53%	20%	100%
Distribution of income					
per taxable person					
(index:Netherlands = 100)					
1960	90	91	107	93	100
1965	91	93	106	94	100
1972	93	95	105	95	100
Employment in 1975 ^{a)}					
(index: 1963 = 100 ^{b)})					
	105	109	106	109	107

a) calculated from CBS (Central Bureau of Statistics) figures supplemented by a CPB (Central Planning Bureau) estimate of the self-employed.

b) no earlier reference year available.

- (1) Northern Netherlands: the provinces of Groningen, Friesland and Drenthe;
Eastern Netherlands: the provinces of Overijssel and Gelderland;
Southern Netherlands: the provinces of Brabant, Limburg and Zeeland;
Western Netherlands: the provinces of North Holland, South Holland and Zeeland.

An important explanation for this lies in the "overspill" of economic activities from the Western Netherlands to other parts of the country in the boom period of 1960-1975. An important stimulus for this outward flow from the congested western area was the scarcity of labour there. In the period after 1970, however, the development of the regions outside the Western Netherlands was significantly less favourable. The uneven development of the different parts of the country is primarily due to differences in their industrial structure, together with divergent sectoral development. The industrial structure of the Western Netherlands is more favourable for employment - owing to the important position occupied by the service sector there - than that of the other parts of the country. The Northern Netherlands shows structural weaknesses as regards employment and the industrial structure of the Eastern and, to a greater degree, the Southern Netherlands has deteriorated considerably in this respect in recent years. This is bound up with the fact that from the mid-1960s onwards there was a reduction in employment not only in agriculture but in manufacturing as well.

In the Southern Netherlands, the rundown of the mining industry requires particular mention. The region's economic deterioration was also reflected in the building industry. The unemployment rates in building in the peripheral regions in 1975 were many times higher than in the Western Netherlands, partly owing to the decline in commuting from these regions to the Western Netherlands. But it should be borne in mind that certain industries in the Western Netherlands, shipbuilding for instance, also have to contend with serious structural difficulties.

- 1.3 For a proper picture, the socio-economic problems arising in the regions must be divided up as far as possible into specifically regional problems and national ones. It is desirable to adjust policies to the different types of problems. The national policy that the Netherlands has outlined to combat structural unemployment for the period to 1980 is at the same time considered very important for reducing the regional differences in unemployment.

Examples of structural elements of national policies with special significance for regional development are the facilities for accelerated depreciation of industrial buildings outside the Western Netherlands and the policy of dispersing government services.

The government paper on Selective Growth announced a new instrument to promote investment: the Investment Accounting Act (WIR). There is an important regional component in this. Originally, it was planned to replace the general investment allowance and the accelerated depreciation on a regional basis by a basic grant and by a general regional allowance (the latter for regions apart from the Western Netherlands). Now, to meet the objections of Brussels, a basic grant is proposed at a higher rate than originally, together with a selective levy on investment in the Western Netherlands practically eliminating increases for that region.

A special regional allowance is also proposed for certain limited areas outside the Western Netherlands where economic and social problems are particularly severe. In addition to this, a relocation allowance and assistance for small firms and major projects is proposed for the first phase of implementation. The relocation allowance consists of grants for transfers by firms local to the areas covered by the Selective Investment Control Act that establish themselves in certain localities (towns and growth centres). In the meantime it has been decided to apply this new law - in the way described above - as from 24 May 1978. In a subsequent phase it is intended to create control facilities by means of additional investment incentives for urban renovation obtaining new knowledge or experience, improving the structure of industries, securing a good living environment and making economical use of energy and raw materials.

2. Characteristics of the regional policy in the Netherlands

- 2.1 In the Dutch government paper relating to Regional Social & Economic Policy 1977-1980, four characteristics are described which typify this policy as it has developed in recent years: broadening, differentiation, intensification and integration.
- 2.2 The broadening of the policy has resulted in a shift of objective to reducing disparities in trends of population, employment and income within and between regions. The policy was previously aimed primarily at counteracting structural unemployment in certain areas - usually agricultural ones. Subsequently, regions experiencing the consequences of far-reaching industrial rationalization were included in the policy. The government paper on the North was published in 1972. This stated more explicitly that strengthening the North's economy could no longer be based on a policy aimed solely at removing economic problems, but also had to take into account the environmental, social and cultural context in which these problems occurred. This was the first indication of a broadening of the objectives of the regional economic policy, which became more apparent with the introduction of the Selective Investment Control Act (SIR) in 1974. As is well known, the Act is linked to the environmental planning policy, intended to counteract congestion in the Western Netherlands. At the same time, however, the Act has an important function within regional economic policy. Until SIR came into force, this policy consisted only of means of stimulating regional economic development, but the new legislation added another instrument to check - or better perhaps, to guide - regional economic activity and to direct it to specific regions.
- 2.3 Differentiation means that variations in the increased package of regional aids are more pronounced than in the past. The individual requirements of the subregions can be attended to more closely. Aid for the construction of industrial estates and the relocation of industry, and a contingency fund, are new measures included for the next policy period.
- 2.4 Intensification of the policy is shown by the supplementary regional measures that have been introduced and the increased budget available for the regional policy.
There has been an increase of about 25% over the previous four-year

period, taking inflation into account, although it should be noted that part of this rise is because a larger geographic area is now covered. The supplementary measures have been accompanied by improvements in existing facilities and an extension of the regional development companies.

These companies are the Northern Development Company (NOM) for the Northern Netherlands and the Limburg Institute for Development and Finance (LIOF) for the restructuring region.

They are intended to help undertakings find finance and assistance more easily, especially from the central government. Both can also put capital into existing or proposed undertakings. In recent years these companies have played an increasingly important role as intermediaries between government and industry.

- 2.5 Integration of the policy refers to recent efforts to integrate the economic component of regional development more closely with the cultural and physical planning components. On the basis of the 1972 government paper on the North, a start was made in 1973 on preparing the Integrated Structure Plan for the North (ISP) and then, in 1974, the note on prospects for South Limburg. These integration studies resulted from realization that the objectives for regional development must increasingly be coordinated as policy intensifies and inter-connections become more complex.
- 2.6 The declaration by the Dutch Government on the decision of the EEC Council of Ministers to appoint a Regional Policy Committee and to establish a European Regional Development Fund should be viewed in the light of Dutch regional policy as outlined above. In that declaration the Dutch Government states that the regional policy of the Community can be logically and effectively applied only if it is not limited to economic development but integrates the three components of government action, i.e., the economic and cultural development and physical planning of a specific area. Well-considered and effective regional measures without adverse effects on other sectors of government policy can be carried out only on the basis of such an integrated approach. It is also argued that the Regional Policy Committee, under Articles 2 (b) of the decision which brought it into being, provides a stimulus for the formation of a co-ordinated and integrated European regional policy.
- 2.7 The Government is attempting to achieve such integration as far as possible in Dutch regional policy. An example is that finance is being made available from the budget for regional economic policy to implement physical planning proposals, more particularly for the development of growth centres; under the national policy for selective economic growth it is also intended to release funds which will enable physical planning policy on growth centres to be realized.

3. Character and organization of the two Dutch regional development programmes

- 3.1 As indicated in the outline for regional development programmes, the programmes must always take into account the fundamental differences between the regions in the nature and gravity of local problems confronting them, the geographic extent of the programme areas, the

regional policies that are conducted, and their administrative structures. This explains the differences in nature and organization between the regional development programmes for the Northern Netherlands and South Limburg.

The programme for South Limburg is fairly detailed and rigid because its main concern is the diversification of an economy largely dependent on mining. In addition, the geographical area is relatively small although very densely populated, and comes under the authority of single provincial administration.

The programme for the Northern Netherlands, on the other hand, is more general because it relates to more gradual development in a more diversified economy even if agriculture and related industries are well to the fore. Another cause of the difference in character of this programme is the larger geographic area covered and the fact that it comes under the authority of four different provincial administrations.

- 3.2 The basis for the two Dutch regional development programmes lies in the integration studies under way in the two programme areas concerned, i.e. the Integrated Structure Plan for the North (ISP) and the note on prospects for South Limburg (PNL), and the Paper on Regional Economic Policy 1977-1980 in which the Dutch Government set out its regional policy for the next four-year period.
- 3.3 The integration studies are the joint responsibility of central government and the provincial authorities, and this is regarded as an interesting administrative experiment. In defining the policy to be formulated on the basis of these studies, considerable importance is attached to the possibilities of consulting the population and the various groups representative of the programme area. Special procedures have been developed for the organization of consultation on a large scale.
- 3.4 On progress with the two integration studies, it should be noted that discussions on the proposed integrated development projects and provisional policy proposals for the development of the two areas have now been completed. At present the definitive plans for the North (ISP) and the South Limburg restructuring area (PNL) are being worked out on the basis of the information gathered through the consultations. It is expected that ISP and PNL will be completed by the Government in 1978, and will then be presented to Parliament.
- 3.5 The regional development programmes will naturally have to be adapted from time to time in the light of fresh findings in the ISP and PNL studies. The present programmes have been prepared by selecting the most relevant elements from the very extensive study material which has become available as a result of the two integration studies. This is particularly true of ISP, the decision to establish which was taken by the Government as early as 1971. The organization of ISP was approved at the beginning of 1973 and an active start was then made on preparing the integrated plan. Since then a large number of study reports have been published, all of which have been forwarded to the European Commission.
- 3.6 A major reason why ISP has been so long in preparation is that largely new ground has been broken here. The great difficulties were that basic information broken down by regions was almost non-existent at the

outset, while methods of integrated planning were lacking. It may be stated that as a result of this regional planning exercise and the need for more detailed data, greater knowledge has been acquired of the regional dimension of certain problems, particularly economic ones.

- 3.7 Since both integration studies are at present in transition - from the preparatory stage to that of implementation - there are certain difficulties in completing Chapters 3 to 5 of the outline for regional development programmes. In addition, a problem in connection with Chapter 3 (Measures) and Chapter 4 (Financial resources) is that a regional breakdown of data is not as a rule available in advance on the regional aids, because the data generally apply to a larger geographic area than the priority areas for which the regional development programmes have been prepared. This problem is in fact indicated in the outline of the regional development programmes. Consequently, these chapters simply mention some of the already-known measures specifically aimed at the Northern Netherlands and South Limburg, together with a survey of the national regional aids which are included in the paper on Regional Policy 1977-1980 and for which these two Dutch priority areas are eligible. The best known and most important regional incentives in the Netherlands are the investment incentives linked to the regional location and expansion of industrial and service undertakings (IPR). Certain elements of this system have recently been adapted and the revised version was published in the Nederlandse Staatscourant (Official Journal) of 8 June 1977 (see map in Annex A).
- 3.8 In addition, the Netherlands is as yet unable to give any idea how ERDF aid is to fit into the whole set of aids for the two regions. As is known, in the past the Netherlands submitted only infrastructure projects from these two areas for support from ERDF. Due to initial technical problems in making the Fund operational, almost all the projects were ones whose financing was already ensured. In order to make the additional character of this ERDF support clear in the regions, however, the Netherlands has already promised to finance additional new projects in the areas concerned from the ERDF funds.

4. Relationship between regional and sectoral policy

- 4.1 The Netherlands has repeatedly insisted that the regional dimension of the Community's policy on economic structure should be identified as clearly as possible. Until now this has been difficult because of the absence of sufficient regional and sectoral criteria at Community level.
- 4.2 The objectives of regional and sectoral policies must not be allowed to conflict. It should always be checked that the application of regional measures does not thwart sectoral objectives, and that sectoral policies do not have an adverse effect on typically regional interests. In each individual case there must be a balance of the various interests.
- 4.3 The Netherlands has attempted to prevent this conflict of policies by clear agreements between the bodies responsible for implementing them. More particularly, this relates to agreements covering co-operation on sectoral policy between NEHEM (the Netherlands Restructuring Company)

whose responsibility it is to shape and implement sectoral policy and the regional development companies whose responsibility it is to stimulate economic activity in the backward regions.

- 4.4 In the absence of a differentiated sectoral policy, it is particularly difficult for Community bodies (the Commission, the Regional Policy Committee and the Fund Committee) to take proper decisions on subsidizing industrial projects in regions whose economic structure needs reinforcement. This is particularly so when the projects concern sensitive sectors for which, without a reorganisation programme, there is no reasonable degree of certainty that the continuity of projects will be guaranteed. (The regional development programmes of the Member States may perhaps be a good instrument for defining more clearly the intended relationship between regional and sectoral objectives and measures.)

5. Cross-frontier regional action programmes

- 5.1 In spite of advances in European unification, the persisting shortcomings in European integration are most directly experienced by the populations of the frontier regions of Member States of the Community. Within the co-ordination of the regional policy of the Member States, there is a special need for such coordination in these frontier regions. The necessary legal and instrumental framework must be developed for this. One of the steps necessary is to investigate the possibilities of establishing cross-frontier regional action programmes that may provide a practical form of cross-frontier cooperation.
- 5.2 Within the bilateral consultations on regional policy between the Netherlands and the Federal Republic of Germany, the possibility of establishing a cross-frontier action programme of this kind is at present being investigated on an experimental basis for the Eems-Dollard area on the northern frontier. This programme will in general follow the outline for regional development programmes. An initial report is expected shortly. If this experiment comes up to expectations, it is intended to prepare similar cross-frontier programmes for the other regions, with priority being given to the Dutch-German-Belgian frontier regions along the Rhine and Meuse.

AREA OF APPLICATION OF THE REGIONAL POLICY IN THE NETHERLANDS

- Places covered by a 25% allowance for the establishment and expansion of industrial and ancillary service undertakings with the exception of Tilburg and Deotinchem where the grant applies only to industrial undertakings.
- Places covered by a 15% allowance for the establishment and expansion of industrial undertakings.



Northern incentive area



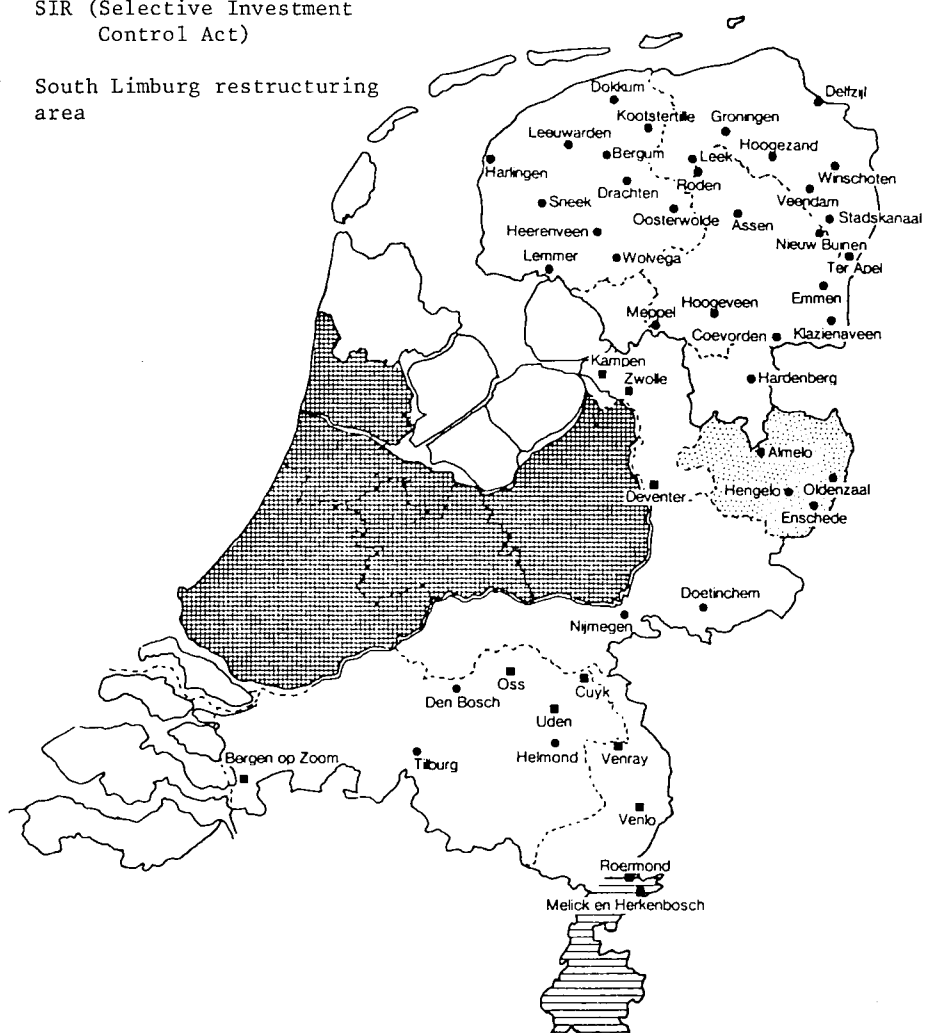
Twente



SIR (Selective Investment Control Act)



South Limburg restructuring area



REGIONAL DEVELOPMENT PROGRAMME

for the

NORTHERN NETHERLANDS

INCENTIVE AREA

1977 - 1980

The incentive area of Northern Netherlands is formed by the provinces of Groningen, Friesland, Drenthe as well as the North-East and the North-West of Overijssel.

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Chapter I - Analysis of economic and cultural development and physical planning

I. Analysis of economic development

I.1 Key data

Table 1

	1960 (figures in millions + (index))	1970 (figures in millions + (index))	1975 (figures in millions + (index))
<u>Population growth</u>			
Northern Netherlands	1.3 (100)	1.4 (108)	1.5 (115)
Netherlands	11.4 (100)	13.0 (114)	13.6 (119)
<u>Surface area</u>			
Northern Netherlands	8 800 km ²	8 900 km ²	9 100 km ²
Netherlands	36 200 km ²	36 600 km ²	36 900 km ²
<u>Population density (per km²)</u>			
Northern Netherlands	150	168	175
Netherlands	340	384	402
<u>Gross Product</u>		1970	1973
Northern Netherlands		HFL 30 890	HFL 49 480
Netherlands		HFL 29 131	HFL 42 494

Unemployed (male-registered workers) percent of total working population

	1965	1970	1975	1976
Northern Netherlands	3.3	3.4	8.0	8.2
Netherlands	1.1	1.5	5.3	5.7
<u>Employment by sectors as percentage of total employed</u>		1960	1970	1975
Agriculture: N. Netherlands		21.7	13.3	11.6
Netherlands		11.0	7.0	6.5
Industry: N. Netherlands		34.2	38.7	35.2
Netherlands		39.0	37.7	33.8
Services: N. Netherlands		44.1	48.0	53.2
Netherlands		50.0	55.3	59.9
<u>Income per taxable person</u>		1969	1972	
Northern Netherlands		HFL 10 628	HFL 14 174	
Netherlands		HFL 11 617	HFL 15 203	

1.2 Background

The economic development of the Northern Netherlands has been, and continues to be, determined by four structural characteristics, i.e.:

- (a) its marginal position in relation to the western part of the country, which makes it difficult to attract firms from elsewhere. Overcoming this obstacle by means of infrastructural projects and investment grants has always been a major feature of policy for this part of the country;
- (b) the low density of population and its wide distribution, with a corresponding dispersal of labour, making expansion for firms of any size difficult;
- (c) the structure of economic activity. Agriculture is still relatively strongly represented, but the services sector is backward compared with the rest of the Netherlands. In the industrial sector, which is based partly on agricultural products and partly on labour which in the 1960s was relatively cheap, the developments of the last few years have produced particular difficulties in a number of branches;
- (d) agriculture occupies a substantial place in the North and there are many areas of natural beauty; conservation makes special demands.

When we examine the development of the Northern Netherlands in the past 25 years, we notice - bearing in mind the region's continuing economic backwardness - the same elements of rapid change which are evident at national level:

- (a) strong economic growth over a large part of the period and an appreciable increase in income and consumption;
- (b) alterations in the economic structure and a concentration of employment in urban areas;
- (c) spectacular growth in car ownership and, as a result, considerable extension and improvement of the road network;
- (d) a rapid rise in the level of education;
- (e) considerable expansion in health and social care;
- (f) an increase in free time and hence in recreation and tourism.

The development of the Northern Netherlands was of course affected by the collapse of the economic boom and structural changes at the end of this period. General employment growth slowed, the competitive position of the Netherlands deteriorated, and the price of energy and raw materials increased. The influence of these changes on employment trends in the more important sectors in the Northern Netherlands is shown in Table 2.

Table 2. Changes in employment levels in various sectors in the Northern Netherlands, 1950 - 1975 (1)

Employment by sector (expressed in man-years)	1950	1960	1975
Agriculture	118 000	93 000	53 000
Industry (excl. building industry)	101 000	116 000	124 000
Building industry	33 000	40 000	45 000
Services	133 000	139 000	177 000
Public authorities	30 000	32 000	58 000
TOTAL	415 000	420 000	457 000

(1) Source: ISP Report of the Integrated Planning Working Group.

When these figures are set against an increase in the working population from 421 000 to 487 000 over the same period, it becomes clear that the sharp fall in employment in agriculture is not completely offset by the relatively slight increase in the other sectors.

An important factor here was economic growth, especially the development and introduction of new production techniques by which greater output can be achieved with a given workforce.

In post-war agriculture new techniques were introduced at a fast rate. This meant above all a rapid change in production methods (mechanization, new crop varieties, greater use of artificial fertilizers, increased range of activity; all promoted too, by increased labour costs). The spectacular increase in labour productivity in this sector led to a continuing reduction in the number of available jobs (see Table 2).

Broadly speaking, this process was no different in the Northern Netherlands from elsewhere. The reason why it created far more problems here than in other parts of the country, such as high unemployment and a considerable emigration loss, lies not in agriculture itself, however, but in the limited possibilities for development in industry and services to absorb the displaced workers. At the beginning of the past 25-year period these problems pushed themselves sharply to the fore.

Existing industry was strongly oriented towards the processing of agricultural products and its expansion prospects were thus limited. Moreover, cost and price increases necessitated largescale operation using more modern, less labour-intensive production processes. The establishment of other industries had been hindered by the marginal geographic situation and the low population density (a result of emigration, which had long been common).

During the 1950s an improvement took place (rationalization occurred in old industries). New industry (including electrical engineering and chemicals) came to the area and after 1960 the number of industrial jobs increased faster in the Northern Netherlands than in the rest of the country.

Productivity, profitability and wages were, it is true, on a somewhat lower level than in the West (there was no appreciable difference compared with the South and East) but because demand for labour had increased elsewhere, especially in the Western Netherlands, those firms which had reached their ceiling of activity in the metropolitan region (the Randstad) sought to expand into regions with less restricted labour markets and found one such in the Northern Netherlands. This is illustrated by the development of the gross regional product (comparing the Northern Netherlands' share with the Netherlands as a whole) for various economic sectors.

Taking the development of economic activity as a whole, there is scarcely any change in the contribution of the Northern Netherlands to the gross national product over the period 1960-70. In the light of earlier trends this cannot be considered an unfavourable state of affairs.

It should also be borne in mind that natural gas discoveries made a not inconsiderable contribution to production growth in the region, although the North benefited only to a small extent from growth in this sector in the form of jobs and income.

Table 3. Gross regional product, at market prices, for the Netherlands (NL) and the Northern Netherlands (excluding N.E. and N.W. Overijssel) (N), by sector^{*} :

Percentages

	1960 (1)			1970 (1)			1975 (2)		
	NL	N	N share	NL	N	N share	NL	N	N share
Agriculture	9.2	17.4	18.5	6.2	12.8	19.6	4.7	7.6	16.9
Industry (incl. min. extraction)	38.6	33.0	8.3	33.8	32.9	9.3	31.6	36.8	12.1
Building ind.	6.6	7.7	11.2	7.2	7.3	9.6	7.9	7.8	10.3
Services	36.7	32.4	8.9	40.2	34.2	8.1	41.7	34.7	8.6
Public author.	9.9	9.5	9.3	13.0	12.9	9.4	14.1	13.1	9.1
TOTAL	100	100	9.7	100	100	9.5	100	100	10.4

(1) Source: Ministry of Economic Affairs.

(2) Central Planning Office estimate.

* The figures for the gross regional product in 1970 and especially 1975 are strongly influenced by natural gas production in the Northern Netherlands.

The growth of the regional product was accompanied by an increase in nominal income per taxable person roughly equal to the national increase, with the discrepancy in income levels in fact lessening in the period 1960-70.

The main feature of the economic structure of the Northern Netherlands has always been the relatively important position occupied by agriculture, due to the fact that for a long time little industry was established in the region. The factors that earlier caused this, i.e. marginal geographic situation and low population density, have become somewhat less important with the development of transport and communications. They are still present, however, and come to the fore whenever the supply of labour is less restricted elsewhere, especially in the western part of the country. Any weakening of its advantageous labour position results in a sharp decline in investment and jobs in the Northern Netherlands, especially in industry.

In the service sector on the other hand, the disincentive to new business is structural. But after a decline between 1960 and 1970 some ground was recovered in this sector.

1.3 Main corrective measures and incentives

A number of measures have been adopted by the authorities to improve the situation described above. Unfortunately it is not clear to what extent these measures have directly affected developments in the region, both those already described and those to be described in the following sections.

The main corrective measures and incentives are described below, with details of their scope and, as far as possible, the results obtained.

Investment grants

The investment grants available since 1967 for establishing and expanding businesses (initially industry alone, but later ancillary service organizations as well) are the foremost measure to counteract the large-scale loss of jobs in the Northern Netherlands.

The table below gives a breakdown of investment grants in the Northern Netherlands from 1969 to June 1976, together with the number of jobs created.

Table 4

Investment Grants

	Groningen	Friesland	Drenthe	NW & NE Overijssel	Total
Number of <u>new firms</u> awarded grants	43	28	34	15	110
Jobs	3 680	1 522	2 139	859	8 200
Number of <u>expansion</u> <u>projects</u> awarded grants	197	173	128	107	605
Jobs	4 050	2 866	3 784	2 708	13 408
Total grants (1)	232 868	94 255	84 100	71 666	502 889
Total number of jobs	7 730	4 388	5 923	3 567	21 608

(1) Grants shown in HFL 1 000.

Aid for industrial firms

Under the special employment programmes introduced since 1974, aid can be granted to individual firms in economic difficulties. Firms in the more backward regions receive special consideration. Between 1974 and 1 October 1977 over HFL 384 million was distributed as aid to firms in the four northern provinces, consisting in the main of loans on special terms. The firms in question had a total labour force of over 33 000.

Improving the infrastructure

The Ministry of Economic Affairs has carried out special programmes to improve the infrastructure in the Northern Netherlands. Regional infrastructure projects are also carried out there under the employment programmes. Table 5 shows the infrastructure subsidies granted by the Ministry of Economic Affairs in the period 1965-76.

Table 5. Infrastructure subsidies (in HFL 1 000)

	Groningen	Friesland	Drenthe	NW & NE Overijssel	Total
1965-68 Infrastructure Programmes	28 451	20 160	22 831	15 497	86 939
1969-72 Infrastructure Programmes	111 900	44 153	35 272	14 876	206 201
1973-76 Infrastructure Programmes	90 800	55 000	43 000	11 200	200 000
Employment Programmes	51 620	52 489	61 505	60 624	226 238
Total	282 771	171 802	162 608	102 197	719 378

Eight special programmes were carried out in the period 1972-76 to give an extra impetus to employment. Regional priorities are taken into account when allocating the funds available under this scheme. About HFL 2 000 million extra was made available in the period in question for the four northern provinces, mainly for smaller labour-intensive infrastructure projects, thus creating an estimated additional 24 400 man-years of employment by September 1977. (N.B. these funds include the subsidies under the employment programmes shown in Table 5).

Regional priorities are also taken into account in the State Road Plan. Priority is given to improving connection between the western part of the country and the various regions. A total of HFL 793 million was spent on the construction of main roads in the period 1965-76 with a view to improving connections between the Western and Northern Netherlands.

