



The delivery of the Lisbon Strategy

A research about the delivery of the Lisbon Strategy by 12 sub-national Randstad authorities at the regional Randstad level

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Preface

My journey in Brussels started with a six-month internship at a European Affairs office. It was an excellent start to attain insight in the labyrinth of European Institutions and EU related organizations. At the end of this internship, I was so fascinated by 'Brussels' in general and the work of lobbyists in particular that I decided to do a second internship. I was aware of the fact that this decision would delay my graduation. However, I did not mind. Moreover, I still do not regret this decision. Luckily, I obtained a second opportunity. This time, the opportunity was provided by Regio Randstad Brussels, House of Dutch Provinces. I acquired a clear and serious assignment. Regio Randstad wanted me to investigate the delivery of the Lisbon Strategy at the regional Randstad level.

When I began to work some months ago on this assignment, which has resulted in this research, I felt that it would be a major task. I was right. It was not always easy to combine work and study; especially not in a nice city such as Brussels. But from the start, I have worked with a lot of curiosity and enthusiasm. In retrospective, I believe that I have been given fully the chance by several people to meet my curiosity and enthusiasm in so many ways. Therefore, I would like to express my thankfulness to some in particular.

First of all, I would like to thank my supervisor at the university, Mrs. dr. A. G. Dijkstra, for her supervision and her critical glance at my work. Thank you! At the same time, I would like to express my special gratitude to my supervisor at Regio Randstad Brussels, Mr. Ir. H. Pluckel. Thank you so much for sharing your know-how, your continuing interest, support and belief in a successful ending. I would also like to express my gratitude to my colleagues both at the office in Utrecht and in Brussels. Thank you for your support, your professionalism, your fellowship, your laughs, your help to see the light when it was dark and of course for the opportunity to become a colleague. I hope that the coming year will be as enjoyable as it was the last months.

Secondly, I would like to thank the participants of the Lisbon Regions Network. Thank you very much for sharing your time and experience with me.

Further, I would like to thank my parents, brothers and sisters and friends (both in the Netherlands and in Brussels) for their endless confidence and support. Thank you!

Sjen, vooral blijven fluiten! Kijk uit voor zonnebrillen.....

Laatje, maatje, enorm bedankt voor de mentale steun! Je soaps komen altijd goed van pas.

May the reading of this research be as enjoyable as my Brussels' journey was the last 18 months!

Brussels, February 2005

Najoua Aachboune

Abstract

At the Lisbon European Council in March 2000, the Heads of State or Government stated their ambition of making Europe ‘the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion’. This ambition is known as the Lisbon Strategy. The Lisbon Strategy includes several economic, social and environmental reforms that could be grouped in five dimensions: attaining knowledge-based economies (innovation and research), attaining economic sustainability, attaining more and better employment, attaining social cohesion and attaining environmental sustainability.

After almost five years, there is no doubt that the Lisbon Strategy has been quite successful as a political instrument. It has provided a powerful and cohesive political message. At present, the Lisbon Strategy plays a central role in the Union’s plans and a vast majority of the Lisbon conclusions have already been transformed into regulations, programmes, plans of action and recommendations. However, the Lisbon Strategy has limited success as a policy instrument. I believe that the cause of this problem is twofold. Firstly, the Union lacks a focus. The Lisbon Strategy has become too broad to be understood by governments to show the necessary leadership to implement the strategy. The Lisbon Strategy has become about everything and nothing at the same time. Secondly, the Union lacks ownership and governance partnership. Understanding the Lisbon Strategy, its essence and its agendas with more than 120 actions and priorities requires ownership by all authorities at all governance levels: European, national and sub-national level. Apart from that, the delivery of the Lisbon Strategy requires greater attention regarding the interaction between the various governance levels involved in the implementation of the Lisbon Strategy. Ownership, greater interaction and engagement would allow, successfully, the development of reform partnership between authorities. This potential has not been exploited yet.

The greatest responsibility for the implementation of the Lisbon Strategy belongs to the Member States (national level). The Lisbon Strategy addresses, namely, a large number of actions to national governments. In order to breathe fresh life into the Lisbon Strategy, national governments should involve, pro-actively, sub-national authorities in accordance with national arrangements and traditions. Sub-national authorities have practical tasks to perform and responsibilities to take in the economic, social and environment domain. In this respect, I would like to refer to the position paper that I have written, on behalf of seven European regions¹. This position paper sets out the role and ambitions of seven regions with regard to the delivery of the Lisbon Strategy at the regional level. This paper has been handed over to a group of independent experts (the so-called High Level Group, chaired by Wim Kok) that has been invited by the Commission to perform an independent review of the Lisbon Strategy and to the Dutch State Secretary of Economic Affairs, Mrs. Karien van Gennip.