Northern Development Company (NOM)

The Northern Development Company (N.V. Noordelijke Ontwikkelingsmaatschappij (NOM)) was founded in 1974 in order to deal more effectively with the specific economic problems of the Northern Netherlands. It acts as an intermediary in finding lines of finance for firms and takes shares in new or existing companies. NOM can also assist with company development, reconstruction or acquisition. The financial allocation for NOM activities is laid down each year as part of the budget of the Ministry of Economic Affairs. Up to the beginning of 1977 about HFL 80 million had been utilized on new job creation activities.

The 1954 Land Consolidation Act

The system of grants under the Land Consolidation Act is of great importance for the improvement of the economic structure in the northern areas. In view of the relatively high proportion of agriculture, about 42% of the total land consolidation budget is spent on projects in the Northern Netherlands. The table below gives the number of hectares consolidated or virtually consolidated, and expenditure for this purpose, in the period 1970-76.

Table 6. Land Consolidation in the Northern Netherlands

	Groningen	Friesland	Drenthe	NW & NE Overijssel	Total
Hectares consolidated or virtually consolidated	52 150	78 710	46 470	14 820	192 150
Gross cost 1970-76 (in HFLmillion)	153.3	346.0	129.2	50.0	678.5

The total of 192 150 hectares consolidated or virtually consolidated represents about 21% of the total surface area of the northern part of the country.

Special Regional Welfare Policy (BRW)

As support for the regional industrialization policy a start was made at the beginning of the 1950s with a special social policy for the development areas. In the Northern Netherlands, East Groningen, South West Groningen, East Friesland, South East Drenthe and North East Overijssel were designated. Over the years this policy has been extended and now supports physical planning and land management policies, as is clear from its modified sphere of application. The mechanism used to carry out BRW policy is special subsidies for investment projects and activities in the cultural sphere. Up to 1976, HFL70 million had been spent on subsidies for investment projects under this policy, and a further HFL3.5 million as contributions to cultural activities in the northern part of the country.

The relocation of government services

By measures to relocate government services the central authorities hope to make a big contribution to strengthening the social and economic structure and the employment position in the North. This relocation process, adopted by the Government in 1974, will result in a larger share of the economic structure of the Northern Netherlands being taken by the service sector. The first stage aims to transfer 4 500 jobs to Zwolle, Emmen, Groningen and Leeuwarden by 1980.

1.4 Movements in the labour market

Trends in the labour market are closely related, on the demand side, to economic development, and on the supply side, to the growth of population and education.

The following paragraphs describe trends in demand and then in supply with particular reference to the natural growth of the working population, migration and a series of qualitative factors.

Demand

One of the most important problems is the drop in the volume of work since the second half of the 1960s, despite a recovery in 1972 and 1973.

During this drop in employment considerable changes took place. In the first half of the 1960s the loss was predominantly from agriculture but in the period 1970-75 the fall in jobs in a number of weaker sectors of industry also became an important factor.

A recovery in employment in the Northern Netherlands is highly necessary in order to accommodate the working population which, as stated earlier, rose from 431 000 to 487 000 between 1950 and 1975.

Supply

Natural growth

Increases in the labour force depend on the growth in the "employable" population (15-65 age group) and on the percentage desiring employment. No significant change in the employable population has been noted in the Northern Netherlands, and none is expected in the next few years. The percentage actually employed in past years was rather low, partly because few jobs were available for women within a reasonable distance. Any change in this situation in the future will result in an increased supply of labour.

Migration of working population

The fall in net emigration in the 1960s was largely due to the improvement in the employment situation in the Northern Netherlands.

The switch to substantial net immigration in the years after 1970 can probably be traced to a steady improvement in accommodation and living standards in the Northern Netherlands. The employment situation in those years was relatively unfavourable. It may therefore be assumed that the emigration of workers was less strikingly reversed than that of the population as a whole.

Qualitative factors

In addition to the shortage of jobs, a serious problem is the increasing qualitative discrepancy between demand and supply in the labour market. The supply of semi-skilled workers has fallen more sharply than the demand. The potential supply of skilled workers in the Northern Netherlands, however, is relatively high compared with demand. This has led to the emigration of skilled workers, with some fall in the average level of training.

Unless new measures are taken, this relatively large qualitative discrepancy between labour supply and demand in the Northern Netherlands will continue in the future. Bearing geographical accessibility in mind, job creation must ensure that demand from industry and public authorities is more closely attuned to the quality of labour available.

Registered labour reserves

Trends in registered labour reserves are the counterpart of trends in supply and demand in the labour market.

Despite work projects and measures to preserve jobs, unemployment in 1976 exceeded the 30 000 mark. In that year registered reserves of male labour in the Northern Netherlands averaged over 8% (against over 5% for the Netherlands as a whole). The following table shows the registered labour reserves in the Northern Netherlands since 1960.

Table 7.

	Registered labour reserves					
	men				women	
	NL	%	N	%	NL	%
1960	44 376	(1.7)	16 137	(6.0)	5 808	(0.7)
1965	30 420	(1.1)	9 354	(3.3)	5 865	(0.6)
1970	45 067	(1.5)	10 177	(3.4)	10 793	(1.1)
1975	162 508	(5.3)	25 619	(8.2)	43 207	(4.3)
	Registered open jobs					
1960	56 216	(2.2)	3 470	(1.3)	36 089	(4.5)
1965	86 866	(3.1)	5 169	(1.8)	42 284	(4.4)
1970	91 607	(3.1)	6 638	(2.2)	35 486	(3.6)
1975	34 129	(1.1)	1 829	(0.6)	13 060	(1.3)

It is clear from this summary that unemployment in the Northern Netherlands has consistently been above the national average.

Similarly, the pattern for the whole country shows that about 7% of unemployed men are under 19. In this category unemployment among less qualified school-leavers has risen sharply in recent years.

The sharp increase in unemployment is also apparent in the lengthening periods of unemployment. In the past 5 years the number of those unemployed for more than 12 months has doubled.

1.5 Economic structure: present situation and outlook

Agriculture

Agriculture has traditionally been important for both production and employment, in the economy of the North. The reason lies, natural factors apart, in the slow growth of industry in the past, resulting in only limited absorption of surplus agricultural workers. Its share of employment has fallen considerably over the years, from over 27% in 1950 (16% for the whole country) to 12% in 1975 (6.5% for the country), or from nearly 120 000 to just over 50 000 man-years.

The economic importance of agriculture, market gardening and associated processing industries for the Northern Netherlands can be seen from the fact that in 1970 22% of the North's income was produced in the general farm sector, compared with a national average of about 12%.

Cattle-raising is by far the most important branch of production in the Northern Netherlands, with almost 65% of total agricultural production in 1974, although arable farming is also important (27%). Market gardening and intensive stock-raising are of less importance in the Northern Netherlands.

The significance of farm-related industry in the North is also considerable. About 20% of industrial employment there is in this branch. The percentage for the Netherlands as a whole is about 14%.

As already stated, the decline in employment is due mainly to increases in productivity and the scale of operation in the sector. This development is shown in the table below.

Table 8. Structural development of agriculture: main employers in the Northern Netherlands (1)

	Unit	1965	1974
Number of permanent workers	1 000	55	35
Surface area	10 000 ha	60	56
Ha. per man (inclu. market gardening)	Ha.	10.9	16.1
Labour productivity	1 000 SBE(2)	56	100

(1) Source: ISP Report of the Integral Planning Working Party.

(2) SBE = Standard Industrial Unit.

The employment trend is also influenced by availability of jobs for agricultural workers in other sectors of the economy.

The land management policy, i.e. land consolidation, is designed primarily to improve the structure, size and profitability of agricultural concerns by extending and rationalizing operations. Although in the short term this means a reduction in the number of jobs, in the long term the structural improvement will enhance the level and reliability of income, and therefore of employment, for the agricultural worker.

This structural policy, linked with larger-scale operations, is likely to be continued in the future, bearing conservation and environmental requirements in mind.

Small-scale agriculture will remain possible to only a limited extent.

Adjusting agricultural methods to conservation requirements is unlikely to increase employment.

The use of alternative (biological-dynamic) methods of production must be regarded as a fringe development for the present. From an economic point of view they hardly square with a small land allocation per man.

Against this background, the following obstacles to further modernization of agriculture in the Northern Netherlands may be noted:

- (a) unfavourable size, shape and location of the smallest land units, the plots of land;
- (b) gradual decline in land consolidation;
- (c) poor building design, hampering bulk transport of produce;
- (d) shortcomings in the general water control situation.

Employment in this sector is expected to decline further in the period 1975-80. It is estimated that about 1 300 man-years will be lost annually up to the year 2 000. Although this figure should not be ignored, its influence on employment trends in the north is certainly not as strong as in past years.

Industry

Up to the mid-1950s industrial growth was slower in the North than in the rest of the Netherlands. Important factors were the marginal situation of the Northern Netherlands (distance from the population centres in the West, lack of major ports or dynamic hinterland), and the low population density (limited subcontracting and supply potential in the short term). The low population density was associated with a qualitatively restricted labour market; the range of skills available was not very wide.

After 1955, however, a change began to take place. As a result of the rapidly tightening labour supply in other regions and the effects of the regional industrialization policy, the pace of industrial growth began to increase. This was linked with a high level of investment in the sector.

This favourable trend was strengthened after 1960 due to a further shortage of labour in the rest of the country. Another factor which undoubtedly played a part in this development, but more gradually and with less easily discernible effect, was the improvement in communications with the rest of the country, as a result both of new roads and of technical developments in the transport sector.

Despite this favourable trend, there remain weak spots in the structure of the northern industrial sector. While modern industries are now established,

branches based heavily on agriculture still occupy an important place. There are clear signs of stagnation in some of these branches, in many cases throughout the country.

The following table shows the composition and development of the industrial sector in the Northern Netherlands, compared with the Netherlands as a whole.

Table 9. Employment in industry (in 1 000s of employees)

	The Netherlands				The Northern Netherlands			
	1963	1973	1974	1975	1963	1973	1974	1975
Mineral extraction	54	14	11	8	2	2	2	3
Foodstuffs, luxury foods	200	189	186	181	29	26	25	24
Textiles, clothing, footwear	220	127	117	103	15	11	9	8
Wood & furniture industry	66	54	54	52	9	6	6	6
Paper	32	31	32	31	6	5	5	4
Petrol & chemicals	111	128	133	135	9	10	11	11
Metals	445	469	473	473	34	41	42	42
Public utilities	39	45	44	45	4	5	5	5
Other industry	157	179	181	179	14	18	19	21
Total industry, incl. mineral extraction and public utilities	1 324	1 236	1 231	1 207	122	124	124	124

The main point to consider with regard to the industrial problems of the North in the next few years is that the general unfavourable economic conditions will continue to be felt quite strongly there. Growth in production in this region, compared with the 1960s, will probably continue to lag behind that of other regions.

Future trends in the industrial sector in the North will be marked, in addition to low growth, by a continuing process of restructuring in various branches, including potato flour, cardboard, clothing, dairy produce and shipbuilding. This process will be accompanied by a concentration of industry, which will keep employment static or reduce it. Restructuring, especially in the potato flour industry, should lead to an improvement in the environment.

Industrial employment in the Northern Netherlands is expected to fall further during the periods 1975-80 and 1980-85.

After 1980 the decline should slacken, assuming that restructuring is completed in a number of larger branches in the first period.

Policy will be to attract as much high-grade industry as possible and help preserve jobs in firms and sectors where satisfactory returns are possible. There is little possibility of attracting new industry. In these circumstances the aim must be to utilize to the full the advantages of sites in the Northern Netherlands, which are significant from an international standpoint too. The Eems Estuary is expected to prove increasingly important here. Objectively, this offers suitable conditions, such as deep water for navigation, for the establishment of a chemical industry with its own port, consisting of a chemical plant (with DSM as its main element) with loading facilities. This means that the establishment of industries in estates at Delfzijl and the Eems estuary should considerably strengthen the industrial structure already in place. The metal industry is also of interest for the Eems estuary.

Another factor which could be of importance in attracting high-grade industry is the State University in the main city, Groningen. This may provide a focal point for scientific and industrial research in the Northern Netherlands, including research and applied technology in such fields as environmental techniques, biology and nuclear physics and experimental work in the fields of physics, chemistry and medical science. The idea offers the possibility of closer cooperation in scientific and industrial research between the State University in Groningen and firms in the North.

A third point of departure for a policy to attract and stimulate industry is the mineral wealth in the region, exploited or not. Oil and gas extraction and exploration on the continental shelf of the North Sea, and transportation to shore, may hold some prospects for the development of off-shore industry in the Northern Netherlands.

Other countries, and indeed firms in other parts of the Netherlands, are active in supplying the North Sea drilling platforms. But the extremely favourable position of the Eems estuary does offer a basis for such activity. There are also possibilities for extracting magnesium salts in the Northern Netherlands. Discussions are in progress concerning a magnesium oxide plant, and are already at an advanced stage. Then there is the question of the conversion of magnesium salts into magnesium metal. The problem here is that an especially cheap supply of energy would be required. A joint project with Norwegian interests is being examined.

The building industry

The general situation in the building industry, reflected in the continued fall in employment in this sector since 1970, became apparent sooner in the Northern Netherlands because the demand for new housing was smaller.

Adverse trends in industry as a whole, and the resulting low demand for factories and other premises, heightened the effect on the building sector.

The supplementary work programmes offset the effects of this stagnation to some extent. In 1975 about 5 000 jobs were created in the Northern Netherlands by these programmes (national figure: 10 000). In addition, attempts are being made to give workers in the building trade new prospects by means of retraining facilities.

A further general decline in employment in the building industry is expected in the years ahead. This decline may be greater in the Northern Netherlands than over the country as a whole, in view of the slack demand for housing and unfavourable industrial trends there. But employment in this sector will be stimulated by work on housing for the immigrants expected. (An extension or continuation of the employment programmes could lead to an expansion of jobs in the building section. It would improve the infrastructure of the Northern Netherlands, providing considerable support for the policy of setting up or acquiring businesses. But it would not offer a permanent solution for the structural decline in building employment. The further drop that is anticipated must be carefully monitored. Retraining unemployed or potentially unemployed building workers remains important.)

Services

In the Northern Netherlands the commercial ancillary service sector has so far failed to establish itself satisfactorily, again as a result of the marginal position and relatively small population.

In this respect the Northern Netherlands cannot compete with other parts of the country and certainly not with the West, which is particularly strong in the field of national and indeed international services.

Together with the shortage of growth-oriented (international) services, this meant during the period 1950-70 that expansion in the northern service sector (including public services) was below the national rate. In the five years from 1970 to 1975 the rate of growth in the north did not vary much from the national figure and was perhaps even slightly higher, representing a considerable improvement. The first results of the relocation of government services are reflected in this relative improvement in growth, which is of great importance in strengthening the North's employment structure.

In general the Northern Netherlands enjoy a very favourable level of facilities in the "quaternary" sector, especially in the social and cultural sphere; education is also quite well represented, on account of the State University at Groningen.

Table 10 gives a breakdown of the structure of the service sector in the Northern Netherlands and shows how this has developed in comparison with the country as a whole.

Table 10. Employment in the service sector, in thousands (1)

	The Netherlands				The Northern Netherlands			
	1963	1973	1974	1975	1963	1973	1974	1975
Commerce	428	497	514	525	34	36	38	39
Hotels, catering and repair shops	104	119	113	111	9	12	11	11
Transport and communications	268	260	264	271	20	19	19	19
Banking and insurance	92	138	144	148	6	9	10	10
Business services	82	159	173	174	6	10	12	12
Public administration, defence and social insurance	199	285	290	293	19	27	27	28
Education	142	216	225	229	15	26	25	26
Other services	330	495	505	520	28	45	48	47
Total services	1 645	2 169	2 228	2 271	137	184	190	192

(1) Source: ISP Report of the Integrated Planning Working Party.

In the next few years the growth of production in the service sector (excluding public services) in the Northern Netherlands will fall somewhat behind the national rate in the view of overall business trends in this part of the country. Production in the public sector may show a relative improvement, following completion of the first stage of relocation of government services.

The service sector will have to be stimulated if the shortage of jobs is to be significantly reduced. But development of industrial plant and development of the service sector cannot really take place in isolation. Growth in industry produces accompanying growth in the service sector, and conversely the service sector can provide an impetus for industry.

A more intensive policy to attract commercial ancillary services is therefore necessary.

Studies indicate that starting points include the establishment of psychiatric institutions and hospitals, new social insurance organizations and services, an extension of secondary and higher technical education, and care of old people living at home.

Finally, a major source of employment is the retail trade. This is not expected, however, to offer any opportunities for increasing employment. An improvement in quality is therefore of more importance than an increase in the number of shops, which is already too high.

1.6 Expected developments up to 1980

To project some economic trends, forecasts were prepared using the Regional Labour Market Model (RAM). The forecasts date from January 1976. In the course of 1976 the Government introduced a series of measures, designed to bring national unemployment down to 150 000 by 1980. The earlier RAM findings, which by the nature of things could not take this target into account, have been adjusted accordingly.

In the meantime further developments have taken place which give rise to fears that unless supplementary measures are introduced, the number of unemployed will rise still further than anticipated when the 1976 policy was adopted. Originally the plan was to bring the figure down from 260 000 to 150 000. At present, without a change of policy, a figure of 275 000 unemployed must be expected, so that achieving a reduction to the 150 000 level becomes even more difficult.

Working population compared with employment

According to the most recent forecasts, the working population in the Northern Netherlands should increase by about 5 000 in the period 1975-80.

It is expected that employment in agriculture and in industry will fall in the same period. The estimated loss of about 25 000 jobs will only be partly offset by the expected increase of about 15 000 jobs in the service sector.

On the strength of the above tentative calculation the shortfall in jobs, which stood at about 30 000 in 1975, will rise on balance by a further 15 000. The latest tentative forecasts put the total shortfall in the Northern Netherlands at about 45 000 jobs in 1980.

The overall figures for estimated developments in the northern part of the country are presented in the following table.

Employment balance (1) for the Northern Netherlands in 1975 and 1980.

	1975	1980
Working population	490 000	495 000
Jobs	460 000	450 000
Unemployed	30 000	45 000

(1) These are rough approximations, with 1980 forecasts based on the most recent estimates but still of a very tentative nature.

2. Analysis of cultural development

The Dutch Government concluded back in 1951 that it was not enough to create economic development possibilities for particular regions; these had to be coupled with, and supported by, a cultural policy. The main aim has been to provide special financial help to improve the general framework of life.

The constant factors have been:

- (a) coordination with the policy programmes of other regions;
- (b) contributions to living conditions in the area;
- (c) encouraging and monitoring the process of change in society.

The financial aid available has taken two forms: investment subsidies (75%) and subsidies for the provision of facilities and/or promotion of activities (90%). The facilities include health centres, social centres, cultural centres, swimming pools and all kind of sports facilities. The promotion of activities covers neighbourhood activities, construction work in special circumstances, urban renewal, welfare organizations, youth and children's activities, library work, arts and crafts as hobbies, community work and work connected with old people and the handicapped.

In general the main aims, as described above, have been achieved in the last 25 years.

The level of facilities provided in the Northern Netherlands is clearly higher than in those regions which do not come within the scope of the policy.

One sign of success is the present-day appreciation of living standards and conditions in the Northern Netherlands, added to the peace, space and quality of the natural environment and landscape. These factors can be counted as the 'invisible income' of the Northern Netherlands. The well-balanced social relationships amongst the population in the north, compared with the western part of the country, also have a positive effect. Nevertheless a number of problem areas deserve attention.

Among the cultural changes, the strong rise in the number receiving education is an important element. The Northern Netherlands have followed the general trend of extending the period at school and thus increasing the proportion of education at higher levels. The Northern Netherlands have lagged behind the western part of the country in this respect. While the gap has been narrowed a certain amount, it has not been completely closed. To some extent it is a measure of the link between the level of education of parents and that of their children. Because the more educated have always emigrated from the Northern Netherlands, demand for higher education among the generation now at school will be smaller than elsewhere. The distance to schools, particularly secondary schools, is greater in the Northern Netherlands, but it is harder to show that this has perhaps been a factor.

The stimulus toward higher education given by the local labour market is smaller than elsewhere, as the chances of making use of such education at work are slimmer in the Northern Netherlands than they are in other regions. On the other hand there seems to be a shortage of untrained labour in the Northern Netherlands, so that foreign workers have to be attracted to the area.

The range of health services has also expanded quickly. The deficit, measured in terms of the various facilities available compared with the size of the population, has been reduced but all in all the Northern Netherlands is still below the national average, especially when the dispersal of population is taken into account. Furthermore, old people, who require more care and are less mobile than other groups, are relatively strongly represented in the Northern Netherlands.

The quick expansion of health services called for organizational adjustments. The general trend towards larger-scale operations was strengthened by the need

for integration between various sectors of the health services and between health and social services. Against this was a need for accessibility with both physical and psychological distance being important. These opposing forces have hindered the formation of the necessary links, in District Health Services for instance.

The development of the social services, in many respects closely related to the health services, showed similar pressures: a strong increase in activity, trends towards larger-scale operation to enhance efficiency and quality, organizational problems and specific difficulties connected with population dispersal. The relatively high number of old people was again an additional problem. Moreover, the consequences of economic restructuring and increased unemployment required close attention. Finally, in small centres the original village population was being replaced in part by newcomers from the towns, leading to social stress.

3. Analysis of physical development

The economic development described earlier had considerable consequences for the physical management of the region. Annex II shows the present order of importance of local centres in the Northern Netherlands, and their functions.

Consequences for the distribution of population may first be considered.

The fall in the number of jobs in agriculture caused migration from the countryside to the towns. In the case of the Northern Netherlands this migration was not only to local towns but, to a large extent, to other areas. The improvement in the job situation, especially after 1960, reduced the outflow, with net emigration from the region gradually disappearing during the 1960s.

Table 11. Total net annual migration expressed per thousand head of population

	1965/1970	1970/1975
Groningen	- 2.2	0.0
Friesland	- 1.8	3.6
Drenthe	5.0	9.4

In the meantime a new factor appeared influencing migration both inside the region and between different parts of the country. This was suburbanization. Growing prosperity brought a sharp increase in car ownership, and more free time. This made it easier to live further away from work and created more interest in suburban homes.

As far as population movement inside the region was concerned, this meant a flow from the larger towns towards the surrounding villages and small towns.

These different trends did not cancel each other out, however, and each brought problems with it. The continuous migration from the smaller centres, especially the peripheral ones, meant a continuous reduction in the number of inhabitants supporting commercial and non-commercial facilities. This resulted in pressure for facilities to be concentrated in larger centres. The pressure was increased by the trend to larger-scale operation and by greater mobility on the part of a large portion of the population. For those groups relying on public transport (old and young people and the low paid) this was a step backwards, especially since, with the increased use of private cars, the public transport services found it difficult to manage. It should be noted, however, that it was only a small step backwards for some groups, as many areas benefited from a sharp increase in the level of facilities, linked with the provision of facilities in smaller centres as well.

Expansion in the larger towns produced in itself fewer problems than elsewhere, as more space was available. But the sharp rise in motorized traffic, together with the increase in urban employment, made the problems of inner city reorganization acute in the Northern Netherlands as well.

The growth of suburban infrastructure, like urban expansion was absorbed more easily in the Northern Netherlands than elsewhere, though areas of attractive country were built up.

Directly connected with increased mobility was the expansion and improvement of the road network. Mention should first be made of the roads constructed outside the Northern Netherlands and providing links with the western part of the country, in response to the increased demand for quick and unhindered communications (the E 35, which replaced the former Zuider Zee Way, the road through the IJsselmeer polders, the dual carriageway across the IJsselmeer dam).

In the Northern Netherlands itself the most significant new roads were the ones designed to link up with the interregional network (amongst others, Groningen-Assen-Hoogeveen-Meppel and Groningen-Drachten-Heerenveen-IJsselmeer dam/North-East Polder). In addition to their value for interregional communications, these roads contributed greatly to smooth traffic circulation inside the region. For the small centres an improvement in the quality of secondary roads was of importance, including the reductions in distance from road-straightening as a result of land redistribution. Otherwise the secondary road network was not greatly extended. Finally, mention must be made of the roads constructed under the regional economic policy, providing links for the industrial estates. Another factor is the effect of roads on landscape and environment. The northern landscape is open and large outdoor recreation areas such as the Frisian lake district, the Drenthe plateau and the nature and recreation parks in the Kop van Overijssel area lie between the population concentrations in the Northern Netherlands and the rest of the country.

The increase in income, mobility and free time also meant an increase in recreation. The Northern Netherlands were particularly affected by forms of recreation demanding space and in fact assumed a national and even international function here. Accommodation had to be provided so that these areas could fulfil their recreational function satisfactorily. But the strongly growing demand gradually reached the limits on the availability of

unspoilt open areas. Further limits to the expansion of such types of outdoor recreation were set by nature conservation requirements, which are much more stringent when concerned with environmental protection.

Physical development was also affected by the efforts to nationalize agriculture, especially where this meant larger farms, improved land distribution and water management (efforts on landscape, ground water level, nature and environment).

From the 1960s onwards the Northern Netherlands obtained more than its proportional share of the funds allocated for land redistribution in the Ministry of Agriculture and Fisheries budget.

Over the years there was growing insistence and realization that support should also be given to non-agrarian interests, which was reflected amongst other things in plans for the reconstruction of the East Groningen and Groningen-Drenthe peat-land villages.

As regards environmental protection the Northern Netherlands have the advantage that population and economic activity are dispersed. But this conceals the danger of excessive tolerance and too late a warning that critical limits are being approached. The vulnerable employment position may also allow pollution to increase to undesirable dimensions, as in the case of water pollution by the potato meal and straw-board industries in East Groningen.

This situation, taken as a whole and especially in relation to the claims on space from the various policies mentioned above, increasingly calls for very careful assessment of interests before firm policy measures are adopted.

Chapter II - The aims of the development programme

1. General framework

The programme covers matters of economic, cultural and physical development policy in the incentive area but these cannot be isolated from the national and international contexts. The actual developments inside this area, by their nature, link up with national and international developments.

However, as cultural planning is still at an early stage, the emphasis in this programme lies on economic and physical development policies.

Devising an integrated policy means that various demands must be continually weighed one against the other. For instance, the problem of choice has already arisen in the attempt to attract high-grade industrial firms to the Eems Estuary. To what extent can the resultant damage to the environment be accepted, or must stricter conditions be laid down, with the detrimental effects which that may have on employment. Similar consideration must be given to the choice between economic and physical needs, including natural beauty.

Future problems and problem areas in the Northern Netherlands are already defined to a large extent by developments in the past. In the case of problems in the economic sphere, no fundamental solutions are yet in sight. Access to the North has become much easier, but the distance from the rest of the country remains. The dispersal of population is still a big problem and an obstacle to attracting industry and services.

Perhaps it may be possible to select certain types of activity where a limited labour force and distance from populated centres would not be such weighty factors, but small-scale activity is not the general path to achieving satisfactory, stable employment in the Northern Netherlands.

It is clear that massive injections of capital will be necessary to achieve that. Concentrating efforts in a limited area will increase the chances of success. A basis exists in Central Groningen and its extension towards Delfzijl and the Eems Estuary, where such activities are already present or could be set up. The problem will be to start the process moving, bearing in mind the present national economic prospects.

This will not help all parts of the Northern Netherlands, however. Similar concentrations, on a somewhat smaller scale will also be necessary in other provinces. Some other development centres will in the long run have to adjust to a supply function.

One important means to this end is the improvement of communications within the Northern Netherlands and with other areas. The development of the main infrastructure in the northern part of the country by the year 2 000 is shown on the map in Annex I.

Apart from the completion of projects within the framework of the State Road Plan, a number of projects of economic importance have been carried out with subsidies from the Ministry of Economic Affairs and with contributions from the European Regional Development Fund, as well as within the framework of the job programmes, such as providing links to industrial estates, connections between industrial regions and improvements in transport between work and home.

Physical aspects of the above-mentioned developments, apart from the organization of the region itself, include radial development to the surrounding areas, increasing pressure on the Drenthe plateau, and the danger of encroachment on the Waddenzee. This latter problem should be tackled internationally; in the first instance the whole industrialization of the Eems-Dollard area should be examined with the Federal Republic of Germany, while the problem of oil exploration and exploitation is also appearing.

Another set of problems lies in maintaining living conditions in the smaller centres. Solutions will have to be found here by weighing up or combining various possibilities, such as decentralizing facilities even further (for instance, by adjusting the rules of allocating them), increasing the flexibility of public transport or providing mobile facilities. In this connection special attention should be paid to the problem of the "ageing" of the population, even though the number of old people in the Northern Netherlands is not expected to increase more quickly than elsewhere.

Problems of choice also arise with the continuing trends to rationalize agriculture and the greater importance attached to the country and natural beauty. In this sphere the development of legislation on land management is of importance, while at the same time the necessary impetus has been given to put agriculture in a better position to play an active part in the control of the natural environment.

Outdoor recreation requires special attention, and the Northern Netherlands has a national function here. It seems desirable to preserve the character of this recreation, for which open space is essential. This means that limits must be set on numbers of people, while encroachment on the region through other activities must be restricted. Possibilities for recreational projects are being considered.

When assessing possible developments their physical impact on the quality of the natural environment should always be borne in mind. The findings of the current investigation into environmental questions should make an important contribution to this subject.

The above analysis shows that developments in the Northern Netherlands are closely linked with those at national level; equally, they cannot be detached from the international context, which seems to offer favourable possibilities for the Northern Netherlands in general and the Eems Estuary in particular, in view of its geographical position vis-à-vis Scandinavia and North-West Germany. This European dimension also means that progress towards West European integration is of special significance for this region. In particular, harmonizing measures which have an influence on the competitive status of businesses in the various Member States should have a beneficial effect. The fact that this Northern Netherlands - North-West Germany region is cut in two by a frontier presents special problems for its development.

2. Economic policy

Main target

The policy was originally devised to strengthen the economic structure and, by so doing, to raise the level of employment in quantitative and qualitative

terms. Part of these central socio-economic aims for the Northern Netherlands will have to be achieved through general national measures. The structural policy for agriculture occupies a separate place, in view of the Community policy.

A policy specifically for the Northern Netherlands was formulated in conjunction with the general economic policy, with two essential starting points:

- (a) The incomes differential: incomes are the outcome of many different factors. An increase in income can therefore be promoted in a number of ways.
But the income per taxable person is not the only factor to be considered. When trying to reduce the income differential in the Northern Netherlands it must also be borne in mind that the cost of living is probably lower, particularly in the form of lower rents, and that the inhabitants enjoy certain unquantifiable benefits such as space, fresh air, peace and quiet, etc.
- (b) The regional component in the unemployment structure in the Northern Netherlands: this is the difference between the expected average national unemployment and the Northern Netherlands unemployment figures for 1980, based on the most recent tentative forecasts. According to estimates, the regional component is about 18 000 unemployed. Taking account of hidden unemployment, which will appear as additional supply when market conditions improve, more than 18 000 jobs will have to be created. With registered and hidden unemployment being roughly equal, 36 000 extra jobs will have to be found in order to eliminate the regional component, assuming that this is to be done by creating extra demand.

Quantifying the target in this way has the advantage that the extent of the regional problem is tangibly defined. It also acts as a guideline for extra effort from the Government to bring the problem nearer to a solution in the next few years.

The overall quantified target needs to be broken down by economic sectors and by subregions inside the Northern Netherlands. (Work is going on in this respect. The results will be given in the final ISP Report in 1978).

Apart from this main target, a supplementary policy will probably be necessary, designed to reduce the supply of labour. The emphasis here will be on items outside the production process, such as early pensions, longer education, and cultural activity.

Changes in the scale of activity

The Northern Netherlands is marked by wide dispersal of economic activity, partly associated with the scattered settlement pattern, a similar scattered supply of labour and the agrarian origin of part of the industrial activity. Efforts to strengthen the economic structure in the Northern Netherlands will mean (bearing in mind national and international developments) that the trend towards larger-scale activity should also be followed there. Failure to promote larger-scale business development, or opposition to this trend, would place the Northern Netherlands in undesirable isolation. Even if the general trend towards larger-scale development is the starting point of the policy, small-scale activity in all sectors must still be considered, the situation and labour market in the north being what it is.

This part of the policy should encourage small-scale (but high-grade) industrial and ancillary commercial activity, whether supplying larger businesses or not. Attention should also be given to providing good links between the services sector and the scattered pattern of settlements.

3. Cultural policy

As shown in Chapter I, earlier emphasis in the special regional welfare policy was strongly given to improving the level of facilities. In future, however, more attention will be devoted to stimulating socio-cultural activities. Furthermore, the fact cannot be ignored that new problems have arisen as a result of the deteriorating economic climate (redundancies, rising unemployment, etc.).

Within the framework of activities under the Integrated Structure Plan for the northern part of the country, a Cultural Policy Group is at present considering how relief should be offered in the more important problem areas, and with what priorities.

The Group is concentrating on targets which include:

- (a) preserving and creating jobs in the welfare sector;
- (b) preserving and creating high-grade employment;
- (c) the reception and voluntary employment of unemployed persons;
- (d) preserving the social structure;
- (e) maintenance and expansion of care structures (particularly the various functions in smaller centres);
- (f) improving accessibility and mobility;
- (g) reducing the leeway in education and income;
- (h) stimulating the use of public facilities in the socio-cultural sphere.

4. Physical planning policy

The general lines of government policy for management and distribution are directed towards:

- (a) preventing congestion and unbalanced urban building, especially in heavily built-up areas;
- (b) the protection of open land, areas of ecological or natural value, and high-grade building land, especially in the main open areas between urban zones;
- (c) reducing differences and inequalities in economic development, especially in areas where longer-term economic growth will not be strong enough to support the desired urban development;
- (d) reducing differences and inequalities in regional levels of facilities;
- (e) a brake on the increase in mobility, including movement between urban and rural areas.

Two problems are of special importance in this:

- (a) the population trend in the Northern Netherlands;
- (b) increasing residential expansion from the Randstad into North Brabant (southward) and Gelderland (eastward).

Population trends over the years have been favourable in the Northern Netherlands. In the 1950s there was a strong move to live in other parts of the country, especially the western part. This was particularly disturbing as most emigrants were younger and better educated people. Gradually an improvement took place. At present the number of people who are moving home to the Northern Netherlands shows a slight increase, in comparison with the number of people leaving the Northern Netherlands. This population trend is not unsatisfactory from a national point of view. In order to obtain a firmer basis for solving the problems of the Northern Netherlands, the Government considers higher population growth desirable in Central Groningen and the Eems Estuary area.

The main trouble spots in the development of the Northern Netherlands are the weak economic structure of the region and the poor urban level of facilities in this part of the country as a whole, and in southern Friesland, Drenthe, and East Groningen in particular. Signs of congestion are not yet apparent in the Northern Netherlands. Suburbanization, with its associated traffic problems and encroachment on open space, is occurring around the town of Groningen, including North Drenthe, and likewise around Leeuwarden. The scenic and ecological importance of large parts of Drenthe calls for a cautious approach. Management policy in the Northern Netherlands must be directed to removing the problem spots as far as is possible. An important starting point is concentration, and this applies both to stimulating the economy and to urban development. Certain genuine needs can admittedly be dealt with by distributing economic incentives widely, but the economic structure can probably be improved more effectively by concentrating the major sources of new jobs in fewer places than has so far been the case. There are in fact a very large number of local centres.

However, bearing in mind the present employment situation in these centres, and the economic prospects, it is not considered opportune at present to discard any of them.

Some differentiation between centres is considered advisable, especially in view of the functional differences between larger and smaller centres under the physical planning policy. Small-scale business activity should be specially stimulated in smaller centres. This does not rule out encouragement for small-scale business in the inner urban areas of larger towns. The establishment of large industries and ancillary services will be encouraged in the larger centres, bearing in mind that the optimum location for new ventures must be carefully considered (not too many in inner urban areas, for instance).

Concentration is also necessary in further urban development in the Northern Netherlands. This would allow better use of the available infrastructural facilities. While population density is still relatively low, there is a risk in some parts of scattered housing being developed at the expense of valuable scenic and natural areas. Concentration should take place primarily in Central Groningen and the Eems Estuary region, and Leeuwarden and Emmen. Emphasis should also be placed on the regional centres of Assen, Hoogeveen, Meppel, Heerenveen, Drachten and Sneek. The geographical situation calls for good cooperation on physical planning between the Netherlands and Germany, and for a common view of the future structure of the region.

Economic policy and the environment

One important factor in formulating the economic policy was the effect it would have on the environment, i.e. residential and living conditions in both urban and rural areas.

Much of the north may be considered beautiful, and the Waddenzee is an area of great ecological value. There is also major water pollution, especially in East Groningen where the potato flow and cardboard industries are concentrated.

The projected increase in industrial production is bound to have consequences for the environment.

The internationally accepted "standstill principle" requires that these consequences should be kept to a minimum, whilst at the same time water pollution should be vigorously countered around the peat-land villages. Due attention to preserving the natural beauty and valuable ecological areas may prevent the economic policy removing economic deficiencies at the cost of producing environmental deficiencies.

Renovation of towns and villages, protection of the countryside and conservation of natural areas should all be encouraged, since they can contribute appreciably to offering an attractive atmosphere for new business.

5. Principles of subregional division

The economic structure of the Northern Netherlands differs widely among the subregions. Certain areas have distinct advantages as sites for new business: the Delfzijl-Uithuizen area for industry connected with a port; Groningen with its State University for the research and services sectors; and the Frisian lakes, the Drenthe plateau and N.W. Overijssel for tourism, even though their contribution to employment can only be a limited one. Eelde airport offers opportunities for domestic and international transport. Other regions such as East Groningen, S.E. Drenthe and N.E. Overijssel, and to a lesser extent S.E. Friesland and S.W. Groningen (Wester-kwatier) reveal persistent economic deficiencies. When developing the policy the advantages of the various subregions should be exploited as far as possible.

The weaker regions deserve particular attention, both to maintaining existing levels of employment and to launching new activities which are not clearly tied to a particular location.

As explained already, a more detailed review of regional differentiation is being undertaken at the moment.

Chapter III - Policy measures and mechanisms

1. General framework

As in the previous chapter, emphasis is laid on economic and physical development measures and mechanisms.

The fact that much of the region borders another country offers special advantages for the development of a favourable climate for new business.

Closer cooperation will gradually be sought on economic and social affairs on both sides of the frontier. In the longer term the promotion of mutual links across the frontier, in production structure, labour market and social and cultural life, will be found more beneficial than attempts to combine the characteristics of the region with those of the neighbouring country, with the risk that local characteristics are no longer appreciated. In order to give these cross-frontier relationships a better chance to develop, on a mutual basis, trials are at present being made with an action programme across the northern frontier area, the Eems-Dollard region, in the framework of Dutch-German regional policy consultations. A programme of this kind will give better insight into the climate for new business on both sides of the frontier and, on the strength of this, into the need for closer coordination of policy measures and mechanisms.

2. Economic measures

The range of economic mechanisms available is geared to the stated aim of eliminating the regional component in unemployment in the Northern Netherlands.

2.1. Regional investment grants

The investment grant scheme (IPR) is to date the most important direct incentive for the development and expansion of industry and services in the North. This does not alter the fact that until a short time ago the scheme was considered insufficient from several points of view. On 8 June 1977 a new IPR scheme came into force, which eliminated a number of problems. The existing pattern of development centres (see general part, annex "A") has been retained in the part of the North covered by the scheme. Gross aid is also unchanged at 25% of the investment in fixed assets, with a ceiling of HFL4 million, unless the Minister decides otherwise. An alternative is a mixed grant, consisting of gross aid at the rate of 15% with a ceiling of HFL2.4 million, plus HFL12 500 per permanent employee. The total mixed grant may not exceed HFL5 million, unless the Minister decides otherwise.

There will be a degree of differentiation in practice, however, in the sense that secondary centres will benefit from the lower IPR limit being brought down from HFL400 000 to HFL200 000 while large-scale projects in the

industrial and ancillary service sectors (over HFL 14 million) will, it is anticipated, be located largely in the primary centres. To promote subregions offering strong advantages to new business, it is possible for instance that a higher grant than usual may be paid towards the establishment of certain major basic industries in the early stages of development in the Eems estuary. Moreover, the modified IPR scheme will be important for the Northern Netherlands, as it offers grants for independent investment in research departments and laboratories, and also for the purchase of empty premises.

At the same time the special regional supplement under the Investment Act (WIR) is in part temporarily included in the modified IPR scheme. This means a temporary increase in the grant rate from 25% to 40% for investment in buildings and open-air installations. This higher rate will apply to a number of special problem areas in the Northern Netherlands, e.g. the eastern part of Friesland, East Groningen, South-East Drenthe and the continuation of this area into North-East Overijssel. These are neighbouring areas with a high level of structural unemployment.

2.2. The role of the Northern Development Company (NOM)

A more selective approach is to be taken towards new business connected with trends in the labour market and potential for strengthening the economic structure of the subregions within the Northern Netherlands.

With this in mind the organization of the Northern Development Company (NOM) is being strengthened, to prepare and implement a policy of selective acquisition. NOM may also finance the building of premises, in advance of demand, on industrial estates or in centres where ancillary services may be established. In addition, a systematic flow of information is being sent out, in consultation with NOM, telling firms particularly in the western part of the country about the specific possibilities and attractions offered by the Northern Netherlands. Funds of up to HFL 200 million have been allocated for NOM to cope with the rising demand for taking holdings in firms, while NOM can - where necessary - set up businesses itself. NOM's activities in research and product development are being stepped up.

Apart from capital and labour, there is a growing need for management advice and here again NOM's role is increasing.

2.3. Labour market measures

Labour market measures are needed, in addition to schemes to promote employment. These measures must aim for an optimum balance between labour supply and demand, in order to involve as many people as possible in the work process. In the majority of cases adequate openings will have to be grafted on to existing or expected demand. Where demand is anticipatory, steps to match the work load will also have to be anticipatory. Labour market measures are general and national in principle, the main aim being to find a balance between labour supply and demand, with the main problem areas first lying among the unemployed and those threatened by unemployment. By the nature of the aim, the remedies to achieve it must be flexible. When supply and demand trends so require, the remedies must, where possible, be adapted or extended and more flexibly matched to suit particular sectors of the

labour market. These are general measures designed to increase regional or functional labour mobility, measures directly designed to assist placement, and measures to provide employment or training for special categories such as young persons, women, old people and the handicapped. To bolster these measures the Government has earmarked extra funds under the economic structure policy for labour market schemes which will improve the structure of branches of business.

It is important for the weaker areas that the temporary employment policy is to be implemented more extensively in the next few years through the Temporary Job Scheme (TAP), the interim measure for young unemployed and the experimental employment projects for women.

Intensive use will also be encouraged, in problem areas, of measures to absorb unemployed persons in the cultural and educational spheres.

In order to obtain a better regional balance between supply and demand, the Movement of Labour Scheme was superseded on 5 July 1977 by the contribution towards Relocation Costs Scheme (1977). Apart from increasing the mobility of the unemployed, the scheme will subsidize the relocation of firms to the areas which it covers.

There will be some differentiation by regions in the experimental training courses for unemployed young persons in the course year 1977-78.

It is being considered whether some of the training facilities should be given greater weight. A region like the Northern Netherlands cannot afford to be without a measure like the counter-cyclical employment programmes. The medium-term structural policy is based on cyclical development, and the programmes, with their high degree of flexibility and adaptability, are of great use in dealing with sharp incidental fluctuations. They can also fulfil a bridging function, if structural changes have to be accommodated.

To what extent more far-reaching measures on the supply side can be taken in future, with regard to early retirement, for example, or spreading employment among more people, is being considered. A big contribution to relieving unemployment is also expected from supplementary measures in the cultural and educational spheres. This policy must be implemented in close coordination with labour market measures. Unemployment has both material and intangible consequences for those affected, and a series of projects must be introduced very urgently.

Amongst the people affected, a number of categories can be defined, usually facing different sets of problems:

- (a) the school-leavers, who have had no opportunity to enter the work circuit;
- (b) the young unemployed, who have just started work and for whom there are no, or almost no, future opportunities;
- (c) the adult unemployed.

Use should first be made of the possibilities available under Article 36 of the Unemployment Provisions Act (WWV). This provides for socio-cultural work for the benefit of the unemployed which, subject to specified conditions, is eligible for a 100% subsidy.

Attention must also be devoted to extending vocational training, such as the

experimental courses for the young unemployed. This is an experimental form of education of limited duration, provided at local schools for unemployed persons between the ages of 16 and 23 with certificates m.a.v.o. (1), h.a.v.o. (2) or v.w.o. (3) or without school certificates. The aim is to link up with regular vocational training and improve the students' prospects in the labour market. As part of the fight against unemployment amongst young people, attention must be drawn to the four-year project approved by the EEC Education Ministers on 29 November 1976. This project will consist of some twenty experiments and a range of studies. The aim is to equip young people for future work and assist the transition from school to work, and thus reduce the likelihood of unemployment.

2.4. Infrastructural measures

Despite the quite considerable improvements in the infrastructure achieved with the help of the European Regional Development Fund amongst others, much still has to be done with the internal and external connections to help stimulate economic development in the Northern Netherlands. The Government recently decided, therefore, to proceed with a crash programme of five major infrastructure projects using funds set aside for the Integrated Structure Plan. Grants of HFL 68.1 million will be involved up to 1980. The projects include new highways, widening of existing roads, and converting part of the Zwolle-Emmen railway line to double track. These projects conform to the ISP requirements of improving direct links to and from the Northern Netherlands.

The removal of a number of other urgent trouble spots in the northern infrastructure is still at the discussion stage. These projects, of national importance, will be carried out under the State Road Plan or the ISP.

A new infrastructure programme for the Ministry of Economic Affairs is at present being prepared, embracing provincial and local authority projects to open up industrial estates. Lists of projects have been submitted by the northern provinces. ERDF will provide supplementary funds for these projects. A more detailed programme will be announced in the course of 1978.

2.5. Agricultural and land management measures

Agriculture is a relatively large employer in the Northern Netherlands, particularly in some subregions, so policy proposals and mechanisms in the sphere of land management and agricultural development are of some importance.

There are three national policy mechanisms, all of which are of special importance for the Northern Netherlands. These are the 1954 Land Consolidation Act, the 1977 memorandum on rural regions, and the existing subsidy schemes for public and municipal maintenance of rural areas and planting and reafforestation.

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- (1) Lower secondary school education.
 - (2) Higher secondary school education.
 - (3) Preparatory scientific education.

The East Groningen and Groningen-Drenthe Peat-land Village Reconstruction Act is of particular importance for the Northern Netherlands. The total cost of the programme is put at HFL 1 500 million, and it will cover physical, economic and cultural restructuring in this region.

Under the land consolidation programme of the Ministry of Agriculture and Fisheries, about 166 120 hectares will be dealt with in the next ten years (gross cost: HFL 906 million).

An investment programme of HFL 645 million is being carried out to end the pollution by the potato flow and cardboard industries; it involves the installation of purification equipment. Contributions of 10 per cent and 5 per cent will be made towards this by the Ministries of Finance and Agriculture and Fisheries and a further contribution of 10 per cent will be made from the European Agricultural Guidance and Guarantee Fund. This extensive investment programme should eliminate the pollution problem by 1981.

2.6. Other measures

The programmes available also provide for aid whenever the initial cost of establishing a new industrial estate is especially high, by contributing a one-off grant to reduce the outlay. Funds are earmarked in the estimates to cover such grants.

Aid for existing businesses will occupy an important place in the policy for the next few years. Funds for this are set aside in the budget of the Ministry of Economic Affairs, designed for use in problem areas like the Northern Netherlands. These funds are intended to help and rehabilitate firms which are in difficulties but have prospects for the future.

Businesses facing difficulties, or likely to face them, because they are located in inner urban areas (incompatible with rehabilitation or reconstruction schemes or lacking room for expansion) can be helped with a contribution towards relocation costs, using funds from the budgets of the Ministries of Housing and Physical Planning and Economic Affairs.

Subsidies are also available for modernization in older shopping centres. In view of the importance of the amenities, sector for employment in the regions, this has been included in the range of regional mechanisms. It applies primarily in the areas or localities covered by the regional economic policy, or with a major function in urban policy, where modernization of older shopping centres seem likely to make the area or locality more attractive to new business. Projects in designated areas under the Urban Renewal Act will also be considered for subsidies.

The measures listed above can never be completely tailored to all eventualities. When a specific and very urgent problem arises and these remedies cannot be applied because the criteria or rules do not permit it, additional funds are needed and a contingency fund is available for this purpose.

In support of the regional policy, the target of achieving a transfer of 4 500 jobs to the Northern Netherlands before 1980 in the first phase of government service relocation is being retained in its entirety. It is not yet clear how the second phase up to 1990 is to be carried out. Efforts are being made to conduct it as far as possible by establishing new government institutions and new State-linked bodies outside the Randstad.

3. Cultural measures

Until the ISP cultural policy group, mentioned in Chapter II, has completed its work, it is not possible to say how available funds should be used and/or whether additional funds are required.

The Dutch Government hopes within the foreseeable future, i.e. in the course of 1978, to be able to plan this part of the programme in more detail.

Starting from the aims described in Chapter II, a number of priority areas in various welfare sectors have already been defined in consultation between the State and the four northern provinces, for the implementation of the cultural programme:

- Education:
 - the problem of small schools,
 - school planning in further education,
 - grants and other assistance for young people studying and working in country areas,
- Labour:
 - unemployment among young people,
- Health care:
 - instruction and education,
 - primary care in country areas (family doctors, district nursing, social care),
 - small hospitals,
 - a network of district health services and medical services in firms,
- Social service:
 - home care for old people,
- Art and culture:
 - links between education, cultural work and creative skill,
 - the pattern of cultural facilities (including the northern theatre and orchestral societies),
 - psychological accessibility of cultural facilities,
- Leisure, sport, recreation:
 - measures to cater for increasing recreation,
 - qualified coaches,
 - medical examinations.

Leading on from the agreed policy basis, individual proposals are submitted by the provinces and analysed according to their expected contributions to welfare, their effects on employment, their cost (including the proportion of the costs which cannot be borne by the provincial or local authority), and their urgency or readiness for implementation.

For the period 1977-80, HFL 4.5 million is available under the special regional welfare policy for subsidizing cultural activities in the North, together with a further HFL 3.0 million for cultural activities under the East Groningen and Groningen-Drenthe Peat-land Village Reconstruction Act.

4. Physical planning measures

In view of population trends in the Northern Netherlands, the Government and the provincial authorities are of the opinion that the anticipated developments will be sufficient for much of the area. Rapid growth desirable in Central Groningen and the Eems Estuary. The urban policy is designed to concentrate activities. Central Groningen has accordingly been

designated a growth town with a target of 10 - 15 000 additional housing units by 1990.

An attractive residential environment is essential as an alternative to suburban centres.

- (a) The Eems Estuary area will have to absorb a considerable part of the population growth, mainly around Delfzijl and Appingedam.
- (b) East Groningen should count only on the expected limited population growth in the area itself : this must be absorbed in the three local centres of Stadskanaal, Veendam and Winschoten.
- (c) North Drenthe: in view of its ecological and scenic value, population growth and house building must be limited and the suburbanization in Groningen's sphere of influence strongly discouraged. Urban development must be concentrated at Assen (and around Groningen).
- (d) West Drenthe must also watch urban growth carefully; it should be concentrated at Hogeveen and Meppel.
- (e) South-East Drenthe can support an increase in population growth. This should take place mainly around Emmen, to the extent of about 20 000 inhabitants in the next fifteen years.
- (f) Friesland will have to direct its gradual population growth mainly to strengthening the larger Frisian towns. Leeuwarden is indicated as the largest urban centre, followed by Drachten, Heerenveen and Sneek.

Around Leeuwarden expansion must be linked with an attractive residential environment, while special attention must be paid to housing development on the sandy soil around Drachten and Heerenveen, bearing in mind the ecological value of these areas.

Northern and Western Overijssel cannot really support any appreciable growth in population in view of their ecological and scenic value. Urban growth must be concentrated in and around the more important centres.

The development of Central Groningen and the Eems Estuary as large urban areas, partly due to population growth, will also help to reduce the leeway in some areas, compared with the rest of the Netherlands. In Drenthe, considerably more people are already settling than are moving away, while in Friesland the movements are roughly equal.

Energetic efforts are being made to prepare new local plans, or adapt existing ones, on the basis of this general urban policy.

The designation of Groningen as a growth town will attract aid from the Government, to achieve the housing target and also to promote related developments for satisfactory residential, living and working conditions (main road infrastructure, secondary infrastructure, green belts, cultural amenities, investment grants, business relocation grants, establishment of industrial estates).

Chapter IV - Finance

1. General survey

Chapter III surveyed the regional policy measures which apply in principle to all economically backward regions of the Netherlands, including the region covered by this report, and those policy measures or implementation plans which are designed specially for this particular programme. Finance for the implementation of this programme is available under the relevant policy measures. No regional breakdown of the budget allocations can be given in advance for most cases in the first category, larger by volume.

The following table shows the budget allocations for the Netherlands in the policy period 1977-1980, to cover commitments under the more important regional policy measures mentioned in Chapter III.

x HFL 1 million

Policy measure	1977	1978	1979	1980	Total 1977-80
Investment grants (IPR)	159.6	170.0	176.7	183.8	690.1
Infrastructure subsidies	102.5	75.0	75.0	75.0	327.5
Grants for industrial estates	19.5	30.0	30.0	30.0	109.5
Grants for business relocation	19.5	30.0	30.0	30.0	109.5
Modernizing shopping centres	5.0	5.0	5.0	5.0	20.0
Contingency fund	17.0	25.0	25.0	25.0	92.0
Total	323.1	335.0	341.7	348.8	1.348.6

Only at a later stage will it be possible to say what proportion of these funds have been devoted to projects in this region. As far as the budget items for infrastructural improvement and industrial estates are concerned, some pointers can perhaps be provided from the multiyear programmes to the nature and the geographical locations of the projects, as the programme advances. The first phase of the new programme will be established for 1978 on the basis of priority proposals for provincial and local government projects.

2. The European Regional Development Fund (ERDF)

In line with the complementary principle of the Fund, the ERDF contribution is additional to the Netherlands' effort in the field of regional development. The supplementary character of the ERDF contribution is clearly shown in the budget estimates of the Ministry of Economic Affairs. A separate ERDF line is included, giving the total ERDF quota for the Netherlands for the period 1975-77 as HFL 79.3 million. Furthermore, the introductory statement to this budget will account for expenditure of the ERDF funds.

Most of the Dutch quota is taken up by contributions for so-called "declaration projects", the finance for which had in fact been available at an earlier stage. This means that for the northern part of the country for the coming period 1977-80, additional ERDF finance of some HFL 55.2 million has become available for carrying out new projects. As a result of the changeover to another budgetary system no detailed review of the effective expenditure of these ERDF allocations can be provided.

It is also assumed that a certain amount of the Netherlands' ERDF quota for the post-1977 period will be applied to this programme. But it is not possible to provide a separate ex-ante regional breakdown.

3. Special budget allocation for implementation of the ISP

Finally, a special ISP allocation has been set aside to cover the implementation of a number of measures specifically designed for the programme region; the details for the most part still remain to be worked out. A budget allocation of HFL 187 million is planned for the period 1977-80.

These funds are earmarked for measures in connection with projects in economic, cultural and other spheres which will help to strengthen the structure. The basis for this was the assumption that in the first instance such measures and projects would be financed by the ministries and provinces most affected. Wherever it appears, however, that these bodies are not in a position to finance the full amount, a contribution can be provided from ISP funds.

Chapter V - Implementation

1. General comments

The Minister of Economic Affairs coordinates and decides on all regional measures directly designed to stimulate economic activity (investment grants, relocation grants, modernizing shopping centres and the contingency fund). In the majority of cases the provincial administration acts as an advisory body.

A special procedure applies for the investment grants. An application for a grant towards the cost of establishing a business in the northern incentive area must be submitted to the Northern Development Company (NOM) in Groningen, which forwards it to the provincial authority covering the area where the development is to take place. The provincial authority sends the application, with its recommendations, to the Minister. This procedure must also be followed when an application for a grant towards the expansion of a business in the region is submitted by a firm which is partly owned by NOM. An application for a grant towards the expansion of a business in the region must be submitted to the provincial authority where the expansion is to take place, and the authority forwards it with its recommendations via NOM to the Minister.

NOM proposals to invest in new or existing businesses must be presented to the NOM board for approval. The board comprises representatives of the northern provincial administrations and business in the region (trade unions and employers) and the central government (Ministries of Economic Affairs and Finance).

These proposals for investment are decided in conjunction with the National Investment Bank NV. The Minister of Economic Affairs, as sole shareholder of NOM, formally gives final approval.

The Minister of Economic Affairs is also the final authority and coordinator with regard to mechanisms for infrastructure subsidies and aid for the establishment of industrial estates. A programme, based on proposed priority projects, is drawn up in consultation with the provincial administrations. Decisions regarding individual infrastructure projects, however, are taken only after recommendations have been received from the interdepartmental "Commission for Industrial Development in Problem Areas" (CIOP). The commission includes representatives of the Ministries of Finance, Transport, Public Works and Water Control, Social Affairs, the Interior, Housing and Physical Planning, Agriculture and Fisheries, and Economic Affairs.

The powers of decision and coordination for measures under the special regional welfare policy (BRW) lie with the Minister of Culture, Recreation and Social Work. He is advised by an interdepartmental commission, containing representatives of the Ministries of the Interior, Agriculture and Fisheries, Economic Affairs, Education and Science, Housing and Physical Planning, Social Affairs, Finance, Public Health and Environmental Hygiene and Culture, Recreation and Social Work.

The Minister of Social Affairs is the final authority and coordinator for labour market measures. He is advised by a commission including representatives of the trade unions and employers. The Regional Labour Offices

are responsible for carrying out most of the measures.

A distinction is made, for measures under the employment programmes, between infrastructure schemes and aid to individual firms. The final authority and coordinator for the former is in principle the Minister of Social Affairs. He is advised by an interdepartmental Public Works Commission, which is advised in turn by the Regional Public Works Commissions (RCOW). The Regional Commissions, which are chaired by the provincial authorities, make proposals on the allocation of grants to the various priority projects in the region. Aid for individual firms, however, comes under the Minister of Economic Affairs (or the Minister of Agriculture and Fisheries in the case of applications from firms in the agricultural sector). In this case too, advice is given by an interdepartmental committee, including representatives of the Ministries of Finance, Social Affairs and Economic Affairs or Agriculture and Fisheries.

For land redistribution, the Minister of Agriculture and Fisheries is the final authority and coordinator for measures under the land distribution policy. He is advised by the Central Cultural and Technical Commission, which includes representatives of the Ministries of Finances, the Interior, Transport, Public Works and Water Control, Housing and Physical Planning, Culture, Recreation and Social Work, Economic Affairs, Defence, and Agriculture and Fisheries, together with representatives of the agricultural sector.

2. Special procedure for implementing the ISP

Policy for the northern part of the country is formulated by the Steering Group on the Integrated Structure Plan (ISP) for the Northern part of the country. This group includes representatives of the Ministries of Economic Affairs, Housing and Physical Planning, Culture, Recreation and Social Work, the Interior, Finance, Agriculture and Fisheries, Social Affairs, Public Health and Environmental Hygiene, Transport, Public Works and Water Control, and Education and Science, the Central Planning Office, the Socio-Cultural Planning Office and the Central Statistical Office, together with the Groningen, Friesland, Drenthe and Overijssel provincial authorities and the Northern Economic Technological Institutes.

The ISP Steering Group reports to the Ministerial Commission for the ISP, which is chaired by the Minister of Economic Affairs.

At the end of 1976 the ISP Steering Group brought out a report with guidelines on economic policy for the northern part of the country.

A number of recommendations from this report have already led to concrete measures, included in the Memorandum on Regional Economic Policy, and these have been described above.

Consultations have now been held on the report, and policy guidelines, in the framework of the ISP, are now being further worked out, taking the findings of the consultations into account.

Three main points stand out here:

- (a) The provincial authorities, together with the local authorities involved and the relevant economic bodies, are considering what specific possibilities subregions offer for economic development, which difficulties may occur, and how these can be overcome. The results are to be presented in provincial action programme.

- (b) An itemized investigation is at present being conducted, in some of the important branches for the North, into concrete possibilities, ideas and initiatives to expand existing production, develop new production and promote investment which would strengthen the structure of the northern part of the country.
- (c) The departments concerned are examining to what extent the ideas and problems thrown up can be dealt with by their policies.

A similar scheme is likewise being run on the cultural side, to work out plans and projects in the framework of a policy designed specifically for the Northern Netherlands.

Based on the findings of these activities, an integrated final report is expected to appear in the early part of 1978. This will then be considered by the ISP Ministerial Commission and will then be laid before Parliament and the States.

Once adopted, policy will be implemented under the responsibility of the relevant government departments and provinces. The Steering Group is responsible for coordinating the execution of the policy. At the same time it will advise the ISP Ministerial Commission on expenditure of the funds earmarked for the Integrated Structure Plan.

Bijlage sectorverkenning verkeer en vervoer t.b.v. I.S.P. Noorden des Lands

A. Landwegen.

- Bestaande autosnelweg
- - - Nieuw aan te leggen autosnelweg (in 2000 gereed)
- = = = Bestaande weg in 2000 omgebouwd tot autosnelweg

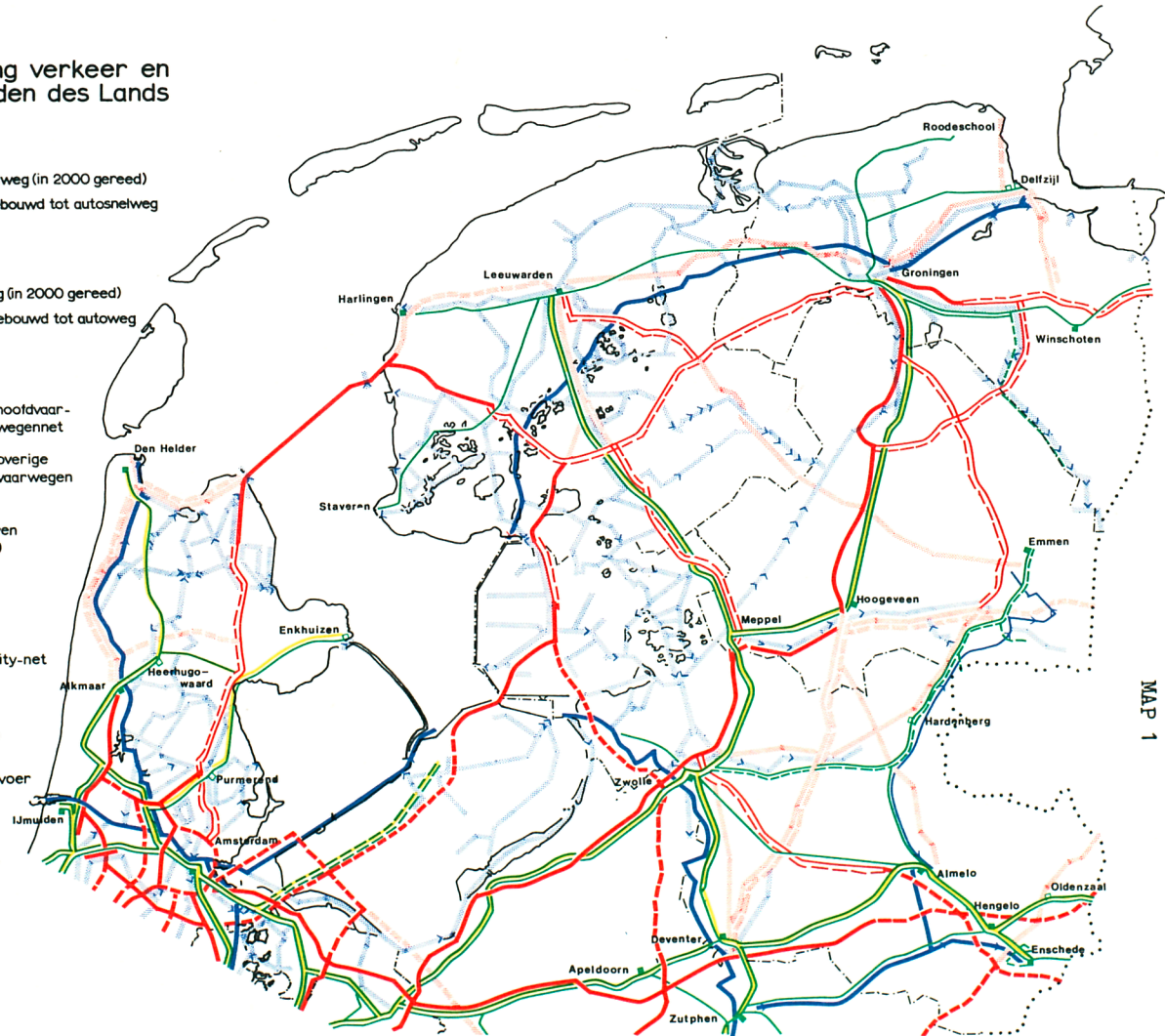
- Bestaande autoweg
- - - Nieuw aan te leggen autoweg (in 2000 gereed)
- = = = Bestaande weg in 2000 omgebouwd tot autoweg
- ... Overige weg

B. Waterwegen.

- Belastingklasse IV en hoger } hoofdvaar-
- Belastingklasse 0 t/m III } wengen
- - - Belastingklasse IV en hoger } overige
- - - Belastingklasse 0 t/m III } vaarwegen
- < Sluis
- < Te vervangen sluis of te bouwen
- < tweede sluis (in 2000 gereed)

C. Spoorwegen.

- Dubbelspoor
- Enkelspoor
- - - Na verbetering t.z.t. in intercity-net
- - - Geëlectriceerd baanvak
- - - Goederenspoorweg
- - - Station of halte, reizigers- en goederenverkeer
- - - Station of halte reizigersvervoer
- - - Te verhogen spoorbrug (in 2000 gereed)
- - - Nieuw aan te leggen geëlectriceerd dubbelspoor



MAP 1

ANHANG: ÜBERSICHT ÜBER SEKTOREN TRANSPORT UND VERKEHR IM ZUSAMMENHANG MIT DEM „I.S.P. NOORDEN DES LANDS“

A. Strassen

Bestehende Autobahnen
 Neu anzulegende Autobahnen (bis 2000)
 Bestehende Hauptstrassen, die bis zum Jahre 2000 zu Autobahnen ausgebaut werden
 Bestehende Hauptstrassen
 Neu anzulegende Hauptstrassen (bis 2000)
 Bestehende Strassen, die bis zum Jahre 2000 zu Hauptstrassen ausgebaut werden
 Andere Strassen

B. Wasserwege

Belastungsklasse IV und höher	} Hauptnetz der Wasserwege
Belastungsklasse 0 bis III	
Belastungsklasse IV und höher	} übrige Wasserwege
Belastungsklasse 0 bis III	

Schleuse
 Zu ersetzende Schleuse bzw. zweite Schleuse zu bauen (bis 2000)

C. Eisenbahnen

Zweigleisig
 Einleisig
 Nach Verbesserung vorgesehen für Intercity-Netz
 Elektrifiziert
 Gleise für Güterverkehr
 Bahnhof oder Haltepunkt, Personen- und Güterverkehr
 Bahnhof oder Haltepunkt, Personenverkehr
 Zu erhöhende Brücke (bis 2000)
 Neu anzulegende elektrifizierte zweigleisige Strecke

ANNEX: THE TRANSPORT SECTOR IN THE "I.S.P. NOORDEN DES LANDS"

A. Roads

Existing motorway
 Motorway to be built (by 2000)
 Existing main road to be transformed into motorway (by 2000)
 Existing main road
 Main road to be built (by 2000)
 Existing road to be transformed into main route (by 2000)
 Other road

B. Navigable waterways

Class IV or higher	} main network
Class 0 to III	
Class IV or higher	} other navigable waterways
Class 0 to III	

Lock
 Lock to be replaced by second lock to be built (by 2000)

C. Railways

Double track
 Single track
 After upgrading planned for integration into inter-city network
 Electrified section
 Freight network
 Station or halt for passengers and freight
 Station or halt for passengers
 Bridge to be raised (by 2000)
 Electrified double track to be built

ANNEXE : RECONNAISSANCE DU SECTEUR, COMMUNICATIONS ET TRANSPORT POUR L'ISP REGION NORD

A. Routes

Route express existante
 Nouvelle route express (prête en 2000)
 Route existante à transformer en route express pour l'an 2000
 Autoroute existante
 Nouvelle autoroute (prête en 2000)
 Route existante à transformer en autoroute pour l'an 2000
 Autre route

B. Voies navigables

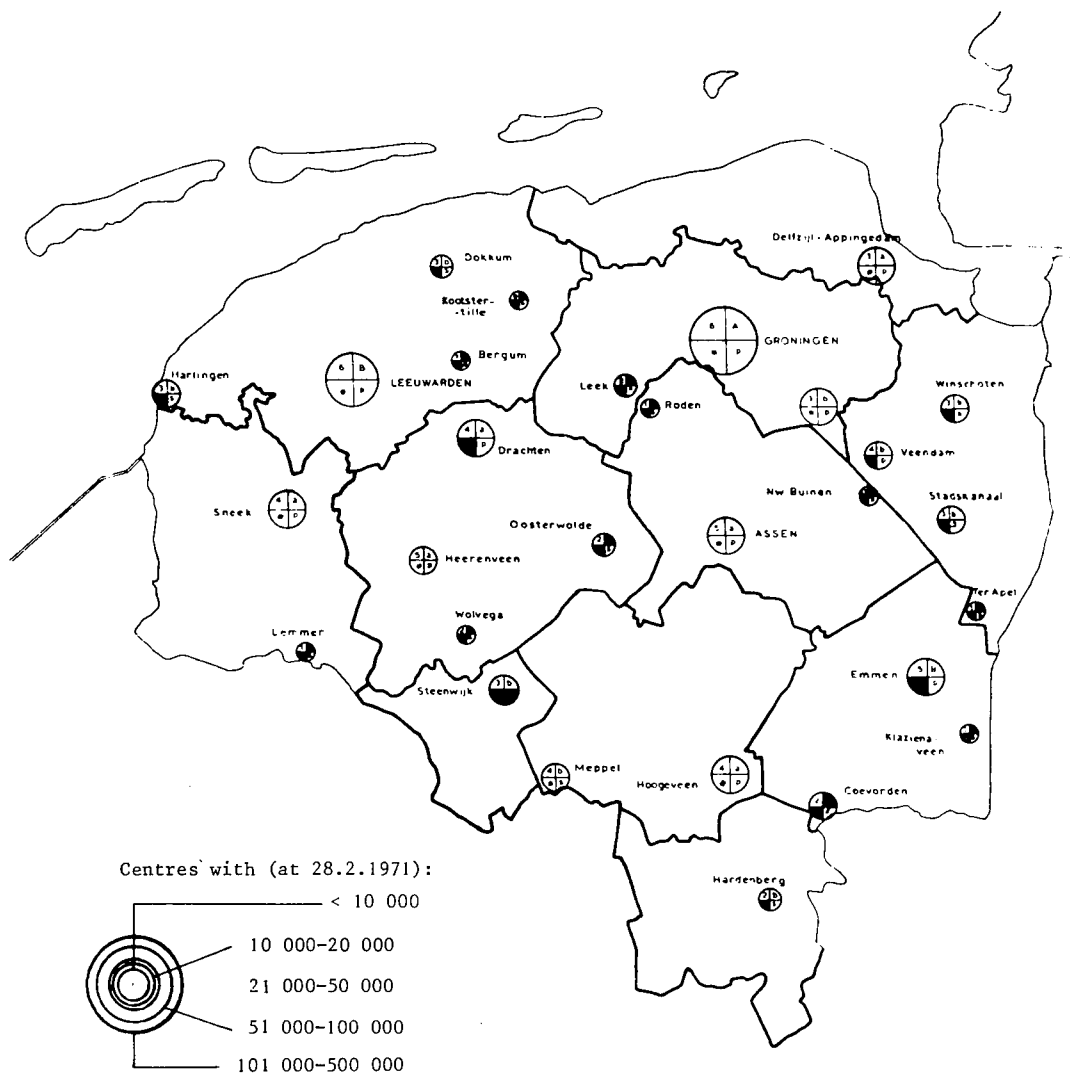
Classes IV et supérieure	} voies principales
Classes 0 à III incl.	
Classes IV et supérieure	} autres voies navigables
Classes 0 à III incl.	

Ecluse
 Ecluse à remplacer, ou seconde
 Ecluse à construire (prête en 2000)

C. Chemins de fer

Voie double
 Voie simple
 Après amélioration, à incorporer le temps venu dans le réseau intervalles
 Section électrifiée
 Transport de marchandises
 Gare ou halte, trafic voyageurs et marchandises
 Gare ou halte, trafic voyageurs
 Pont de chemin de fer à rehausser (prêt en 2000)
 Nouvelle voie double électrifiée à construire

MAP 2



REGIONAL DEVELOPMENT PROGRAMME

for the

SOUTH LIMBURG RESTRUCTURING REGION

1977 - 80

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Chapter I - Analysis of economic and cultural development and physical planning

1. Analysis of economic development

1.1 Key data of the South Limburg Restructuring Region (R.R.)

Table 1.

<u>Population</u> (index figure in brackets)	1960		1967		1975	
R.R.	621 300 (103)		680 300 (110)		708 300 (114)	
Netherlands	11.4 mln (100)		12.5 mln (114)		13.6 mln (119)	
<u>Surface area</u>						
R.R.	915 km ²		915 km ²		915 km ²	
Netherlands	36 200 km ²		33 700 km ²		36 900 km ²	
<u>Population density</u>						
R.R.	680		744		775	
Netherlands	340		371		402	
Production per man-year (equated)	1970		1973			
R.R.	HFL 27 427		HFL 40 079			
Netherlands	HFL 29 131		HFL 42 494			
Unemployment % (registered males out of work)	1965	1970		1975	1976	
R.R.	0.8	2.1		8.5	8.9	
Netherlands	1.1	1.5		5.3	5.7	
Jobs available in % of total job availability, by sectors	1960		1970		1975	
<u>Agriculture:</u>						
R.R.	8.4		4.1		4.0	
Netherlands	11.0		7.0		6.5	
<u>Industry:</u>						
R.R.	63.1		47.5		42.8	
(of which mining:)	18.1		6.3		1.1	
Netherlands	39.0		37.7		33.8	
<u>Services:</u>						
R.R.	28.4		46.6		53.2	
Netherlands	50.0		55.3		59.9	
Income per taxable person (equated)	1969		1972			
R.R.	HFL 10 941		HFL 14 501			
Netherlands	HFL 11 617		HFL 15 203			

1.2 Introduction

In the last ten years far-reaching alterations have occurred in the Restructuring Region^{*}, caused by the process of economic change-over and by the social changes which have taken place over this period throughout the country but have been much more marked in the Restructuring Region owing to the special conditions here.

These changes are analysed and described in the first chapter under three headings, i.e. economic, cultural and physical development. The reaction to this process of change by the private sector and the Government is then described, with the situation that has finally arisen.

The following factors crop up frequently throughout the description of these developments:

- a) the significance of the coal-mining industry and the far-reaching effects of closures in this sector;
- b) the geographical situation of the Restructuring Region, which is somewhat isolated from the rest of the Netherlands but forms, for other countries, the Netherlands' window on to Europe.
- c) population trends in the Restructuring Region, in both number and composition.

Of these factors, the one at the crux of the problem is the decline in the coal industry, with the geographical situation and the population factor forming a background against which all these processes take place.

The Restructuring Region is one of the most densely populated areas of the Netherlands. Over 5% of the population, or 0.7 million people, occupy 2.5% of the Netherlands.

Since 1960 the population growth in the Restructuring Region has been below the average for the Netherlands and since 1968 there have been clear signs of a decline in growth.

This slowing-down in the growth of the population is due to two factors. The drop in the birth rate is greater than in the country as a whole, which has resulted in a decreasing percentage of young people. In addition, the earlier net emigration has increased, especially in the Eastern Mining District and the Maastricht area.

In the Eastern Mining District the change is directly related to mine closures, while in the Maastricht area there seems to be a certain stagnation and overflow into the most southerly part of the Restructuring Region. In the next few years the natural population growth in the Restructuring Region will further decline and lag behind that of the country as a whole. The age level of the population will therefore rise more quickly than the national average.

1.3 Background

As a result of the mining industry, South Limburg developed into an industrial area, with mining predominant.

In 1965 over one quarter of the jobs in the industrial sector were concentrated in mineral extraction and in the Eastern Mining District the figure was in fact over 60%. In addition to direct employment, the mining

(*) This consists of four sub-regions: Roermond, Western Mijnstreek, Eastern Mijnstreek (i.e. the W. & E. Mining Districts) and Maastricht, with the surrounding areas.

industry exerted a strong indirect influence on the creation of employment, as many supply firms in the industrial and ancillary services sector were dependent on it.

The mines were also important for the building industry (rehabilitation of sites) and the transport sector. In 1965 about one-third of the gross regional product in the industrial sector was generated by mining.

Owing to the big demand for labour in the mining industry, there was almost always a shortage of labour in the Restructuring Region, despite the increasing working population. On account of the lower pensionable age of the mine workers, the average age of the working population was low, whilst the pattern of training was also attuned to the needs and opportunities of the mining industry.

In the period 1960-65 changes took place which ultimately led to the complete closure of the mines. Market conditions (the more favourable price of oil, cheaper coal from the USA, natural gas finds in the Netherlands) altered, and the labour situation also changed (greater attraction to other occupations). In 1965 the number employed in the mines was 10 000 less than in the peak year of 1958.

1.4 The change-over

In 1965 a start was made on cutting back coal production, entailing the introduction of many new measures to ensure that the closures coincided as far as possible with the creation of new jobs. With the gradual closing down of the mines a large number of jobs were lost (45 180 altogether), of which 13% were held by workers from outside the mining district.

The closures also had an effect on industrial investment and on the infrastructure, which was to a large extent orientated towards the mines. Changes in income obviously affected purchasing power and the pattern of spending, and the retail trade was especially hard hit. Suppliers who were formerly dependent on the mines also had to look for other outlets, and were not always successful.

Management was faced with greater problems. Whereas previously the emphasis had been on the technical aspects of production, in the new situation ability to judge market conditions became just as important. People were not used to this and it led to further problems.

The economic situation in the Restructuring Region cannot be considered on its own, without looking at the domestic and international economic developments which took place in the period 1965-75. These included a general recession (1966-68 and from 1970 onwards) and structural changes. The latter included a general decline in the growth of employment, a worsening in the competitive position of the Netherlands, and increases in the cost of energy and raw materials. Important changes occurred in agriculture (mechanization) and building (a fall in demand).

These developments had their effect on the Restructuring Region. Changes in employment in the more important economic sectors of the Restructuring Region can be seen in Table 2. This shows that the increase in jobs in industry and the services sector was not sufficient to compensate for the loss in other sectors. On balance, despite great efforts to create enough jobs (32 000), the Restructuring Region lost nearly 5 000 in the period 1965-73. After 1973 this adverse movement became even more pronounced.

Table 2. Changes in employment levels in various fields of activity in the districts covered by the Restructuring Region in 1965, 1970 and 1973

		Agriculture	Coal Mining	Building	Industry	Services	Total jobs	
		%	%	%	%	%	No.	%
Eastern Mining District	1965	3	36.2	6.4	17.7	36.7	101 660	100
	1970	2.3	17.1	6.6	25.0	49.0	94 900	100
	1973	1.9	8.8	6.4	27.5	55.4	88 580	100
Western Mining	1965	3.9	15.8	11.4	42.8	26.1	53 150	100
	1970	2.1	-	10.8	52.4	34.7	52 965	100
	1973	2.0	-	9.6	52.1	36.3	53 420	100
Maastricht	1965	6.9	-	8.2	40.2	44.7	61 050	100
	1970	4.9	-	7.5	38.5	49.1	63 845	100
	1973	4.5	-	7.2	37.6	50.7	63 810	100
Roermond (1)	1965	12.4	-	8.5	29.9	49.2	40 500	100
	1970	8.9	-	7.4	33.8	49.9	44 465	100
	1973	7.0	-	7.4	33.7	51.9	45 555	100
Restructuring Region	1965	5.6	17.6	8.2	30.2	38.4	256 140	100
	1970	4.1	6.3	7.8	33.4	46.6	256 175	100
	1973	3.5	3.1	7.5	36.4	49.5	251 365	100

(1) The Administrative Employment Area falls partly outside the Restructuring Region.

Source: District Employment Office.

Two factors which had their effect on industry were the increase in the cost of labour and changes in the relative position of foreign competitors. In the services sector the non-ancillary services (banking and insurance) accounted for the lion's share of the additional jobs. Public authorities and education also contributed to a considerable extent. In all sectors, however, a slowing-down in growth is noticeable after 1970.

As in the case of production, Limburg's share of gross national investment in fixed assets fell in the period 1960-70.

The increase in income per worker in Limburg after 1965 also varies from the figure for the Netherlands, falling behind the national average.

Apart from a fall in employment, a considerable change in the structure of economic activity became evident in the region. The share held by the services sector came closer to the national figure and those held by agriculture and building ran parallel with the national levels.

1.5 Main corrective measures and incentives

The consequences of closures in the mining industry described above were dealt with in three ways, i.e.:

- at national level (together with ECSC aid, which was linked to national aid);
- at provincial level;
- at local government level, in some cases with individual authorities working together

The problems encountered by these authorities in dealing with the economic changes will be described below, in the same order.

- A. The Central Government adopted three main lines of approach to offset the consequences of the mine closures:
- a. support for the mining companies, to put them in a position to run down the mines gradually (the so-called objective and subjective aid measures);
 - b. facilities for workers in the mining industry, to absorb as far as possible the consequences of mine closures (the resettlement scheme under Article 56 of the ECSC Treaty and the supplementary scheme). In October 1973 a new Act came into force on government support for the miners' pension fund;
 - c. incentives designed to create new jobs to offset those lost.

Table 3 gives the amounts paid out by the Government to the mining industry in the period 1965-75 inclusive, under measures (a) and (b) above.

Table 3. Amounts paid out direct to the mining industry in the period
1965-75 (in HFL million)

	1965 to end 1969	1970 to end 1975	Total to end 1975
1. Support for the miners' pension fund under the Act of 1 July 1948	178.7	237.8	416.5
2. Objective aid	102.6	82.6	185.2
3. Subjective aid	90.9	377.6	468.5
4. Resettlement schemes (1)	44.7	162.9	207.6
5. Running-down costs for local mines	15.3	20.8	36.1
6. Interest charges	22.6	43.1	65.7
Total	454.8	924.8	1379.6

(1) This does not include the contribution paid by the Commission of the European Communities for resettlement (Article 56 of the ECSC Treaty), which amounted to HFL 65 million from 1965 to end 1975.

In the period under review the Central Government followed an active employment policy, based mainly on aid for the mineworkers but also clearly providing support for the whole restructuring process. Making use of Article 56 of the ECSC Treaty and Article 4 of High Authority Decision n° 365, provision was made for mineworkers who became redundant due to the running down of the coalmining industry, with the aim of helping such workers to make the transition to a new job. The employment policy also helped economic restructuring through a number of measures benefiting both ex-miners and other workers. First of all the regional employment offices, which until then had only been manned on a limited scale, owing to the continuous shortage of labour, were considerably expanded. Special agencies were also opened as a temporary step and found places for over 15 000 people. In Sittard a new-style job centre was opened as an experiment, to apply a more active regional and local employment policy.

Another important measure was the expansion of training schemes: in addition to training inside firms, through the resettlement scheme under Article 56 of the ECS Treaty, two new centres for vocational training were established and the number of courses at existing centres was considerably increased. These facilities were extensively used: between 1965 and end 1974 16 728 persons, about half of whom came from the ranks of the mineworkers, took advantage of various retraining schemes.

Finally, especially in the last few years, new employment measures such as wage supplements, temporary job schemes, etc., were applied on a large scale in the Restructuring Region.

To offset the loss of jobs, incentives to create alternative employment were introduced. The most important of these is perhaps the Investment Grant scheme introduced in 1967 to establish and expand businesses - at first only in manufacturing but later taking in ancillary service firms (the Industrial Change-over Incentive Scheme for Limburg, or SIOL, had earlier applied).

It can be seen from the above survey that the Eastern Mining District profited most from grants to new firms, whilst the Western Mining District claimed the highest amount of expansion grants. The greatest investment took place in the Western Mining District (DSM and DAF). Roermond also seemed attractive to new investment. The number of expansions seems to be about the same in each of the sub-regions. The number of new firms fell off sharply after 1970 as a result of economic and structural factors, and after 1971 the average number of jobs per new business decreased.

Special mention must be made here of the part played by DSM in the restructuring process. Thanks to its participation in the natural gas industry DSM was able to establish a chemical plant in South Limburg, in the Western Mining District.

The infrastructure in South Limburg was almost completely geared to the transport of coal in the past. When it was decided to run down the coal industry, therefore, the infrastructure was quite unsuitable for attracting alternative employment. The following measures were accordingly adopted by the State:

1. Improving the infrastructure

As part of the restructuring programme, the Antwerp-Cologne road link and the link with Liège were constructed. In addition, provincial road subsidies amounting to HFL 217.5 million were approved between 1966 and end 1977 for the following projects:

- Maastricht-Heerlen (east-west link)
- Kerkrade-Roermond (north-south link)
- a link between the Eastern and Western Mining Districts (not yet built)
- Stein-Geleen (under construction)

Subsidies were also paid out towards the cost of other roads, amongst others those serving industrial estates, whilst airfields and canals were also improved.

To give added impetus to employment, eight employment support programmes were carried out in the period 1972-76. Consideration was given to regional priorities when allocating the financial resources available for these programmes. In the period in question, an additional HFL 372 million was made available for carrying out mostly small labour-intensive infrastructural projects in Limburg, resulting in the creation of an estimated extra 6 500 man-years work by September 1977.

Table 4. Number of new or expanded businesses awarded grants, size of the investment and size of grant, by subregions, for the period 1966-75 inclusive

	New Businesses			Jobs (1)		Expansions			Jobs (2)	
	Number	Investment	Grants	Created	of which miners	Number	Investment	Grants	Created	of which miners
		x HFL 1 000					x HFL 1 000			
E. Mining District	48	279 447	66 305	4 592	1 7 22	25	98 035	14 596	512	189
W. Mining District	11	212 738	28 299	4 479	1 440	29	685 391	41 596	1 086	253
Maastricht	13	45 553	11 586	1 182	239	32	121 270	15 928	690	28
Roermond	21	97 011	23 094	903	133	27	122 841	18 108	397	31
Restructuring Region	93	634 749	129 204	11 156	3 534	113	1 027 537	89 910	2 685	501

(1) Effective number of jobs created from time of establishment to end 1974.

(2) Effective number of jobs created from time of expansion to end October 1974 (492 jobs must be added to the total for the whole region to allow for jobs created by expansions up to the end of 1974).

A degree of regional priority also applies to projects in the State Road Plan. Priority was given to the improvement of links between the western part of the country and the South Limburg region. A total of HFL 258 million was spent on highways between 1965 and 1976 to improve connections between the western and southern parts of the country.

2. The employment support programmes also included financial aid to individual businesses in economic difficulties. When allocating these funds, special consideration is given to businesses in the weaker regions. Between 1974 and 1 October 1977, a total of HFL 187 million in financial support was made available to businesses in Limburg. These businesses had a total estimated labour force of 12 500. In addition, in the last few years funds (about HFL 200 million) have been made available to businesses in the form of state-guaranteed loans.
3. The special Regional Welfare Policy (BRW)
At the beginning of the 1950s a special cultural policy was launched in the development areas, to support the regional industrialization policy. The closure of the mines brought about changes in the local pattern of society that entailed measures in the field of social and cultural welfare, and from 1967 onwards the Restructuring Region was also covered by the special policy. This relies on the use of subsidies in favour of social and cultural investment projects and activities. By 1976 a total of HFL 13.3 million had been made available under the policy to subsidize investment projects, and HFL 16.5 million in contributions to social and cultural activities in South Limburg.
4. The relocation of government services
By adopting measures to relocate public services the Government aims to contribute considerably to strengthening the social and economic structure and the employment position in South Limburg. This supplies some of the jobs needed as a result of the mine closures and the labour problems linked with the commuting of workers across the frontier between Limburg and the Federal Republic of Germany. The relocation of government services will increase the share occupied by services in the economic structure of the Restructuring Region. By 1 July 1975, 2 974 jobs had been created in Heerlen, Hoensbroek, Eygelshoven and Kerkrade. This includes more than 1 600 jobs in the Pension Fund at Heerlen and 500 jobs in the Central Statistical Office. These are services with strong growth prospects.
5. N.V. Industriebank LIOF (Limburg Institute for Development and Finance)
The aim of LIOF is to strengthen the economic structure in the province of Limburg, through incentives to new business and by stimulating and advising existing firms. This last aspect received particular attention in the first period of activity. In 1976 about 400 projects were handled by LIOF.
6. The foundation of the Limburg State University at Maastricht. As a contribution to the expansion of the service sector in the Restructuring Region and the extension of Maastricht's function as

a local centre, a medical and a general faculty were established, offering work for about 250 staff in 1976, whilst about 100 students took courses there. There are strong growth prospects here too.

7. The establishment of a casino at Valkenburg, of great interest for tourism.
8. The establishment of Eurocontrol at Beek (operational in 1972) and of Afcent at Brunssum in 1967.

- B. The general task of the provincial authorities - coordinating and activating - accelerated as a result of the restructuring.

The three most important roles which the provincial authorities had to assume were:

- (i) helping to provide sufficient properly-equipped industrial estates;
- (ii) ensuring that infrastructure was satisfactory;
- (iii) creating a sound administrative framework for the restructuring operations.

To assist the construction of industrial estates the provincial government introduced a scheme providing for grants towards the costs incurred by local authorities. In 1970 this scheme was dropped, as by then there was no further need for new industrial estates.

The provincial authorities also faced a heavy task with the infrastructure. A number of projects carried out in the last ten years and partly financed by the State have already been mentioned.

- C. The local authorities found themselves faced with instructions in 1966 to set up the necessary industrial estates within a very short period. New estates were constructed and existing ones extended, with the local authority becoming joint owner and manager.

1.6. Fluctuations in the labour market

During the period 1960-75 the growth in the working population in the Restructuring Region fell below that of the country as a whole (13% against 18%): this was due especially to closures in the mining industry.

The proportion of women in the working population has increased in the Restructuring Region, but is still below the general level for the Netherlands.

With more people going into further education, the middle age-group accounts for more of the working population. On average, however, the level of education still lies below that of the country as a whole.

Comparing trends in the working population and in employment, it is seen that there has been a growing shortage of jobs in the Restructuring Region over the years. The shortfall is made up in various ways, including commuting and migration. The number of registered unemployed has also increased. Migration

is implicitly shown in the development of the working population, but the questions of commuting and the registered unemployed will be investigated further in the following pages.

Commuting

Commuting normally refers to crossing a border between one's home and place of work. In this particular case commuting takes place mainly across the German frontier. This has increased strongly, partly as a result of autonomous influences (higher net wages in Germany, increased mobility, better prospects, etc.) but also as a result of the rapidly increasing demand for labour in Germany in the 1960s.

Nevertheless, the extent of commuting has fluctuated widely in the last few years, as can be clearly seen from the following figures.

Table 5. Index of outward border commuting to Germany

1965 - 100	1968 - 63	1971 - 150	1974 - 199
1966 - 98	1969 - 87	1972 - 175	1975 - 145
1967 - 63	1970 - 118	1973 - 108	

Expressed in absolute terms, the number of commuters to Germany from the Restructuring Region increased from 3 800 in 1960 to over 15 000 in 1974. In the recession of 1967 this movement showed a clear drop to its lowest level, owing certainly to the drop in demand for building workers in that year (in the Eastern Mining District the lowest point for building workers was not in fact reached until 1968).

This commuter traffic is confined mainly to men. Their age is usually somewhat below the average for the employed population but the age pyramid tapers away; the majority are between 20 and 45 years old. As far as education is concerned, about 87% of the commuters have only lower-grade schooling, which may or may not be combined with lower-grade vocational training. Building workers form the largest group; in 1973 42% of the commuters worked in the building trade, followed by workers in the metal industry (16%) and textile industry (10%). The service sector is not strongly represented.

The distance travelled is very short, mainly because most of the commuters come from the Eastern Mining District. In 1970 56% of the commuter traffic to Germany from the Eastern Mining District covered distances of only 10 - 12 Km.

It is quite possible that in the near future more rather than less Limburgers will go to work in Germany. Increased earnings, a larger choice of jobs, and a better outlook are all factors which considerably enlarge the potential area of employment in the eyes of many workers. Investigations show that there will always be some workers who will continue to commute, even if the incentive of higher income at present associated with border commuting (in about 50% of the cases) ceases to exist. In any case this traffic is by its nature closely dependent on labour market conditions in the frontier zone of Germany.

Finally, there is a not inconsiderable inflow of commuters from Belgium. In 1975 there was an inflow of 5 275 (men and women) of whom 4 945 came from Belgium, compared with an outflow of 14 050 (men and women) to Germany and Belgium. Women account for 40% of the Belgian inflow.

Registered unemployed

Variations in the number of registered unemployed reflect developments in the job situation and the working population, except insofar as these are affected by commuter movements.

Originally there was a labour shortage in the Restructuring Region, with registered unemployment (0.7% in 1965) below the national average (1.1% in 1965). Gradually, however, registered unemployment in the Restructuring Region increased and in 1967 the local figure of 5.6% was well above the national figure of 2.8%. In the following period of economic upturn, the labour market was slacker than before in the Restructuring Region and nationally; the first signs of structurally higher unemployment could already be discerned. After 1970 the difference, compared with the country as a whole, constantly increased, with the Eastern and Western Mining Districts most unfavourably placed (see Table 6). At the same time it must be remembered that net commuting (especially to Germany) had also fallen in the meantime, which did not improve the situation, especially in the Eastern Mining District.

Table 6. Registered male unemployment as a percentage of the male working population between 1973 and 1976, by employment districts

	1973	1974	1975	1976
Eastern Mining District	3.7	6.3	10.3	9.9
Maastricht	3.0	4.3	8.3	9.1
Western Mining District	3.4	5.6	9.0	9.0
Roermond	2.0	3.0	6.3	6.8
Netherlands	3.1	3.7	5.3	5.5

The average age of the registered unemployed, both men and women, was below that of the country as a whole. There was a sharp increase in the number of women below the age of 23 between 1973 and 1975.

The percentages of the various trades making up the registered unemployed vary little from the national percentages in the case of men, except for metalworkers, who are more strongly represented in the Restructuring Region (at the end of May 1975 a figure of 13.2% for the Netherlands, against 19.3% for the Restructuring Region). In the case of women, unemployment is concentrated amongst seamstresses and sales staff to a greater extent than in the country as a whole. The building trade is also strongly represented, which can be explained by the structural problems in building and by the recession. It should be noted that former commuters swell the percentage in this group. In the case of both men and women the absolute increase in unemployed sales and office staff and technical and administrative groups is considerable and the proportions of these groups among the registered unemployed are clearly higher than comparative figures for the Netherlands.

1.7. Economic structure: present situation and outlook

In mid-1977 an estimated 7 000 people were employed in the primary sector (agriculture) in the South Limburg Restructuring Region, almost 100 000 in the secondary sector (industry and building), and about 110 000 in the tertiary sector (trade and services).

More precise information is available in the Statistics of Employed Persons, although these present some problems.*

Despite the caution which is necessary when using the statistical information, some interesting conclusions can be drawn from the data available as at 31 March 1976.

Table 7. Numbers of workers in various branches of activity in the Netherlands and in the Restructuring Region, as at 31 March 1976

SBI Branch of Activity	NETHERLANDS		RESTRUCTURING REGION	
	Workers in each branch	%	Workers in each branch	%
0. Agriculture and fisheries	65 052	1.7	1 458	0.7
1. Minerals	7 651	0.2	1 053	0.5
2/3. Industry	1 103 722	28.1	75 335	36.4
4. Public utilities	44 677	1.1	2 962	1.4
5. Building industry and installation	373 437	9.5	18 681	9.0
6. Trade, catering, hotels and repair work	635 199	16.2	28 270	13.7
7. Transport, forwarding, communications	266 904	6.8	9 640	4.7
8. Banking, insurance, business services	327 531	8.4	11 263	5.4
9. Other services	1 098 499	28.0	58 089	28.1
Total	3 922 672	100.0	206 751	100.0

*- These Statistics only show figures for businesses which employ people, which gives a false impression in the case of agriculture and also to some extent in trade and services.

- Some figures are still not known but these are usually for the less important branches of business.

It can be seen from Table 7 that industry is strongly represented in the Restructuring Region and that the percentage involved in building is similar to the national average. The places occupied by trade and services, however, are far behind those occupied by these branches of activity in the Netherlands' structure. It should be noted that "services" excludes public services (administration, medical and social services, etc.).

The individual sectors

Agriculture

The importance of this branch of activity from the employment point of view has fallen considerably in the Restructuring Region in recent years. It is reported that there is about 40% overmanning, which is the equivalent of about 2 000 workers.

One of the biggest problems in agriculture in the Restructuring Region is that the scale of production per farm is too low. In addition, many holdings of land are widely scattered, resulting in inefficient working.

For these reasons an increase in the number of workers in the agricultural sector cannot be expected in the next few years. A basic improvement in external production conditions, combined with supplementary measures, should, it is estimated, lead to a slight improvement in employment in this sector, to the extent of about 360 jobs by 1985. On the other hand, loss of land owing to switches to non-agrarian use will cancel out practically the whole of the gain. But even if the number of jobs thus remains the same, the number of workers should decrease sharply as a result of mechanization and rationalization. In this respect it must be borne in mind that the job situation outside agriculture, certainly in the Restructuring Region, will scarcely offer any incentive to move. This could lead to a delay in streamlining, which would also slow down any improvement in structure in the agrarian sector.

The primary industrial sector

Following the dismantling of the coal-mining industry, only sand, gravel and marl quarrying remain in the field of mineral extraction in Limburg. As far as employment is concerned this branch of activity is of limited importance as a source of raw materials for the building industry, particularly from a national point of view. In general the situation of the Limburg sand, gravel and marl quarrying industry is not unfavourable, though profitability may be regarded as fairly low. Environmental factors are important, especially with regard to new workings and the opencast activity associated with them. Some applications have already been filed with a view to carrying out marl quarrying up to 1990 and a choice will have to be made between national self-sufficiency and conservation.

According to investigations carried out by the State Geological Service, it seems that in principle economically exploitable deposits of gravel will be available in Limburg for a long time to come.

Manufacturing industry

In terms of jobs, manufacturing is a relatively strong branch in the Restructuring Region. In the policy followed after 1965, considerable emphasis was laid on the necessity to strengthen the industrial sector in the Restructuring Region, and one result is the position of DSM. In the case of the smaller and medium-sized businesses, developments have been less favourable, with an increasing proportion of old machines, less efficient production methods and inadequate commercial policy. Partly as a result of these factors and partly as a consequence of national and international structural changes, a further fall in the number of jobs in manufacturing is expected in the period up to 1985.

Policy will have to aim at stimulating technical and market-oriented developments in existing industry and attracting high-grade industrial activity to the region as far as possible.

Emphasis must also be laid on maintaining the level of employment in businesses and branches with profitable prospects. In this respect it is important to make full use of the specific advantages which exist in South Limburg for the siting of new industry, one of the most important advantages being its geographical situation. Advantage should also be taken of the interesting possibilities available as a result of the presence of DSM.

The following developments in individual branches of activity may be noted.

The situation varies within manufacturing industry. The foodstuffs sector (2/3) consists of a relatively sound group of companies. Conforming to the national picture, the trends in the textile, clothing and leather goods industry in the last few years have been generally adverse. There are special problems with the sub-contracted ready-made clothing firms which are heavily represented in the Restructuring Region.

About 3 000 people are employed in the wood and furniture industry in the Restructuring Region. The future is very uncertain.

The paper industry, a major employer, especially in Maastricht, has experienced a number of unfavourable developments as a result of international competition, a drop in the demand for paper due to the recession, and the heavy cost of environmental regulations.

The development of the chemical industry is of great importance to the Restructuring Region, owing to the presence of DSM (about 15 000 employees). A slowing-down in growth must be expected in 1978 and 1979. Here it is important to note that decisions on major investment projects have been postponed by DSM. Where the size of the workforce is concerned, natural wastage will be offset only to the tune of some 50% for the time being, which means a loss of 400 jobs per year.

The earthenware and glass industry has always been an important branch in South Limburg. The increasing age of plant has put a brake on new developments to take advantage of current market conditions.

The switch on the part of a number of firms in the metal industry from being suppliers to the mines to being manufacturers in their own right has taken place smoothly, though not without certain problems. There are special

difficulties in the metal construction and machinery industries. Good progress in the relatively strongly-represented vehicle industry is important. At the end of 1974 DAF was taken over by Volvo; DSM has a minority share of the equity.

One problem area in the mainly small-scale metal industry is the level of domestic costs in connection with the rapid technological changes taking place at home and abroad.

About 7% of the total employment in the Restructuring Region is concentrated in the building industry.

Taken as a whole, employment in building has fallen in the last few years, largely as a result of two factors. There is surplus capacity, because the high production potential is no longer needed for present-day housing requirements, and the large construction sector, where willingness to invest is so essential, is also suffering from a fall in demand. The slow process of restructuring and the effects of recession have had a detrimental effect on the degree of activity, with signs of saturation appearing. There is a danger that know-how will suffer in the long run as a result of a cut-back in direct and indirect employment in this sector.

Although a large quantity of surplus building labour has been syphoned off into the German building industry as a result of commuting, the problem of surplus capacity is also making itself felt in Germany. Supplementary programmes and infrastructure work inside the Netherlands have provided some relief in the past, but the volume is shrinking. Further adjustment to a lower level of demand is to be expected in this branch of activity.

Services

During the restructuring period the service sector has experienced quick growth, largely reducing the gap between levels here and in the country as a whole. Penetrating and competing in the labour market was made easier by the rundown of the mines. The establishment of some services with a supraregional area of activity helped to strengthen and diversify this sector. An important impetus was provided by the government relocation mentioned earlier. Other impetus came from independent sources such as higher education attendance and the expansion of medical and social care, which all helped to increase job growth in this sector. This does not mean that services here are by now on a par with those in the Netherlands as a whole.

The sector covering trade, hotels and catering is still below the national level. Profitability in the wholesale trade is under strong pressure, especially in firms supplying the building industry. The development of the retail trade in the Restructuring Region has fallen below the national level since the mine closures. Despite the continuing inflow of German consumers, a not inconsiderable surplus of shops has been noted, especially in the "non-food" sector.

Tourism, which is not only of importance for the hotel and catering trades but also provides economic impetus to various branches of activity, has shown encouraging signs in South Limburg in recent years, especially in the successful campaign to extend the tourist season.

Transport has a fair-sized but in some ways declining level of business. Inland navigation is important for the transport of sand and gravel. Increasing foreign competition on international traffic is noticeable in the frontier areas.

With regard to banking, insurance and other business services, the Restructuring Region remains in some respects behind developments elsewhere, especially in the western part of the country, where businesses of this sort are concentrated.

In short, it is clear that economic activity in the Restructuring Region reflects to a considerable degree the structural and economic problems encountered at national level. These are more marked in the region because the economic change over there in all aspects, quantitative and qualitative, has tapered off and in the last few years has stagnated. On the qualitative sides one of the most important factors is that too little attention is paid to adjusting to market conditions.

The climate for establishing new industry

For possible developments in the Restructuring Region, the climate for new industry is of great importance - the circumstances which determine to what extent profitable enterprises can be attracted and what sort of economic activity is involved. This is partly a matter for objective assessment, based on data regarding opportunities and facilities in the area under review, but strongly subjective elements also play a part.

Because the Restructuring Region lies between Belgium and the Federal Republic of Germany, the neighbouring foreign countries are automatically considered when an applicant decides whether or not to take a site. This means that all factors become relative and are considered in relation to the same factors in neighbouring countries.

Labour should not be a problem for new investors, in view of the present-day quantity and quality of the supply; many workers are at the younger end of the working-population scale. Border commuting is not likely to have a disturbing effect. Sales possibilities and communications can be described as favourable, although the extent of the market is somewhat more advantageous in Germany.

Living conditions and ancillary services are roughly on the same level as in Germany and Belgium.

The complaint is often heard that the facilities provided by the Belgian and German authorities (at Federal, provincial and local levels) are more favourable than those in the Netherlands. This is supposed to be especially true of the prices at which units in industrial estates are offered. The Netherlands has requested the European Commission (Directorate-General for Competition) to subject this point to a closer examination.

1.8 Developments 1975-80

To project some economic trends, forecasts were prepared using the Regional Labour Market Model (RAM). The forecasts date from January 1976. In the

course of that year the Government introduced a series of measures, designed to bring national unemployment down to 150 000 by 1980. The earlier RAM findings, which by the nature of things could not take this target into account, have been adjusted accordingly.

In the meantime further developments have taken place which give rise to fears that unless supplementary measures are introduced the number of unemployed will rise still further than anticipated when the 1976 policy was adopted. Originally the plan was to bring the figure down from 260 000 to 150 000. At present, without a change of policy, a figure of 275 000 unemployed must be expected, so that achieving a reduction to the 150 000 level becomes even more difficult.

Working population compared with employment

According to the most recent forecasts, the working population in the Restructuring Region is likely to show higher natural growth in 1975-80 than in the country as a whole.

The age level of the working population is expected to rise in 1975-80, both in the Restructuring Region and in the country as a whole. The proportion of those in the 15-24 age group is falling, whilst the percentage of 25 to 49-year-olds is rising. Nevertheless, the average ages are lower than for the country as a whole. A reversal of the pattern directly after the mine closures, when many mineworkers were pensioned off early, will affect the numbers over the age of 50. As far as education is concerned, a rise in levels of education may be expected in the period 1975-80, though the level will remain below that of the country as a whole.

National measures designed to reduce national unemployment to a certain level within a certain period may lead to an increase in jobs available and this may be reflected in different ways in different regions.

As part of the campaign to reduce unemployment to 150 000, mentioned above, the southern part of the country, including the Restructuring Region, was to show higher growth, partly because of the overspill effect from a renewed shortage of labour in the western part of the country, and partly as a result of investment incentive schemes.

These factors were expected to mean that if national job growth reached 2.7% by 1980, the growth figure for the Restructuring Region would be 4.7%. This would be the result of developments in various sectors. On the strength of new and less favourable forecasts, the outlook for the Restructuring Region is such that a proportionally higher level of unemployment must be expected by 1980, with the result that the need for fresh jobs will be even greater. When calculating job growth, two special developments or impetuses have been taken into account: the first phase of relocation of government services and the establishment of Limburg State University. The first phase of civil service relocation means an increase of over 2 000 jobs for South Limburg, in addition to jobs at the Pensions Fund in Heerlen. About 750 transfers had been made by 1975 and it is assumed that the balance of about 1 250 will be transferred in the period 1975-80.

The number of staff at Limburg State University (RUL) is expected to rise to about 500 in the period 1975-80.

Comparing trends in the working population and employment, the following conclusions can be drawn for the period 1975-80.

Of the working population of 277 000 living in the Restructuring Region^x, 246 000 work in the region and 10 000 outside the region and 21 000 are out of work. No account is taken of jobs occupied by incoming commuters when preparing these figures. The figure for outgoing commuters is in fact higher. As far as the employment situation in the Restructuring Region^x is concerned, it can be seen that it is less favourable than in the country as a whole.

On the strength of the most recent tentative calculations, the net shortage of jobs, which reached a figure of about 21 000 in 1975, will rise by a further 5 000.

This means that the total shortfall in the Restructuring Region by 1980 will be about 26 000 jobs.

The overall picture of the estimated development in the Restructuring Region is presented in the table below.

The labour market balance (1) in the Restructuring Region (2) in 1975 and 1980

	1975	1980
Working population	277 000	282 000
Jobs	246 000	244 000
Unemployment	21 000	26 000
Net commuter outflow (Germany)	10 000	12 000

(1) This is rough estimate, with forecasts for 1980 prepared on the basis of the latests opinions, but still of a very tentative nature.

(2) For statistical reasons, the figures given here refer to the COROP regions of Central and South Limburg, which are not exactly identical with the Restructuring Region.

The regional element in structural unemployment for the Restructuring Region is calculated as the difference between the expected average unemployment rate for the Netherlands and that for the Restructuring Region for 1980, based on the most recent tentative forecasts. The estimated regional element is about 10 500 unemployed. As calculations should also take account of hidden unemployment, which will appear as an extra supply of labour in times of improved market conditions, the number of jobs to be created must be greater than 10 500. If registered and hidden unemployed are roughly equated, 21 000 extra jobs must be found in order to eliminate the regional element, assuming that this is to be done by creating extra demand for labour.

After 1980 it is expected that the number of jobs available in nearly all fields of industrial activity will decline, just as in agriculture and building. An increase in the number of jobs is expected to occur in the services sector, though to a more limited extent than up to 1975. This means that the transfer of civil servants can have a more favourable influence on

^x For statistical reasons, the figures given here refer to the COROP regions of Central and South Limburg, which are not exactly identical with the Restructuring Region.

the Restructuring Region. In the case of the border commuters to Germany, the increase can be expected to slow down, owing to the decline in the building industry mentioned above and the fall in industrial activity in the German frontier zone.

2. Cultural development

The strong social changes to which South Limburg has been subjected since 1965 have their origin in various developments which coincided within quite a short space of time with a sudden sharp effect on established social structures.

The major operation of closing the mines cut deeply into the lives of many people. Uncertainty as to when they were to become redundant, the change to a new kind of job or to early retirement, and in some cases renewed unemployment caused by further closures posed problems for many former mineworkers and their families. The reemployment of mineworkers and mining staff gradually led to a "jostling effect": in the Eastern Mining District, especially, both older and younger workers found it steadily more difficult to get a job, whilst the number of jobs available for the high percentage of handicapped persons became quite insufficient. This jostling effect also meant that younger families sought work outside the region, which had an unfavourable effect on the composition of the population locally. Commuting to Germany also increased, with all its social consequences.

At the same time far-reaching changes took place in the activity of the Roman Catholic Church in society, as a result of the change in the confessional procedure. This produced a general feeling of uncertainty and alienation amongst those people who can or will accept such changes only with difficulty.

The process of social change has also been strengthened by shifts in living patterns - collapse of the traditional residential structure and a bigger gap between living and working (suburbanization, new working areas, etc.).

The process of change described above resulted in a big demand for accompanying facilities, but at the same time made it more difficult to satisfy this demand. The community services run by the mining firms and miners' unions gradually reduced their activity and the Roman Catholic Church was increasingly faced with staff shortages. The resulting loss of helpers in all sorts of institutions and organizations had to be made up to a large extent from volunteers and to a lesser extent from professionals. All this contributed to the burden of the regional government bodies, which had to contend with great financial difficulties.

This does not mean to say that state, provincial and local government bodies and private organizations have not adjusted themselves in many ways to the direct and indirect social consequences of these community changes.

Mention should be made amongst other things of measures in the social sphere, within the framework of the first Government paper on mining, the Special Regional Welfare Policy, and the Provincial Administration's Paper on social measures to accompany the process of industrial restructuring.

3. Physical development

The Netherlands Limburg mining district is situated on a coalfield stretching from the area around Aachen in Germany to the Belgian Campine. Geographically it occupies a central position. As mining developed from the beginning of the century, it was concentrated in the Western and Eastern Mining Districts, because of geological factors. The actual mines were situated in the Eastern Mining District, whilst the related chemical industries were established in the Western Mining District. In the Eastern and Western Mining Districts, therefore, a monolithic structure was built up, strengthened by the existence of numerous supply firms. Other forms of employment were thus unable to develop satisfactorily.

In this way the mining industry left its mark on the area, impressing upon it an image of mining landscape, field railways and tips. There was no need for industrial estates and these were therefore missing from the physical pattern.

The growth in mining activity brought an enormous increase in population to the mining area. The increase had to be absorbed within a short time and this was frequently undertaken by the mining companies themselves. Although some of the so-called "colonies" were established for social reasons (Treebeek, Hoensbroek), precisely to avoid having large concentrations of mineworkers' homes around the mining centres, housing was on the whole not well planned, with more thought being given to quantity than to quality. Building regulations were seldom considered. The existing structure of small local authorities aggravated the chaotic housing picture: large urban areas, without clear town centres. It must, however, be noted that Heerlen had a more urban character compared with the other centres, owing to the fact that it housed the DSM headquarters.

The single-industry structure and the population concentration around the mines dictated the pattern of communications. There were the flows of traffic linking work and home, made up of workers in the mining districts and the roughly 7 000 commuters from other areas. The commuter traffic did not exert any appreciable pressure on the traffic infrastructure, as transport was organized rationally by the mines. The mining industry also generated goods traffic in the form of deliveries to and despatches from the mines mainly by rail and water. With less use being made of roads in this area, the mines again left their own stamp on the natural environment and the infrastructure. The dispersal of the residential structure throughout the mining districts and the fact that hardly any large centres existed in the beginning resulted in a disintegrated pattern of facilities, without any distinguishable order of importance.

The town of Maastricht developed quite differently from the Mining Districts. Maastricht has always had a regional function with regard to amenities and industry, developing gradually with the increase in population. This is reflected physically in its radial development. Owing to its frontier situation astride the Maas, its urban activity in fact radiates into Belgium.

Other environmental factors are the gravel quarries, along the Maas to the south of Maastricht, and the marl working sites.

The South Limburg hill country, east of Maastricht, retains a rural character and attracts many tourists and recreation-seekers by its natural beauty, of a kind unique in the Netherlands.

Valkenburg has been famous as a tourist centre for a long time. The Midden-Limburg (Middle Limburg) district to the east of the Maas has also remained rural. Mining appeared only at a late stage, because the coal seams here lay deeper below the surface. When the Beatrix mine was finally ready, the decision came to close down the industry and production never started. The old town of Roermond, seat of a bishopric, has always had a regional function as an amenity centre for the surrounding area. To the north and west of Roermond, gravel is quarried along the Maas, resulting in an area of flooded pits.

In order to obtain a better population distribution and to break up the single-industry structure, planning measures had been adopted before the mines were closed down. District plans were prepared, covering the siting of new industrial estates, improvements to the infrastructure, in order to link up the new estates, defining new housing zones, with concentration in mind; and steps against silting in the region.

The thought behind all this was that employment in the mining industry had reached its peak and that a decline in employment was to be expected. But the plans certainly did not foresee the complete shutdown of the mines.

For several reasons, the large towns did not grow as quickly as other communities. There was considerable suburbanization, assisted by the existence of a large number of small communities. The suburban growth has not done the region any good, breaking up the land pattern and worsening the financial position of the larger council areas, thus reducing their capacity to undertake urban amenity work on a large scale.

Another far-reaching development is the increase in mobility. The spectacular growth of car ownership, in particular, has had its effect on travel between work and home and also on recreation. The authorities have reacted to this development by opening up the Restructuring Region by means of a widespread road network, much of which has already been completed. Public transport, however, has suffered from this increased use of the motor car and satisfactory operation has become more difficult as a result of the disorganized pattern of settlement. Owing to the increase in recreational facilities, the more intensive use of natural beauty spots, suburbanization and increased mobility, valuable landscape areas have been encroached upon. In addition, modern forms of agriculture and land redistribution and reclamation frequently made demands on land use out of line with conservation needs, while economic consideration made development of this kind necessary. The authorities have tried through a number of measures to deal with the disadvantages of the physical developments mentioned here.

First of all attention should be drawn to the siting and linking of new industrial estates to attract new businesses. One big problem was the rehabilitation of mining sites, for which new forms of utilization were proposed in a special study. Miners' housing settlements were also rehabilitated and a fresh start made with urban patterns and reconstruction, resiting of facilities and improvements in residential and living conditions.

As far as the railways are concerned, the region is linked with the rest of the Netherlands by inter-city services. However, the marginal geographical situation of the region is further accentuated by the poor connections with

Aachen and Liège. Neither of these lines, nor the line to Nijmegen, is electrified. Discussions are taking place with Germany and Belgium. Studies have been undertaken at the request of the Eastern Mining District to see whether the mining lines can be used for local traffic. So far the result has been negative, the most important reason being the lack of sufficiently large population centres along these lines. The proposal is not warranted in the present situation.

A number of plans have already been prepared for the waterways, in order to deal with trouble-spots in good time. In this respect the Government paper on navigable waterways is important, as it describes various possibilities for improving the waterways directly or indirectly affecting the Restructuring Region.

Widening is necessary in the Juliana Canal (although it is still satisfactory for present-day shipping) to cope with any further extension of pushbarge traffic. At the same time a route has been planned for a new link between the Maas and the Albert Canal in Belgium (the Caberg Canal).

The capacity of this link can also be increased by adding a fourth lock at Ternaaien. This solution is technically feasible and cheaper. Consultations with the Belgian authorities, who are primarily responsible for this, will be necessary in order to make a choice and decide how the costs should be apportioned.

Widening of the Wessem-Nederweert and Zuid-Willemsvaart canals, of indirect importance to the region, is mentioned in the Government paper.

As regards air travel, an increase in freight traffic has become evident in recent years. If this growth continues, work will become available in an increased number of transport firms.

In South Limburg twice as much land is at present taken up for housing, works, traffic and local amenities as in the rest of the Netherlands. The way ahead will have to be signposted by a cautious physical development policy. Between 1975 and 1980 about 60 000 new homes will be needed, the distribution of which will have a great effect on the future population pattern.

As regards the number of industrial estates needed, there is at present a clear surplus which will continue over the next few years. The only need will be for more industrial estates with navigable access. Although the region is gradually opening up reasonably well from the point of view of infrastructure, trouble-spots remain here and there and it will be necessary to find a solution for them in the next few years.

The region is connected to surrounding areas by means of a fairly satisfactory network of roads. This can be regarded as the positive result of past infrastructural programmes, although financial problems have arisen for the provincial administration as a result of the accelerated implementation and resultant financing of the programmes, the most important component of which is the Maastricht-Meerssen-Heerlen road.

As far as roads are concerned, improvements will have to be made to the road link to the north (Nijmegen), especially northwards of Maasbracht. If the traffic continues to grow, problems will occur in connection with:

- (a) the road links between the Eastern and Western Mining Districts;
- (b) the former state highway in the Western Mining District;

- (c) the section of the RW 75 through Maasbracht and the Maas bridges at Maastricht;
- (d) the extension of the inter-regional road links between the Eastern and Western Mining Districts, in these areas.

In order to make more intensive use of air transport possible, some additional buildings will be necessary in the short or medium term.

The urban pressure on rural areas, described above, is expected to continue in the future. In agriculture, considered as a branch of economic activity, firms will have to follow general developments in the economy if they do not wish to fall behind, with increased costs and a fall in the incomes of agricultural workers as consequences. Economic improvements in agricultural production will be aimed for by means of land redistribution and increased in the size of agricultural units.

These interests and other functions of the countryside must be carefully weighed. Recreational demands on rural areas will also intensify in the next few years.

The demand for recreational facilities in the Netherlands has become a factor for consideration in the last decade. South Limburg, especially the southern part and the area around Valkenburg, has long been an attractive tourist area, with a unique landscape by Dutch standards. In recent years the flow of tourists, originally concentrated on Valkenburg, has spread over the whole of the outer area described in the district plan. Even the neighbouring Middle Limburg region has been affected by the post-war tourist development, though to a lesser extent.

The combination of natural factors, beautiful countryside and cultural and historical attractions in certain parts of the Netherlands has pointed the way to the idea of country parks. The aim is simply to preserve these areas and to develop them partly for recreational purposes.

The marl area in the far south of the Restructuring Region has been classified as one of five trial areas. As large inroads have been made by the extraction of sand, gravel and marl in recent decades much thought has lately been given to the possibility of restoring the sites partly for tourism and recreation.

The recreational potential of this region is very varied, in both type and capacity, as Limburg has a fairly large number of attractive places of interest both for the day tourist and the longer-term visitor.

The reception capacity and attraction of these sites is of direct importance in regulating pressure on other, more vulnerable areas.

The geographical situation of the Restructuring Region also has important implications for physical development policy. Official consultations on matters of planning control are conducted regularly with both Germany and Belgium. A common approach by the three States to the future physical structure of this region must be sought.

Chapter II - The aims of the development programme

1. National and international framework of policy

1.1 International and national structure

This programme covers economic, cultural and physical development questions inside the Restructuring Region, but they cannot be considered outside their national and international context. Effective developments inside the region are linked by their nature to national and international developments. These links were discussed briefly in the analytical section. Since this chapter refers to policy aims, a short survey of the effect of national policy decisions on the Restructuring Region cannot be avoided, whether these decisions have been taken with the object of influencing national developments or whether they aim to influence the position of the Netherlands vis-à-vis foreign countries.

The Restructuring Region is distinguished by a very short border with the rest of the Netherlands and a relatively long frontier with the surrounding foreign countries. From an international point of view the geographical situation of the region is favourable. It has potential for expansion which will also be of benefit to the Netherlands as a whole. The same geographical position, however, makes it sensitive to international and national policy decisions which affect the Netherlands' relationship with its European and other partners, both favourably and adversely. Further harmonization in the EEC, especially of measures influencing the relative competitive situation of businesses in the various Member States, will have a favourable effect.

However, national policy measures which have an unfavourable effect on the position of the Netherlands in relation to the surrounding countries have highly adverse consequences in this frontier zone.

1.2. Selective growth policy

Apart from the influence of the structural policy (specifically aimed at continuity) on the region, one important question is the relationship between the selective growth policy and regional economic development.

The selective growth policy expresses selectivity (control of raw materials, development coordination, town and country planning and environmental controls) in practice. In a given region (in this case the Restructuring Region) efforts should be directed towards a production structure which fits in as far as possible with relevant regional factors, i.e. physical planning and environmental controls. This can lead to a dilemma on precisely those points at which the regional economic policy is directed: structural inequalities which are not automatically eliminated by a slight mobility in production factors and, amongst other things, relative adjustments of the price mechanism linked with them.

A dilemma of this sort arises, for instance, in the case of the big chemical and manufacturing complex in the Restructuring Region. Is the present environmental impact acceptable or should more stringent protection be enforced, possibly with detrimental consequences for employment?

Should and can business expansion be accepted to the cost of environmental and/or physical development (countryside) interests, if it means that employment will benefit?

Attempts are being made to bring about further regionalization in national growth policy, related to the varying extent and seriousness of the problems involved in the different regions.

2. Economic policy

The shortage of jobs and the accompanying high unemployment constitute one of the biggest problems facing the Restructuring Region. A regionalized approach is thus required, tackling the specific regional components, with the elimination of the local factor in structural unemployment as the main aim of the special policy for the Restructuring Region. The regional component may be defined as the difference in expected average unemployment between national levels and those for South Limburg, taking into account the national structural policy adopted in the meantime.

According to the most recent tentative forecasts, this component, expressed as a figure for the period 1975-80, can be reduced to the need to create 21 000 additional jobs. Quantifying the target in this way serves to highlight the extent of the problem. But it is also clear that although considerable efforts have been made in the past 15 years to find alternative work for the mining districts, the extensive regional differences between supply and demand that still remain point to the obstinate structural character of the problem and indicate that, in view of the international and national economic situation, it will be very difficult to achieve a state of equilibrium within a relatively short time.

Elimination of the structural regional component of unemployment will remain a longer-term objective. It would be pointless to quantify the objective for some given year in the future because forecasts are subject to considerable uncertainty and because an attempt at quantification may also give rise to false hopes that the problem of regional unemployment will have been resolved by that year.

With a view, however, to providing the population with tangible evidence that the Government is making a serious effort to tackle regional socio-economic problems, quantified targets will be set out for job creation in the key sectors.

The targets thus set must be viewed separately, in the shorter term, from calculations relating to the regional component of unemployment in order not to create illusions but must also be ambitious - within the limits of what is still reasonably realistic - so that gradual progress will nevertheless be made towards reducing this component. In addition, it is very important that, in line with the more systematic policy being pursued, these targets are so formulated that it will normally be possible to use them as a ready yardstick against which actual developments can be measured. For this reason, an "instrumental" approach has been adopted enabling the effect of the

regional instruments on the trend of employment and investment to be closely monitored. To keep the targets as realistic as possible, the number of jobs to be created in the different sectors will have to be expressed in terms of a range.

In addition, the targets should cover four-year periods so that some flexibility over time is built in.

In short, the basic idea underlying the socio-economic policy to be pursued in the Restructuring Region is that, starting from the close relationship between national and regional socio-economic developments, the medium-term restructuring policy for South Limburg must cover the period up to 1985 and must be based on practical targets regarding the effects of the instruments designed to promote job creation within the Restructuring Region. To avoid misunderstandings it should here be added that in our economic system the authorities cannot guarantee - no matter how serious their efforts - that the jobs for which there is such a great need will in fact be created in the private sector within the period stipulated, using the regional policy instruments. Most of these instruments are merely designed to help create suitable conditions. The authorities have no control over the extent to which private-sector firms actually make use of these conditions. Nor can they reasonably be expected, where and to the extent that the private sector creates fewer jobs than specified in the target estimate, themselves to set up new firms with a view to making up the shortfall for the simple reason that public-sector undertakings too must manufacture products for which there is a market.

The policy is aimed in the first place at developing employment in both quantitative and qualitative terms, with the emphasis on the expansion of production and on a labour market policy absorbing as many people as possible into employment, especially those groups such as young people that are particularly affected by current developments. In this connection, a special policy to reduce the supply of labour also seems necessary. Emphasis here must be laid on the provision of amenities outside the production process, such as for instance early retirement pensions, longer schooling, the movement of labour to other areas and efforts to increase commuting to Germany.

The effect of commuting cannot be overstressed: in the Eastern Mining District alone very heavy movements are reported, involving 10% of the male working-population. For a long time now Limburg has called attention to the harmful effects of this movement on the economic structure of the region, amongst other things because of the categories of commuters crossing into Germany, which can only increase the "backward" nature of the remaining labour supply.

But a policy designed to reduce the commuting will come up against a number of obstacles. In the light of the job shortage a policy of this sort would merely increase the existing problems, and in any case could hardly be reconciled with the moves towards integration in the EEC. It is questionable, in fact, whether commuting can be curbed.

Against this background it seems logical to accept commuting in its present form. But this does not mean, however, relaxing efforts to improve the economic situation in the region, especially for those groups for which commuting offers no solution. A further relocation of government services will help to fill this gap. Thought must also be given to the problems which individual commuters experience in certain respects. To this end efforts are

being made to obtain further insight into the structural balance in the labour market on both sides of the frontier by intensifying contacts between the regional, and where necessary national, authorities concerned. Moreover, commuting over fairly long distances will be closely analysed.

3. Cultural policy

The starting point for a cultural policy for the Restructuring Region is the promotion of the social, cultural and physical welfare of the population, with strong emphasis on an increase in personal responsibility. From this point of view, the socio-cultural aims for the Restructuring Region can be listed as follow:

- (a) helping people to remain active and independent in the community as long as possible (care and maintenance aims), focusing on the groups most at risk;
- (b) the promotion of opportunities for people and groups to shape their own cultural and social reality (educational aims), with special consideration for groups whose individual development is hindered by economic trends;
- (c) ensuring that culture and nature are accorded their true value in the community, as well as increasing the opportunities for people to follow their own inclinations and abilities to utilize free time for recreation (recreational aim).

This tripartite division is arbitrary, of course, and every activity and provision cannot necessarily be allocated to one of the three headings. But it serves as a basis for further elaboration of the cultural policy for the Restructuring Region.

4. Physical planning policy

The main lines of the Government's policy with regard to management and distribution are directed towards:

- (a) preventing congestion and unbalanced urban building, especially in heavily built-up areas;
- (b) the protection of open land, of areas of ecological or natural value, and high-grade building land, especially in the main open areas between urban zones;
- (c) reducing differences and inequalities in economic development, especially in areas where longer-term economic growth will not be strong enough to support the desired urban development;
- (d) reducing differences and inequalities in regional levels of facilities;
- (e) a brake on the increase in mobility, including movement between urban and rural areas.

The town-planning policy lays down that improvement of the urban environment in South Limburg must be one of the most important points of the management's policy. This means that consideration must be given to urban centres in the Eastern Mining District - Western Mining District - Maastricht conurbation.

The potential of these urban centres should be fully utilized, amongst other things as a brake on suburbanization. Urban expansion can be used to improve the structure of the conurbation, both to strengthen the local centre function of Heerlen, Sittard-Geleen and Maastricht and to preserve green belts between the urban areas. Urban restructuring is most urgent in the Eastern Mining District, where since the closures the mining sites have remained as dead patches in the urban landscape.

The South Limburg conurbation is part of a larger urban concentration covering Aachen, the Mining Districts, Maastricht and Liège. Consultation across national frontiers is necessary to strengthen cohesion inside this region and improve the connections between individual urban areas. Good cooperation with the Belgian authorities is essential for the development of Maastricht.

The South Limburg hill country is surrounded on three sides by this urban zone. It not only links the urban areas but has been designated an "experimental national landscape park" on account of its high ecological and scenic value. House building here should cater primarily for the growth of the local population. Physical planning inside the Restructuring Region seeks to differentiate the functions of rural and urban areas, with a management policy tailored to each function.

5. Principles of subregional division

The policy must be concentrated primarily on the Eastern Mining District, where economic, cultural and physical development problems are on the whole greater than in other areas.

Preserving and improving existing jobs and expanding new employment have priority in this context and particular consideration must be given to unemployment among young people and to the need to create jobs for those who cannot, or cannot easily, find work in other labour markets outside the Eastern Mining District.

But holding to this principle too strictly would almost certainly lead to an unjustifiably high level of commuting and some emigration, in view of the fact that it will be practically impossible to create the number of jobs required for the Eastern Mining District inside the region. The existence of commuting is acceptable at present, but if the numbers increase too much there are likely to be drawbacks that will more than cancel out the advantages of such a solution. Furthermore, high emigration can in no way be considered beneficial to the structure and composition of the region's population.

For that reason other parts of the region will have to absorb some of the surplus labour in the Eastern Mining District. Seeking to provide full employment inside the region is naturally of the utmost importance. In this respect it seems unlikely, bearing in mind the national economic outlook in industry, that the bulk of the job shortfall can be made up in the industrial sector. This automatically points to further extension of services. The policy is thus designed to strengthen not only the industrial sector, but also services within the Eastern Mining District, with Heerlen and Kerkrade as the most important centres to support new activity, including government services.

Unemployment among young people is a separate question. In addition to the quantitative shortage of jobs for young people, the problem of insufficient opportunities of the right quality is particularly acute with this group. This requires a separate approach, covering not only demand but specific aspects of supply as well.

On the socio-cultural side the problems are to some extent closely linked with the shortage of jobs, so that any reduction in this shortage could be expected to have a favourable effect here too. This still leaves the fact that in the Eastern Mining District other problems arise which are far less directly related to economic factors. The foremost concerns those who are not engaged in production, a group which is larger in the Eastern Mining District than anywhere else in the region. It is imperative that extra consideration should be devoted to this group, with adequate information, monitoring and good organization being important. International contacts on socio-cultural matters - including the level of commuting - are especially important in these frontier areas.

Improvements in the urban structure, rehabilitation of the mining sites and attempts to find new uses for the old mine railways must be important lines to pursue in any physical development policy for the Eastern Mining District. The Heerlen/Kerkrade area also requires attention. Naturally, the management of business activity also has a part to play.

In the Western Mining District, too, considerable attention must be devoted to expanding employment, first for the benefit of the local working population but also on a somewhat wider scale. Considering the structure of this region and the priority given to an improvement in the services sector, especially by attracting government services to the Eastern Mining District, more emphasis in the Western Mining District must be placed on the industrial sector, including the possibility of offering industrial sites with access by waterway. A sharp eye must also be kept on incidental conditions in the spheres of environmental damage and land management. New services in the private sector should provide a much-needed strengthening of the structure of the region, especially with regard to services directly linked to industry, such as research institutes and laboratories. Physical planning and cultural policies for this district should be defined in line with the aims for these spheres. To make full use of the level of existing facilities, a further extension of the local centre function of Sittard/Geleen is important.

The position of Maastricht in the Restructuring Region is naturally, first of all, that of a supra-regional (provincial) service centre. A further extension of the services sector, bringing in services whose scope is not simply local or even regional may strengthen this function further. In this respect, Limburg State University is of great importance; its impact, both direct and indirect, goes far beyond its importance simply for Maastricht. The city also has a function in industry, however, which should not be ignored.

The southern part of South Limburg has a mainly rural and recreational function and is still relatively agrarian. Policy for the area should take this into account. Physical planning and cultural priorities rank very high and any activities that may encroach on the area's rural function have to be viewed with caution. The agrarian functions must also be considered, from both economic and administrative standpoints. An increase in jobs for the working population living in the area should take place first of all in the centres of Valkenburg and Gulpen.

A clear policy option for this area is to prevent suburbanization. This will involve conservation of recreational and scenic areas, including the marl country, which is considered important for tourism. An expansion of international consultative structures for physical planning and nature conservation will further strengthen the function of southern South Limburg.

The policy need place less emphasis than before on Roermond, in view of developments there in the last few years. This does not mean that Roermond no longer has any part to play in the policy for the Restructuring Region: problems in other areas simply deserve higher priority because the area around Roermond is considered capable (now that the worst economic, physical development and cultural trouble spots have been removed) of continuing its development under its own momentum, particularly on the economic side, with more limited public support.

Chapter III - Policy measures and mechanisms

1. General framework

It is generally true that satisfactory development of the various regions of the Netherlands calls for special attention to the regional climate for attracting new business and this is particularly the case in Limburg, where conditions in neighbouring countries are highly relevant. Certain siting factors which ought not to be unfavourable when compared with average national conditions may in fact hamper development here, as a result of direct comparison with the situation in neighbouring countries. Continuous international comparison of conditions offered to new business does not automatically entail special measures. The opposite is in fact true: certain conditions which would be considered fairly advantageous in the main part of the Netherlands can have a highly positive effect in a frontier region in South Limburg.

Closer cooperation will gradually be sought between economic and community bodies across the frontiers. In the longer term, promoting cross-frontier links between production structure, labour market and community and cultural life will be found more beneficial than inward-looking attempts to combine the characteristics of the region with those of neighbouring countries, with the risk that the local characteristics are no longer appreciated.

In this connection it is very gratifying that the terms of reference of the EEC Regional Policy Committee should include the problems of the frontier zones and that more detailed studies are already being conducted in a number of frontier regions, including Limburg and that part of Germany bordering it.

It has also been proposed, within the framework of the periodical Dutch-German consultations, that a start should be made (parallel to the experiment being conducted in the northern frontier region of Germany and the Netherlands) on preparing a joint Dutch-German-Belgian programme of cross-frontier action, on the basis of an analysis of the economic structure on both sides of the frontiers, and an inquiry into the difficulties encountered in such contacts.

Inside the Restructuring Region itself, contacts exist between local government and institutions and their counterparts in neighbouring countries, providing a starting point for European regional cooperation. Growing international integration whose first tangible advance is the appointment of a liaison officer for the two Limburgs (1), ought to be extended to neighbouring regions of other countries through a European regional office, to be financed by the governments concerned and the EEC.

At the same time it must be recognized that a number of deep-seated differences on either side of national frontiers mean that, apart from seeking closer international cooperation in the frontier regions in the longer term, attention must continue to be paid to the primary concern of providing adequate jobs, in both quantity and quality, for the local population of Limburg, and in particular of the Restructuring Region.

(1) The Limburg provinces of Belgium and the Netherlands.

This will depend in the first place on the consideration given to the region in the national policy. This is expressed in general national measures, from which the region also benefits, and in specific measures within the framework of the regional policy.

2. Economic measures

The range of socio-economic mechanisms available is geared to the stated aim of eliminating the regional element in unemployment in the South Limburg Restructuring Region.

The general framework of the socio-economic policy to be pursued in the Restructuring Region was set out in Chapter II above.

Labour market developments

Before examining more closely the aims discussed in that chapter, it is important to look briefly at the expected trend of supply and demand on the labour market, with the focus on developments in the industrial, services and public sectors and on the expected expansion in the labour force. It must be stressed that this summary approach takes into account neither the impact of the supplementary government policy still to be formulated nor the effects of the policies pursued by the different departments in respect of the regions.

Taking first of all the period 1978-81, further labour shedding must be expected in industry. A number of branches and firms are faced with decidedly gloomy prospects which will inevitably result in a further loss of jobs. At the same time, the expansion in employment in the chemical industry, which has in recent years helped to offset the contraction in employment in other branches of industry, will slacken significantly in the next few years. The creation of additional jobs at both national and regional levels will hinge primarily on developments in the services sector.

In the tertiary sector (i.e. the provision of commercial and not public services) the number of jobs is expected to show a further steady increase in the Restructuring Region too. The same is true of the public sector, although the general growth in jobs offered by existing public agencies and institutions should be very gradual and hence rather modest.

It is evident that the expected decline in the number of industrial jobs will easily outstrip the increase in employment in the service sector and in the public sector. On balance, the combined industrial and service sectors (including the public sector) must be expected to experience a loss of between 2 000 and 6 000 jobs between now and 1981. In addition, a relatively sharp increase of between 9 000 and 10 000 is expected in the labour force. As a result, the discrepancy between supply and demand trends will widen further. The above figures provide a highly tentative pointer and must be used with extreme caution. Bearing this in mind, it is estimated that the overall shortage of jobs in the Restructuring Region in the period 1978-81 will increase by around 11 000 to 16 000 jobs.

If we now look briefly at the period 1982-85, the point must first of all be made that the economic policy pursued at national level will have a growing impact. So it is reasonable at present to expect a slowdown in the rate of decline in employment in the industrial sector during that period.

Employment in the tertiary sector will continue to expand, possibly at a somewhat more rapid rate than in the preceding period. Employment in the public sector should also show a somewhat faster trend rate of growth than in the period 1978-81. All this seems to suggest that the decline in employment in industry will be broadly offset by the increase in the number of jobs in the service sector and in the public sector although a pattern resulting in some further loss of jobs cannot be automatically ruled out. An additional factor is that the period 1982-85 is again likely to see a fairly sharp expansion in the labour force, of the same order of magnitude as in the period 1978-81. Consequently, the increase in the shortfall of employment in this period can very tentatively be put at between 10 000 and 13 000 jobs.

Aims

If we now look more closely at the aims to be pursued, it is immediately clear from the above that a major policy effort is needed to counter the expected increases in the job shortage. This means that we must now discuss the aims for the years 1978-81.

The task here is to give, for this period, the best possible indication of the number of jobs that can be maintained or created with the help of the regional policy instruments. We are concerned here with the industrial, service (tertiary) and public sectors. Special emphasis is, of course, placed on the maintenance and creation of jobs in industry in view of the particularly difficult situation in this sector.

Estimated targets of the number of jobs to be maintained or created in the period 1978-81

I.	<u>Industry</u>	
	(a) Maintenance of existing jobs	2 000 - 3 000
	(b) Extension of firms receiving assistance	5 000 - 8 000
	(c) Establishment of firms receiving assistance	1 000
II.	<u>Services</u>	1 000
III.	<u>Public Sector</u>	2 000 - 3 000
		<hr/>
		11 000 -16 000

When considering these figures, it is important to remember that they give an overall estimate of the number of jobs linked with the application of the regional policy instruments. In other words, without this policy these jobs would not be safeguarded and/or created. Naturally, these estimates are approximate. The main value of the figures is therefore their indicative nature, which makes them perform an essential function as yardsticks for policy and as a challenge to the authorities to make maximum use of the regional policy instruments.

Industry

A few remarks are called for regarding the figures for industry. As mentioned above, the prime concern is the maintenance of existing jobs and the creation of new jobs in this sector. Government policy continues to be geared to safeguarding as many jobs as possible in threatened branches and firms in particularly vulnerable regions such as South Limburg, using the funds available for the purpose. The LIOF also plays a key role here. Extensive help such as that given recently to Volvo Car B.V. shows how keen the Government is to use any chance it has of preserving important sources of employment. In addition, it is essential that the opportunities open to successful industrial firms operating in the Restructuring Region are fully exploited. Application of the investment grant schemes and the activities of the LIOF remain geared to providing intensive assistance to firms in a position to expand production. Such opportunities can be expected to materialise in the metal-working industry and in electrical engineering. Clearly, the creation of new jobs in existing firms is an important factor that can help to offset the loss of jobs in declining firms and branches. By contrast, too much must not, for the time being, be expected as regards the establishment of new firms. Acquisitions will be given additional encouragement where possible, both centrally by the Ministry of Economic Affairs and by extending the role of the LIOF in this field. The relatively sluggish trend of investment at home and abroad will, however, continue for the time being to affect the Restructuring Region too.

Services

Developments in the service sector (excluding the public sector) are particularly difficult to predict. The draft "Note on Prospects for South Limburg" states that the services sector has expanded significantly since 1965, largely closing the gap with the rest of the Netherlands. In view of the growth opportunities still available in the service sector as a whole, this sector can reasonably be expected to provide a fair number of new jobs in the Restructuring Region too. Thanks to the instruments available, a few hundred jobs will be created each year, both in existing and in newly established firms. It should here be remembered that an increase in employment in other sectors will indirectly help the situation in the tertiary sector. Special attention will be paid to small-scale service activities, with small and medium-sized enterprises being particularly important in this respect. As regards further acquisitions in the services industries, the planned survey, designed to identify those firms and branches within the service sector that are best suited for establishment in the Restructuring Region will be useful.

Public Sector

Within the context described here, the trend of public-sector employment has, of course, special significance. It is understandable that, given the prospect of growing job shortage, the public authorities, and notably the central government, should be expected to make a maximum contribution "of their own" towards creating jobs. At the same time, circumstances clearly show that, although a maximum effort may be asked of the public authorities, their room for manoeuvre is relatively limited. This does not alter the fact

that the Government and the provincial authorities take the view that the public sector must make as tangible a contribution as possible. The policy of decentralizing government departments is of prime importance in this respect. The government intends to maintain its policy of decentralizing government departments even beyond 1980, with South Limburg being one of the regions that will benefit. At least 2 500 jobs will be created in the period 1981-85 as a result of the relocation of government departments in South Limburg that is already planned. Preference is to be given to the creation of new central government agencies or new departments of existing central government bodies. Decentralization will be a continuous process. Before 1 January 1980, the Government will draw up a plan for the creation of the relevant jobs in 1981; a further plan will be prepared in 1981 for the remaining jobs to be created in the period 1982-85.

A second point worth noting is the fear that cuts in public expenditure will lead to a loss of jobs in fields such as education and social welfare services in the Restructuring Region. It should be noted here that there is clearly no intention of applying such cuts primarily to these and like fields. One of the conditions that the Government has set itself under its new policy is that cuts in public spending that would result directly in a loss of jobs will, where possible, be avoided. Yet this might still happen to some extent, if only indirectly. Great vigilance is, therefore, called for. If, bearing in mind the two points mentioned above, a more detailed breakdown is now given of the 2 000 to 3 000 additional jobs to be created in the public sector in the period 1978-81, it needs to be emphasized that these figures are not absolute figures and give only a provisional indication of developments; the data below relate to both temporary and permanent jobs.

Provisional quantification of the number of jobs to be created in the public sector in the period 1978-81

(i)	Early retirement for miners	750	
(ii)	Retraining courses	100	to 200
(iii)	Scheme for employing young jobless in the public sector	400	to 600
(iv)	Clearance of derelict mining areas	150	to 250
(v)	Urban transport services	150	to 300
(vi)	Limiting the impact of policy changes	150	to 250
(vii)	Setting up of other agencies in the public sector (e.g. European institutions), decentralization of government departments, including possible relocation of university or training establishments	300	to 650
Total approx.		2 000	3 000

It should be emphasized in connection with this tentative list that on practical implementation of the different measures there may have to be shifts within the total.

The number of jobs that will be safeguarded or created in the period 1978-81, if full use is made of the regional policy instruments, can be put at between 11 000 and 16 000.

It must be made clear that here too we are concerned solely with the effects of the regional policy instruments, it being difficult to predict to what extent and how soon the effects of the supplementary economic policy conducted at national level will work through in the Restructuring Region.

Nevertheless, a positive impact on the employment situation in South Limburg can be expected from the national policy in a few years' time. If, say, some 5 000 jobs were created or safeguarded in 1981, the job shortage in the Restructuring Region - between 11 000 and 16 000 jobs, according to the estimate given above - would ease in the period 1978-81.

It should be stressed that in dealing with the economic difficulties in the Restructuring Region it is also essential to consider labour market policy. This policy will therefore be examined in detail below.

Target estimate of the number of jobs to be maintained or created in the period 1982-85

I. Industry

(a) Assistance to existing firms	1 000 to 2 000
(b) Extension of firms receiving assistance	6 000 to 9 000
(c) Establishment of firms receiving assistance	2 000

II. Services

2 000

III. Public sector

2 000 to 3 000

13 000 to 18 000

The above picture differs slightly from that for the period 1978-81. It is expected that, thanks to a less unfavourable performance of weak firms and branches, fewer workers will be made redundant; this affects the number of jobs to be maintained. The investment climate, on the other hand, can be expected to improve gradually, thereby increasing the chances of attracting new firms to the region. As regards the new jobs to be created in the public sector in the period 1982-85, it is at present difficult to give any tentative figure although, in accordance with the basic considerations set out above, decentralization policy will have to make the main contribution.

When considering these overall estimates it must again be borne in mind that they do not make allowance for the impact of the supplementary policy to be devised by the Government. If, for instance, this supplementary policy creates or safeguards 5 000 jobs in the period 1982-85, this will, together with the results just mentioned, bring about a structural improvement in the employment situation. Leaving aside the effects of the supplementary policy, the expected increase in the shortage of jobs is put at between 10 000 and 13 000 jobs. If the supplementary policy were to create or safeguard a greater number of jobs during this period, say 10 000, the period up to 1985 may see a fairly marked contraction in the structural shortage of jobs in the Restructuring Region.

It should equally be borne in mind in this context that no account is taken of commuting.

2.1. Regional investment grants

The Investment Grant scheme (IPR) is to date the most important direct incentive for the development and expansion of industry and ancillary services

in the Restructuring Region. This does not alter the fact that until a short time ago the scheme was considered insufficient from several points of view. Under the new scheme the gross rate remains unchanged at 25% grants for new business and expansion in the Restructuring Region, apart from Roermond. As development in Roermond has been relatively satisfactory in the last few years, the IPR rate for industry has been fixed at the lower level of 15% gross. Improvements introduced in the new IPR scheme include the following:

- (a) when the 25% rate applies, the maximum is increased to HFL 4 million, unless the Minister decides otherwise. As an alternative, a mixed grant may be taken, consisting of 15% gross, with a maximum of HFL 2.4 million, plus HFL 12 500 per permanent employee. The mixed grant may not exceed HFL 5 million, unless the Minister decides otherwise;
- (b) reduction of the lower IPR limit from HFL 400 000 to HFL 200 000. This will be significant in stimulating small but valuable investment projects and the project extensions that frequently face smaller firms;
- (c) the possibility in future of obtaining a grant for independent investment in research departments and laboratories;
- (d) the possibility of obtaining grants towards the purchase of empty premises.

At the same time the special regional supplement, introduced under the Investment Act (WIR), is in part temporarily included in the modified IPR scheme, meaning a temporary increase in the grant rate from 25% to 40% for investment in buildings and open-air installations. This higher rate will apply to the local authority areas located in the Eastern Mining District, where the unemployment rate is highest. The WIR, including the special regional supplement, will shortly be applicable with retroactive effect from 24 May 1978. It will also be applicable in the Western Mining District.

2.2. The role of the Limburg Institute for Development and Finance (LIOF)

To strengthen the role of the LIOF, this development company now has authority to acquire shareholdings in firms and to establish businesses. Funds of up to HFL 25 million have been allocated for this purpose.

Furthermore, an acquisition plan is being prepared by the LIOF, to help form a picture of businesses in the industrial and ancillary service sector which could fit into the economic structure of the region, especially the Eastern Mining District.

2.3. Labour market measures

In addition to measures to improve the employment position, others are necessary with regard to the labour market. These must aim for an optimum balance between labour supply and demand, in order to involve as many people as possible in the work process. In most cases suitable openings will have to be grafted on to existing or expected demand.

Where demand is of an anticipatory nature, steps to match the work load will also have to be anticipatory.

In principle, labour market measures are general and national in scope, the main aim being to find a balance between supply and demand. The main problem areas lie initially among the unemployed and those threatened by unemployment.

By the nature of the aim, the remedies to achieve it have to be flexible. Where supply and demand developments so require, the remedies used must wherever possible be adapted or extended and more flexibly matched to suit the specific sectoral problems occurring in a given region at a given moment. These are general measures to increase regional or functional mobility of labour, measures concerned more directly with placement, and employment of training for special categories, such as young people, women, old people and the handicapped. To bolster these measures the Government has earmarked extra funds under the economic structure policy for labour market schemes which will improve the structure of branches of business.

It is important for the weaker areas that the temporary employment policy is to be implemented more extensively in the next few years, through the Temporary Job Scheme (TAP), the interim measure for young unemployed, and the experimental employment projects for women.

In addition, intensive use of measures to absorb unemployed persons in the socio-cultural and educational spheres will be encouraged in problem areas.

In order to obtain a better regional balance between supply and demand, the Movement of Labour Scheme was superseded on 5 July 1977 by the Contributions towards Relocation Costs Scheme (1977). The aim is to increase the geographical mobility of the unemployed and at the same time to subsidize the relocation of businesses in areas such as the South Limburg Restructuring Region.

There is some regional differentiation in the experimental training courses for young jobless for the course year 1977-78. The number of training courses in the Restructuring Region will be doubled in the course year 1978-79. As a result, a total of 280 young unemployed will be able to follow these courses. The question of whether a clearer emphasis should be laid on certain measures in the education system will be examined.

A region like the South Limburg Restructuring Region cannot afford to be without instruments like the counter-cyclical job programmes. The medium-term structural policy is based on cyclical development, and the programmes, with their high degree of flexibility and adaptability, are of great use in dealing with sharp incidental fluctuations. They can also fulfil a bridging function, if structural changes have to be accommodated.

The Government has decided to draw up an early retirement plan for a still-to-be-specified category of miners. The plan will release 750 jobs for persons at present out of work.

A plan will also be drawn up aimed at providing work in the public sector for an extra 500 young unemployed persons.

One of the labour factors characteristic of the Restructuring Region is the commuting to the Federal Republic of Germany. As explained in an earlier chapter, the commuter phenomenon is a logical result of past developments in the region. Taking this view does not minimize awareness of the need to create new jobs. But acceptance of border commuting means preparing future commuters for their specific field of activity and working environment by means of adequate information. This includes imparting knowledge and understanding of technical conditions and procedures, where these differ in Germany and the Netherlands. In view of the Restructuring Region's position, greater emphasis on an international outlook is desirable in all forms of education and training. Steps are being taken to intensify the existing cooperation between employment offices in the frontier zones, on account of the importance of the cross-frontier flow of workers.

In addition to an exchange of information regarding regulations and working methods, and data on demand and supply, it has to be determined to what extent the various schemes can be applied and to what extent employers and employees can obtain support from employment exchanges on both sides of the frontier through labour market measures.

2.4. Infrastructural measures

With regard to the infrastructural situation in the Restructuring Region, an important general factor in establishing new business, it appears that when the current (and partly incomplete) programmes have been implemented through the road links inside the Restructuring Region and the connections with the rest of the Netherlands and the surrounding German and Belgian centres will have been satisfactorily developed, the exceptions being the Maasbracht-Roermond-Venlo-Nijmegen link (RW 72), the Kelpen-Roermond-German frontier link (RW 68), the winding route to Noord-Brabant (RW 75) and the projects already mentioned in section 1.3 above.

The completed and current projects carried out with the infrastructure subsidy, including ERDF aid, consist in most cases of new roads with an industrial significance, such as links to industrial estates and between industrial areas. The provincial administrations have also played a part to date in granting supplementary subsidies. The future development of the provincial infrastructure will depend to some degree on whether provincial finances allow further infrastructure subsidies. The area's infrastructure needs some adjustment to allow full use of the regional road network and a satisfactory traffic flow within the region and towards other parts of the country. Traffic between home and work is increasing as a result of the growing service sector and changing residential patterns, and a satisfactory urban infrastructure is an essential condition for attracting new business in the service sector.

In this connection, continuation of the SW 21 in the Eastern and Western Mining Districts is deemed necessary. Extending the SW 21 in the Eastern Mining District is the more urgent task and involves a range of sub-projects located in urban areas, namely:

Zeekoelen-Palemigerboord;

East-West central section (Eastern Mining District);

North-South section, Heerlen;

Central section, Sittard/Geleen;

Western ring road, Sittard;

Maastricht North Bridge.

The order in which the projects are listed is for the moment also an indication of the urgency involved. The details and implementation of the projects are still being studied.

The top three projects will be the first to be ready for implementation. Their total cost is put at HFL 84 million. In making the necessary improvements to the urban infrastructure use will be made where possible of the routes of the rail network formerly used by the mining companies. The Gracht Road is one example.

The process of adapting urban transport facilities to the existing road network involves investment which the local authorities in the region cannot support. A solution is being sought within the framework of the grant scheme for urban transport facilities (perhaps a separate fund for South Limburg),

possibly with a "supplementary" subsidy from the State. The Government has decided to set aside each year, under this general budget heading "Urban transport services of the State", an amount for the further improvement needed in urban infrastructure in the Restructuring Region.

The major improvement in the industrial infrastructure in South Limburg described in the introduction does not mean that no further work is needed. As already stated, supplementary infrastructure subsidies will be required for adapting the urban road pattern.

Looking further afield, a number of infrastructural developments will be required to enhance the investment climate inside the region. Improvements in rail connections with adjoining countries (electrification of the Heerlen-Kerkrade and Maastricht-Eysden-Liège lines, as well as extension and electrification of the Kerkrade-Aachen line) will provide better access to the Restructuring Region. For inland navigation the Public Works and Water Control Department as provided for in the government paper on navigable waterways, is preparing a cost-benefit analysis of improvements on the Wessem-Nederweert and Zuid-Willemsvaart canals (total cost HFL 150 million), a project of great importance for the development of the region. Inland shipping around Maastricht will be greatly helped by increasing the capacity of the Ternaaien lock or, alternatively, by constructing a Caberg Canal. Since the locks at Ternaaien are located on Belgian territory, these solutions are being discussed with the Belgian authorities. Finally, Beek airfield is also important for further economic expansion, at international level as well. Investment will be needed here in the next few years to extend the passenger hall with offices, improve runways and the apron, and modify the taxiways and provide new facilities in the Technical Services building.

Considering the imperfect nature of the road network when the restructuring process first began in 1966, and the means available in the three infrastructure programmes, each covering several years, attention was rightly devoted to improving access to industrial estates. Infrastructural improvements must now be considered against a wider background, for which additional means will have to be made available.

As far as the time scale for the completion of such infrastructure improvements is concerned, a period of about 10 years is being considered.

2.5. Other measures

The Restructuring Region needs some way, in addition to the infrastructure subsidies and investment grants, to offset especially high initial costs for new industrial estates by means of a one-off contribution to reduce the outlay. This is particularly important as a shortage of industrial sites with navigable access threatens to occur in the Restructuring Region and will have to be remedied in the near future, especially in the Western Mining District. A plan will be drawn up for the possible development of new industrial estates that will take account of the needs reported. Budgetary provision for contributions of this sort does exist.

Aid for existing businesses will also continue to occupy an important place in the policy in the years to come. Funds are set aside for this in the budget of the Ministry of Economic Affairs, designed for use in problem areas like the Restructuring Region. These funds are intended to help and rehabilitate businesses which are in difficulties but have prospects for the future. The assistance given must be seen as part of the task of regional policy.

Businesses facing difficulties, or likely to face them, because they are located in inner urban areas (incompatible with rehabilitation or reconstruction schemes or lacking room for expansion) can be helped with a contribution towards relocation costs, using funds from the budgets of the Ministries of Housing and Physical Planning and Economic Affairs.

Subsidies are also available for modernization in older shopping centres. Due to the importance of the amenities sector for employment in the regions, this measure has been included in the range of regional mechanisms.

It applies primarily in the areas of localities covered by the regional economic policy, or with a major function in urban policy, where modernization of older shopping centres seems likely to make the area or locality more attractive to new business.

Projects in designated areas under the Urban Renewal Act will also be considered for subsidies.

The measures listed above can never be completely tailored to all eventualities. When a specific and very urgent problem arises and these remedies cannot be applied because the criteria or rules do not permit it, additional funds are needed and a contingency fund is available for this purpose.

2.6. Division into subregions

The foregoing raises the question of how the individual measures will be applied in the various subregions. It is most important here to take account of the different need for new jobs in each subregion and to try to utilize the most favourable conditions for new business.

The following action will be taken, in line with the starting-points defined earlier.

- (a) The Eastern Mining District will receive further priority under the policy. In addition to discrimination in national policy in favour of the area, this will result from the specific regional economic policy. It can be seen most clearly in the area's designation for the special regional supplement and the specific attention devoted to its development by the LIOF.

There is also the readiness to consider a higher grant than usual in the case of a major industrial project, if it is a decisive factor in persuading the investor to locate it in the Eastern Mining District. Further expansion in the service sector, including completion of the second phase of government services relocation, is still essential, however, in view of the level of commuting.

The need for more jobs, precisely in services in the Eastern Mining District, calls for further efforts under the policy.

The location of a number of government services, new or not, will, as stated, bring appreciable support for this region.

- (b) The measures to stimulate the Maastricht area must be continued for the time being. Considering its favourable geographical situation, longer-term planning should perhaps place more emphasis on services, with special attention to large-scale and international services. Attention must also be given to ways of strengthening Maastricht's function as an international service centre. One idea is to take up

existing plans for a conference centre, on which a cost-benefit study is being conducted. Further extension of the teaching hospital at Limburg State University (RUL) could strengthen Maastricht's structure appreciably, with effects felt throughout the region.

The Government has already decided that it can determine whether an extension to Maastricht teaching hospital is justified (and if so, the scale and number of stages) only when a report on the regional hospital situation in South Limburg (requested in the meantime) has been received from the competent body.

Maastricht's application to house an EEI institution, if approved, would also strengthen the local structure.

- (c) The Western Mining District offers opportunities for industrial projects, but special consideration is being given to the possible impact on an environment already subject to heavy pressure. This region particularly needs a carefully thought-out management and environmental policy which aims to keep residential areas separate from land for industrial use as far as possible.

It has already been said that a shortage of industrial sites with navigable access is expected in the Restructuring Region in the medium term, and this area now has good potential for such sites. The necessary preparations should be made in the near future.

- (d) Incentive measures for Roermond, at earlier level, seem less urgent. Of all the subregions in the Restructuring Region, this one has shown, relatively speaking, the most favourable development. The IPR scheme will continue to apply, but at a lower rate of 15% for industrial projects.

- (e) Employment questions in the southern part of South Limburg have an indirect bearing on the economic restructuring process, as this area is in part dependent on the job situation in other subregions. Employment is also linked to some extent with the problem facing agriculture, partly due to the scenic beauty of the area. Further consideration will be given to this question later in the chapter.

In the drive to make the Restructuring Region as strong as possible in the long term by enhancing the economic structure and reducing unemployment, efforts must be made to ensure that means are not used, through overgenerous facilities, to attract businesses which would not be economically viable elsewhere.

The strategy is thus to use the necessary facilities to help establish a stronger degree of investment, in order to absorb as far as possible the consequences of the Restructuring process.

3. Supplementary policy to absorb the consequences of unemployment

An increase in employment ranks foremost among the socio-economic aims of the policy. But with current unemployment and the absolute shortage of jobs in the Restructuring Region in mind, a supplementary policy is desirable. In general terms this has been discussed in Chapter III, 2.2. It can aim to spread the available work among more people by split-time working, voluntary early retirement, etc. When national short-term measures are considered in this respect, it is recommended that the Restructuring Region be considered as a starting point or experimental area.

An important contribution to relieving unemployment can be expected from supplementary policies in the socio-cultural and educational spheres. These policies must be developed in close conjunction with labour market policy. Unemployment has intangible as well as material consequences. A number of projects must be initiated very urgently. The basic line of approach must be to ensure that the knowledge, skill and tenacity of the unemployed remain intact and are if possible increased: within these guidelines attempts should also be made to develop abilities in other spheres, the aim being to preserve motivation for work and provide meaningful activity. The range of activities must be discussed as far as possible with the unemployed, whilst the greatest possible degree of participation must be offered to them.

A number of categories of unemployed people can be defined, usually facing different sets of problems:

- (a) the school-leavers, who have had no opportunity to enter the work circuit;
- (b) the young unemployed, who had just started work and for whom there are no, or almost no, future opportunities;
- (c) the adult unemployed, including ex-commuters.

A series of activities should be developed to help these three groups, to include former miners with bridging pensions and people retired on grounds of incapacity, insofar as their problems are comparable with those of the above categories.

Use should first be made of the possibilities available under Article 36 of the Unemployment Provisions Act (WWV). This provides for socio-cultural work for the benefit of the unemployed which, subject to specified conditions, is eligible for a 100% subsidy. Attention must also be devoted to the extension of work-related training, which includes in particular an extension of the experimental training courses for the young unemployed. This is an experimental form of education of limited duration, provided at local schools for unemployed persons between the ages of 16 and 23 with lower school certificates (M.A.V.O., H.A.V.O. or V.W.O.) and unqualified young persons in the first cycle of post-school courses. The aim is to link up with regular vocational training and improve the students' prospects in the labour market. The courses offer, for the year 1977-78, work-related training to 280 people. As mentioned in Section 2.3, the Government has, for the benefit of the categories referred to at (a) and (b) above, also decided to prepare a plan aimed at providing, primarily under the existing arrangements, a maximum of 500 extra temporary jobs in the public sector for unemployed young people from the Restructuring Region.

Finally, consideration must be given to activities - covered where possible by Article 36 of the Unemployment Provisions Act (WWV) - which can in due course be included in local education systems. The structure required for these activities must be adjusted to suit the groups mentioned and should include socio-cultural and educational work. Following the South Limburg Note on Prospects, a provincial steering group has been set up by the Limburg authorities to promote intensive utilization of the existing regulations (Art. 36 WWV) or extend experiments (such as, for instance, the training courses mentioned earlier) in cooperation with the existing institutions and organizations with definite responsibilities in this respect.

As part of the fight against unemployment amongst young people, attention must be drawn to the four-year project approved by the EEC Education Ministers on 29 November 1976. This project will consist of some twenty experiments

and a range of studies. The aim is to equip young people for future work and assist the transition from school to work, and thus reduce the likelihood of unemployment. It would be especially useful for an experiment and/or study of this kind to be conducted in the Restructuring Region.

4. Cultural measures

The consequences of the process of change, which has taken many forms in the Restructuring Region, are not limited to people involved in the production circuit. The whole population is affected to a greater or lesser extent, and social assistance is necessary over a wide front. The special regional welfare policy, started in 1967, has provided finance for many extra measures both in amenities and in related activities. MFL 4.5 million has been made available for contributions towards socio-cultural activities in the period 1977-80. The reasons why a large number of problems still remain despite this action is to be found in the disappointing economic development. Many problems seem in the meantime to have acquired a structural character, especially in the case of the most vulnerable groups.

Steps have been taken to deal with these problems by many bodies in the Restructuring Region, including organizations for general community work, local authority social services, youth advice and reception centres, youth and family advice bureaux, physical and mental care organizations, citizens' advice centres, trade unions and women's organizations. Naturally, the most vulnerable groups are the centre of attention.

This can be seen in the process of providing relief, advice, guidance, explanations and information. In the case of the institutions mentioned, the desire certainly exists to provide adequate services, and it is understandable that they are looking for an increase in staff and funds. Consideration is being given to each case, to decide what help should be given.

In addition, a number of acute short-term problems demand attention, first of all in public health. Further development of the regional medical centres, to assist primary health care, makes it essential that a number of mobile assistants be employed. Mental health care in the Eastern Mining District should be strengthened by adding a local reception centre.

A solution must also be found for certain problem areas in other spheres of welfare. In the first place, the situation in general community work in the Eastern Mining District justifies filling selected vacancies.

Consideration must also be given to the short-term need, especially in the Eastern and Western Mining Districts, to provide facilities for some organizations concerned with help for young people with specific problems. Finally, there is also the project to help the high-risk groups in connection with the alarming extent of aggressive crime among young people in built-up areas, as part of the emergency assistance projects.

With regard to educational facilities, the following should be noted. Facilities in kindergartens and primary schools raise no particular problems. These are more evident in vocational education. There is the general problem of education and labour market requirements not coinciding, while the

training opportunities which the mining colleges used to offer no longer exist. Ways and means of matching education and labour market demands are being sought, in an institutional framework like the former mining colleges or in other forms. Since the area has a large chemical industry and a medical faculty, facilities for applied chemistry training, linked with a higher technical college, should be considered since there is a definite desire for cooperation among higher vocational schools in the Restructuring Region. An extension of the medical and general faculties at Limburg State University - with the general faculty being given the task of helping to develop higher education in the longer term - will further support and expand the educational package. In view of the need for education and training in the community an increase in adult education is also called for. It is encouraging to note that a two-year training course for handicapped adults is being prepared at the Rehabilitation Centre at Hoensbroek. This middle-grade vocational training in the technical and economic/administrative sector will help to satisfy the educational needs of quite a number of handicapped people in the area.

Other points for consideration in this sphere are the open schools and evening classes, the latter partly for re-training while students are at work.

General adult education also deserves consideration. The preparation and implementation of plans for an educational policy covering several years, to be adopted only after consultation with the public, are a burden for some local authorities, which cannot meet all the costs involved. It is therefore recommended that local authorities should combine to prepare such plans on a regional basis.

To assist local authorities, one or more officials should be recruited for the preparation of plans and curricula. Apart from providing facilities, activities associated with education are important. A project such as the one in progress at Kerkrade (language research) is a good example. Research into the background of divergences in supply and demand for trained people in the labour market would be useful, as it can provide certain indications for the planning of educational facilities, particularly in the light of the expected drop in the number of pupils. Cultural facilities contributing to worthwhile recreation are of value to the community. The provision for sport is good on the whole.

With regard to museums, the incentive subsidy to the mining museum should be continued. It is also desirable that all mining exhibits should be gathered together under one roof, with the aim of conserving the mine culture.

Finally, attention should be drawn to the importance of neighbourhood activities, especially in connection with the part these can play in the rehabilitation areas of old towns. In the Eastern Mining District, for instance, about 8 500 dwellings are involved in such a process in about 40 neighbourhoods. Rearrangement and more appropriate planning of present neighbourhood activity seem necessary, in order to be of help in tackling these questions.

5. Physical planning measures

As on the socio-cultural side, some aspects of physical planning are more or less directly connected with the process of economic change, or can be considered part of living conditions in general.

The rehabilitation and re-use of mining sites ranks foremost in connection with the restructuring process.

Since the policy attached high priority to urban rehabilitation and reconstruction and the problems flow directly from the mine closures, the Government has accepted a special degree of responsibility here. This has led to the Minister of Housing and Physical Planning making grants under the Reconstruction and Rehabilitation Decree, to cover 80% of purchase and demolition costs and 50% of the cost of special public works. A site subsidy is also available in principle, making it possible to offer housing plots at reasonable prices.

As the costs to be borne by local authorities exceed their financial capacity, a suitable solution is being sought.

A second point which deserves attention in connection with the physical planning aspects of the restructuring process is the supply of industrial sites. From the estimated demand for industrial land up to 1990, it appears that there will be a shortage of industrial sites with navigable access. The importance of the industrial function of the Western Mining District makes it necessary to look for more industrial land with navigable access inside the region, and physical planning factors must be carefully considered.

These factors are also important for living conditions. Taken overall, they vary according to whether the area is urban or rural, and policy recommendations follow this division. The main lines of the policy are presented on the basis of this division in the draft area plan for South Limburg and a number of additional policy proposals only are mentioned here. The first concerns urban structure in the Restructuring Region. The Urban Planning Note mentions the need for green belt zones between built-up areas, with the regions between Maastricht and Sittard/Geleen and between Sittard/Geleen and Heerlen providing such open space.

It is considered necessary to preserve these areas as open space with State support and to take the necessary steps to this end. Consideration is being given to grants for land purchase and to laying down conditions for development and administration of green belts, in such a way that they fit in with the planned future of the region.

A second important point in the urban structure concerns urban rehabilitation and renewal, especially in the Eastern Mining District, for which suitable urban traffic facilities have to be provided. State grants are available for this.

Urban rehabilitation and renewal can bring about an important improvement in residential and living conditions in the areas involved. In this connection, it has been decided to bring up to date the regional structure plan for the Eastern Mining District and to add one or more schemes for implementing physical planning and restructuring decisions in that area.

Another improvement in the urban structure which is very important is the so-called "500-metre zone" around DSM. A recent explosion emphasized how risky it can be to have housing, workplaces or recreational buildings near the DSM site. The provincial administration of Limburg therefore proposes to keep a zone of 500 metres free from any buildings for residential, work or recreational purposes.

Consideration must also be given to the rural structure. Together with the Randstad around the metropolitan centres of Holland, the Restructuring Region is one of the most densely populated parts of the Netherlands, so it is most urgent to ensure that the surrounding countryside is kept free of buildings. In addition, large parts are important for agriculture and are of scenic, cultural and historical value. Such areas demand proper management and use, with a careful balance between the various functions. This is especially true of the area to the south of the built-up strip around Maastricht-Sittard/Geleen-Heerlen, the southern part of which (the marl country) has been designated an experimental national park.

There are a number of claims, partly conflicting on rural areas. This is especially true of the marl country, where this important raw material for the manufacture of cement, concrete and artificial fertilizer is found.

Marl extraction is a traditional activity, providing considerable direct and indirect employment. An application has been lodged for mineral rights for large-scale excavation in South Limburg. Factors to be considered in deciding whether or not approval should be given are the effects on employment and the contribution to the national economy of marl extraction (the Netherlands would be a net importer if approval were not given), and the scenic and ecological impact.

A second claim is outdoor recreation. The vulnerability of the landscape in many parts of the rural area makes expansion of camping sites, holiday housing and second homes undesirable. Any access should accordingly concentrate on cycling and hiking paths. What must be investigated is in what way the tourist infrastructure is to be adapted, extended or improved, so that the pressure which the tourist industry has exerted so far on sensitive scenic areas (especially the experimental national parks) is limited as far as possible; to this end, a development plan for tourist infrastructure is being drawn up. An improvement of the "marl country route" would be of help here. Better recreational facilities in urban areas could also ease pressure on rural areas. The use of land for agricultural purposes must also be considered. Agriculture is one of the most natural forms of land management and use in rural areas. But the demands of profitable operation, meaning higher productivity, are likely to conflict with natural, scenic and ecological values. Considerations other than purely agricultural ones thus carry some weight in land consolidation schemes.

This development can be seen in consolidation in the marl country, for instance, where a land management plan is being prepared in conformity with the district plan.

It is not planned to designate the northern part of the hill country a national park. Nevertheless, this area is of such value that some degree of protection is due. Two approaches are possible:

- to designate the area a national park, but with a more flexible system of administration;
- to designate the area a green belt.

A decision cannot be made until an inventory has been compiled.

A limited extension of wooded land could be considered in district plans, land-use plans and land management projects, to preserve and enhance the natural environment.

Finally, the problem of suburbanization is especially acute. In the draft district plan for South Limburg the philosophy of "packaged deconcentration" has evolved into a policy of urban concentration. This strengthens the urban structure while the rural areas can be kept free more effectively.

Chapter IV - Finance

1. General survey

Chapter III surveyed regional policy measures which apply in principle to all economically backward regions of the Netherlands, including the region under review, and those policy measures or implementation plans which are specially designed for the Restructuring Region.

Finance for the implementation of this programme is available under the relevant policy measures.

Unfortunately, no regional breakdown of the budget allocations can be given in advance for most cases in the first category, larger by volume.

The following table shows the budget allocations for the policy period 1977-80, to cover commitments under the most important regional policy measures for the Netherlands mentioned in Chapter III.

(in HFL.million)

Policy measures	1977	1978	1979	1980	Total 1977-80
Investment grants (IPR)	159.6	170.0	176.7	183.8	690.1
Infrastructure subsidies	102.5	75.0	75.0	75.0	327.5
Grants for industrial estates	19.5	30.0	30.0	30.0	109.5
Grants for business relocation	19.5	30.0	30.0	30.0	109.5
Modernization of shopping centres	5.0	5.0	5.0	5.0	20.0
Contingency fund	17.0	25.0	25.0	25.0	92.0
Total	323.1	335.0	341.7	348.8	1 348.6

Only at a later stage will it be possible to state what proportion of these funds has been devoted to projects in this region.

As far as the budget items for infrastructural improvement and industrial estates are concerned, some pointers can perhaps be provided from the multi-year programmes to the nature and the geographical locations of the projects, as the programme advances.

The first phase of the new programme will be established for 1978 on the basis of priority proposals for provincial and local government projects.

2. The European Regional Development Fund (ERDF)

In line with the complementary principle of the Fund, the ERDF contribution is additional to the Netherlands' effort in the field of regional development. The supplementary nature of the ERDF contribution is clearly shown in the budget estimates of the Ministry of Economic Affairs. A separate ERDF line is included in the estimates, showing the total Netherlands ERDF quota for the period 1975-77 as HFL 79.3 million.

Furthermore, the introductory statement to this budget will account for expenditure of the ERDF funds.

Most of the Dutch quota is taken up by contributions for so-called "declaration projects", the finance for which had in fact been available at an earlier stage. This means in the case of the Restructuring Region that for the coming period 1977-80 an additional amount of ERDF finance, amounting to about HFL 13.9 million, has become available for carrying out new projects.

In addition, in the current period funds are available for two infrastructure projects, thanks to a direct grant totalling HFL 10.2 million from the ERDF. This is for the construction of the SW 26 road link from Kerkrade to the German frontier and the Stein-Geleen road link.

As a consequence of the changeover to another budgetary system, no detailed review of the effective expenditure of these ERDF allocations can be given. It is also assumed that in the case of the ERDF period after 1977 a certain amount of the Netherlands ERDF quota will be applied to this programme. But it is not yet possible to provide a separate regional breakdown in advance.

3. Special budget allocation for implementing the Note on Prospects (PNL)

Finally, a special PNL allocation has been set aside for the implementation of a number of measures specifically designed for the programme region; the details for the most part still remain to be worked out.

For the period 1977-80 a budget allocation of HFL 92.0 million is planned for this, of which HFL 15 million will already have been spent in 1977. About HFL 25 million each year will be committed up to and including 1980.

In view of the special nature of the funds set aside for implementation of the Note on Prospects for South Limburg, agreement had to be reached, before these funds could be appropriated, on the criteria for vetting the schemes for which (joint) financing out of PNL funds is requested.

Criteria

Schemes proposed for financial assistance out of PNL funds must be examined in the light of the main objectives and sector objectives set out in the Note on Prospects for South Limburg. Before taking a decision on the financing of proposed measures and projects, it must first be determined whether and to what extent existing arrangements can be applied. Generally speaking, this means that assistance can be granted only in respect of measures and projects:

- (a) which are clearly related to the task of resolving the problems facing the Restructuring Region of South Limburg;
- (b) which are designed to promote the socio-economic and/or socio-cultural development of the Restructuring Region of South Limburg or parts thereof, including recreational facilities and the protection of nature;
- (c) which fit in with the desired physical development of the Restructuring Region;
- (d) which help to strengthen structures;
- (e) which fit in with the policy of environmental protection in relatively unspoilt parts of the Restructuring Region or improvement of living conditions in areas suffering from relatively heavy pollution;
- (f) which also in administrative and organizational terms help to coordinate or integrate policy implementation;
- (g) in respect of which the departments most closely involved and/or the local governments concerned are themselves prepared to contribute finance but are able to show (where possible, with the help of multi-annual estimates) that the resources available under their own budgets are insufficient to meet the full cost of the measures or project in question.

In view of the experimental nature of the PNL, some schemes may not satisfy all the criteria.

Examples are trial schemes and measures or projects that, because of their nature, are not (yet) covered by one of the existing arrangements or headings of the State and/or provincial budgets. There will need to be some degree of flexibility in applying the criteria to such cases but convincing arguments must be put forward if one or more criteria are to be dropped.

This much for the general criteria. The more detailed policy plans prepared in the various individual fields will need to satisfy more specific criteria. For example, criteria may be laid down relating to the arrangements for giving the population a say in the selection and method of implementation of the proposals.

4. Financial scope of the policy measures

The policy measures outlined here aim at an integrated policy approach for the Restructuring Region. It is therefore important to know how much money is required to carry out this package of recommendations, indicating the implications for the state budget.

Depending on how much money is required and how much is available in the allocations of the various departments, it can then be decided within what period of time and in what sequence the relative recommendations can be carried out, which means that it is necessary to know the extent of the financial consequences of the policy recommendations in order to arrive at a considered system of priorities and a time schedule for their implementation.

A summary of the financial implications of the policy measures is at present being prepared. The intention is that this summary should be completed in time for the discussion of the central government budget for the financial year 1979, which is to take place at the end of 1978.

More generally, the following points can be made concerning the financing of the restructuring policy.

Financing will have to take place within the overall limits set by the authorities' multi-annual plan.

The extent to which schemes are actually implemented is therefore partly dependent on the priorities of the government departments. The Government and the provincial authorities consider that each department should, where this is possible and desirable in its own policy area, help to solve the problem by accepting a shift in its priorities in favour of this region. Where the policy measures finally recommended are financed out of funds made available by the Government under countercyclical policy, their continuation and scale will, naturally, depend on new decisions on follow-up programmes.

As part of the current efforts to curb spending, a new assessment will be made of relative priorities, with all policy areas to be included. In making these efforts, which are aimed at improving the employment situation, special attention will, of course, be paid to the employment effects of expenditure curbs as mentioned previously. In the area of socio-cultural policy in particular, the main emphasis will have to be on the granting of assistance.

Consequences for local authorities

The financial consequences of the whole changeover process for local authorities in the Restructuring Region are important. Clearly, they still have substantial burdens to bear despite extensive financial assistance from the State. Expenditure on social care makes heavy calls on the budgets of local government. For a number of authorities there is a danger that important facilities will suffer for lack of funds. The local authorities must be in a position to implement the restructuring measures, and individual citizens should receive assistance solely on the basis of need, not because of where they happen to live. The recent scheme benefiting local authority areas where social structure is inadequate offers some support in this respect, but not really enough.

Some readjustment of the basis of this scheme, in favour of local authorities in the Restructuring Region, is therefore to be examined.

This will require further investigation, especially as any change will have consequences for the whole country owing to the objective nature of the scheme.

Chapter V - Implementation

1. General comments

The Minister of Economic Affairs coordinates and decides on all regional measures directly designed to stimulate economic activity (investment grants, relocation grants, modernizing shopping centres and the contingency fund). In the majority of cases the provisional administration acts as an advisory body.

A special procedure applies for the investment grants. An application for a grant towards the cost of establishing or expanding a business in Limburg must be submitted to the Limburg Institute for Development and Finance (LIOF) in Maastricht, which will forward it to the Minister of Economic Affairs with the opinion of the Limburg provincial administration.

LIOF proposals to invest in new or existing business must be presented to the LIOF board for approval. The board comprises representatives of the Limburg provincial administration and business in the region (trade unions and employers) and the central government (Ministry of Economic Affairs). The Minister of Economic Affairs may veto LIOF proposals.

The Minister of Economic Affairs is also the final authority and coordinator with regard to mechanisms for regional infrastructure subsidies and aid for the establishment of industrial estates. A programme, based on proposed priority projects, is drawn up in consultation with the provincial administration. Decisions regarding individual projects, however, are taken only after recommendations have been received from the interdepartmental Commission for Industrial Development in Problem Areas (CIOP). The commission includes representatives of the Ministries of Finance, Public Works and Water Control, Social Affairs, the Interior, Housing and Physical Planning, Agriculture and Fisheries, and Economic Affairs.

The powers of decision and coordination for measures under the special regional welfare policy (BRW) lie with the Minister of Culture, Recreation and Social Work. He is advised by an interdepartmental commission composed of representatives of the Ministries of the Interior, Agriculture and Fisheries, Economic Affairs, Education and Science, Housing and Physical Planning, Social Affairs, Finance, Public Health and Environmental Hygiene and Culture, Recreation and Social Work.

The Minister of Social Affairs is the final authority and coordinator for labour market measures. He is advised by a committee including representatives of the trade unions and employers. The Regional Labour Offices are responsible for implementing most of the measures.

A distinction is made, for measures under the employment programmes, between infrastructure schemes and aid to individual firms. The final authority and coordinator for the former is in principle the Minister of Social Affairs. He is advised by an interdepartmental Public Works Commission, which is advised in turn by the Regional Public Works Commissions (RCOW). The Regional Commissions, which are chaired by the provincial authorities, make proposals on the allocation of grants to the various priority projects in the region. Aid for individual firms, however, comes under the Minister of Economic Affairs (or the Minister of Agriculture and Fisheries in the case of

applications from firms in the agricultural sector). In this case too, advice is given by an interdepartmental committee, including representative of the Ministries of Finance, Social Affairs and Economic Affairs or Agriculture and Fisheries.

2. Special procedures for implementing the "Note on Prospects for South Limburg"

Lastly, considerable importance attached to the way in which implementation of the measures referred to above and also in the draft "Note on Prospects for South Limburg" will be regulated. There will have to be an effective policy on implementation. Moreover, the policy measures will have to remain clear and capable of being monitored, while a corrective mechanism will have to be built in. For the implementation stage proper, the responsibilities of the ministerial commission for the ISP (Integrated Structure Plan for the Northern Netherlands) has been extended to take in the area covered by the "Note on Prospects". On similar organizational lines to ISP, there is a PNL separate review commission, on which most of the departments concerned are permanently represented: Economic Affairs, Social Affairs, Housing and Physical Planning, Culture, Recreation and Social Work, Finance, and the Interior. Other departments may be represented on an ad hoc basis. The provincial authorities are also represented, partly to ensure that the joint effort by central and provincial administrations, as defined in the draft "Note on Prospects", is carried through to the implementation stage. Cooperation of this sort is in line with the view expressed earlier that an integrated policy must seek vertical as well as horizontal integration. It is therefore clear that in implementing the policy on the Restructuring Region responsibility must remain with the existing services, within the formal administrative framework.

In this connection, the task of the review commission is in the first instance to decide where responsibility for carrying out the policy should lie and which time schedule should be adopted for executing the measures (based on priorities), and then to advise the ministerial commission on the schedule of expenditure. The commission must monitor the implementation of the Note on Prospects for South Limburg. This does not only mean that the commission should give warning of possible difficulties, suggest solutions, and report periodically on general progress; it also has to provide stimulus, by dealing smoothly with new developments that may occur during the stage of implementation. Securing an integrated approach will be central to the work of the commission, and in arriving at an opinion it will have to look at measures from all angles and consider them in relation to other components of the policy, especially for timing.

Government departments remain responsible, however, for preparing the policy and implementing the measures in their own areas of competence.

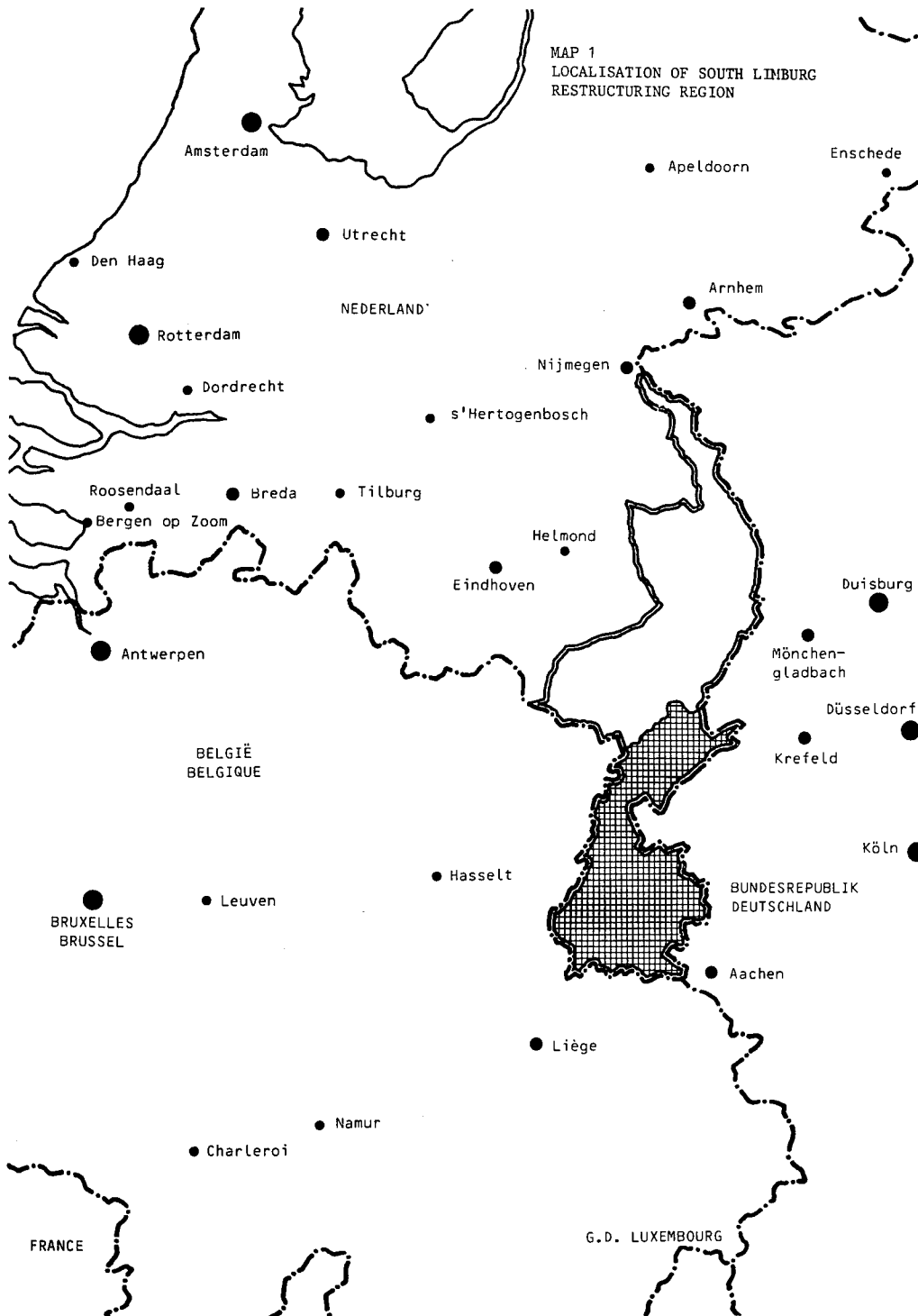
The review commission will be established by a ministerial order that will also lay down its aims and responsibilities. It is believed that this should normally be sufficient. The following points can be made regarding the commission's work.

Prior to 1977, the commission was involved in a number of matters with the Minister of Economic Affairs approving its recommendation that a number of projects in South Limburg costing a total of HFL 15 million should be implemented. The government and the provincial authorities believe that democratic control by Parliament and by the Provincial States will do much to ensure an effective policy of implementation.

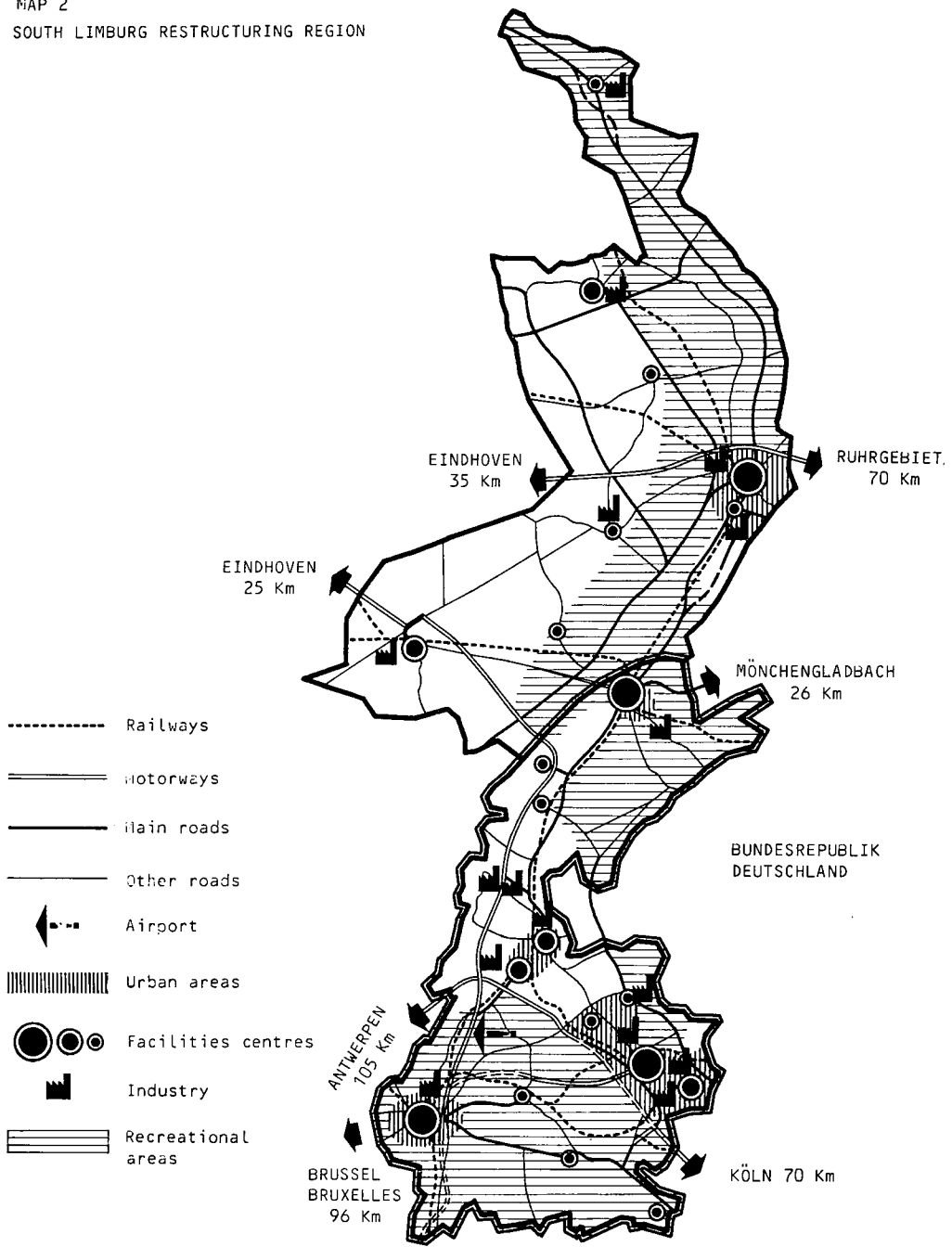
In order to associate the public on a more permanent basis with the implementation process - something that has been expressly called for - continuing information is to be provided on the progress being made. This will be done by using the provincial administration's information machinery. In addition, the review commission will, before 1 April each year, submit a progress report to the ministerial commission and to the provincial administration. Interim reports will be produced should special circumstances or developments so require. When drawing up its reports, the commission will make it a practice to examine whether such circumstances or developments call for consultations. This might be the case, for example, when new policy questions are broached.

On each occasion, a decision will have to be taken as to which bodies are to be involved in the consultation procedure, the crucial criterion here being their ability to make known the public's view. Apart from the reports, special projects may also lend themselves to a consultation procedure of this type.

MAP 1
LOCALISATION OF SOUTH LIMBURG
RESTRUCTURING REGION



MAP 2
SOUTH LIMBURG RESTRUCTURING REGION



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Catalogue number: CB-NS-78-008-EN-C

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According to Article 6(1) of Regulation (EEC) no. 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund (O.J. L 73 of 21.3.1975), "investments may benefit from the Fund's assistance only if they fall within the framework of a regional development programme . . ." The programmes shall indicate the objectives and the means for developing the region according to the Common Outline provided by the Committee for Regional Policy (O.J. C 69 of 24.3.1976).

This outline of what regional development programmes should contain is indicative and should be interpreted in a flexible manner. The programmes should have five chapters: social and economic analysis (diagnosis), development objectives, measures for development, financial resources, and implementing the programme.

Following the procedure anticipated in paragraph 5 Article 6 of the above regulation, the Commission has received from the Dutch Government programmes relating to the two priority regions "Northern Netherlands Incentive Area" (N.N.I.A.) and "South Limburg Restructuring Region" (S.L.R.R.). The publication of these two programmes by the Commission is for information purposes only and the Commission takes no responsibility for their contents. The programme relating to the N.N.I.A. is taken from a document entitled "Integraal Structuurplan Noorden des Lands" which is being developed at the present time and which in all probability will be completed and approved in the second half of 1978. The two programmes are preceded by a general introduction.

With a population of 1.5 million the N.N.I.A. has a lower density of population (175 inhabs. per km²) than the Netherlands as a whole and is still heavily engaged in agriculture (11.6% of the employed population: 1975). This region still has a weak economic structure and a high level of unemployment (8.2% in 1976). During the period 1969-76 some 3 000 jobs were created each year by means of regional investment incentives. For the period 1977-80 the objective is to create some 36 000 new jobs by means of regional policy measures. For the period 1977-80 a budget of 1348.6 million florins is planned for regional policy in the Netherlands. To this amount must be added 187 million florins for the measures specific to the development programme of the N.N.I.A.

With 700 000 inhabitants the S.L.R.R. is one of the most densely populated regions of the Netherlands (775 inhabitants per km²). This region also suffers from a high level of unemployment (8.9% in 1976) and from serious reconversion problems. During the period 1966/75 some 1 500 jobs were created each year by means of regional investment incentives. For the period 1978-81 the target for the private sector is somewhere between 9 000 and 13 000 new jobs and for the public sector the target is between 2 000 and 3 000 new jobs. For the period 1982-85 the job targets for these two sectors are between 11 000 and 15 000 and 2 000 and 3 000 respectively. In addition to the estimate of 1348.6 million florins mentioned above the period 1977-80, it is planned to spend a supplementary amount of 92 million florins on the measures specific to the development programme for the S.L.R.R.

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