¹ See annex 1. Notice that this position paper is signed by the chairman of Regio Randstad.

In the Netherlands, most of the economic activities take place in the western part of the country. This part is also known as the region Randstad Holland. This region takes almost half of the Gross Domestic Product of the Netherlands for its account. Therefore, it is considered as the beating heart of the country. Moreover, the region Randstad Holland is considered, both in the Netherlands and in the EU, as one of the European economic motor regions. For years, the region has been capable to attain a high international position in international rankings with regard to the Gross Regional Product, the productivity rate, the labour participation and the regional attraction. However, the last few years, the economic development of the region Randstad Holland does not keep pace with the economic growth of its major competitors. Randstad Holland occupies a top-5 position when considering labour participation and regional attraction. But, productivity lags behind considerably, which also causes the Gross Regional Product per head to fall short. Therefore, the wish to attain a top-5 position will not be reached soon.

The central question of this research is the question whether 12 authorities of entities that are part of the region Randstad Holland are capable to deliver the Lisbon Strategy at the regional Randstad level. The search for an answer on this question is sought within a particular cooperation between these 12 authorities, namely: the cooperative union Randstad. This cooperative union includes four provinces (Noord Holland, Zuid Holland, Utrecht and Flevoland), four large city-municipalities (Amsterdam, Rotterdam, Utrecht and Den Haag) and four Kaderwetgebieden (city-to-province frameworks) (Bestuur Regio Utrecht, Regionaal Orgaan Amsterdam, Stadsgebied Haaglanden en Stadsregio Rotterdam).

In retrospective, I could say that 12 sub-national Randstad authorities have a long path to walk along in order to be capable to deliver the Lisbon Strategy at the regional Randstad level. At present, the members of the cooperative union Randstad have not developed an overall regional strategy with regard to the delivery of the Lisbon Strategy at the regional level. Both the national government and the 12 sub-national Randstad authorities do not own the Lisbon Strategy. However, the members of the cooperative union Randstad have agreed on a regional economic strategy, the Economic Strategy Randstad, which has been inspired, to certain extents, by the Lisbon Strategy. It is important to say that this strategy has been written, in the first place, in the light of the policy notes 'Nota Ruimte' and 'Nota Mobiliteit'. The 12 Randstad authorities wanted to present their joint view with respect to spatial planning in the region Randstad Holland. Spatial planning is a tremendous important factor in the economic development of a region.

The Economic Strategy Randstad cannot be considered as a one-on-one translation of the economic agenda of the Lisbon Strategy. Nevertheless, I believe that it is a first step to deliver a competitive region. By attaining such a region, following steps could be made to deliver other positive Lisbon outcomes such as employment, social cohesion and environmental sustainability. However, turning regional economic growth into employment and social and environmental sustainable advantages requires governance partnership between all authorities at all governance levels.

Understanding the delivery of the Lisbon Strategy by the members of the cooperative union Randstad at the regional Randstad level requires insight in the nature, structure and legal authority of the three governance layers.

The provinces (12) have contributory jurisdiction in all policy areas, but in particular in the policy areas of *spatial planning, infrastructure, transport, environment, water management and health care*. Apart from the contributory jurisdiction, provinces also exercise general supervision over municipalities and coordinate municipal activities in their territory in situations of inter-municipal cooperation.

Just like in the case with provinces, municipalities (483) have contributory jurisdiction in all kind of societal areas. However, the jurisdictional role of municipalities is mainly visible in the following domains: *public order and safety, traffic and road maintenance, economic affairs, education, culture, sports, social welfare, public health and housing*.

Both provinces and municipalities operate according to two principles of legal authority: autonomy and co-administration. The description of the household of the Kaderwetgebieden cannot be simply given, as in the case with provinces and municipalities, in terms of the principles autonomy and co-administration. Kaderwetgebieden do not have, namely, an own household allocated by the Constitution. The Kaderwet obliges the regional governance bodies of the Kaderwetgebieden to carry out a number of tasks united in the so-called minimum packet. This minimum packet exists out of two components: tasks and competences which have to be delegated in case of common regulations by the participating municipalities in a cooperation area to a regional governance body and tasks which are directly dedicated by the Kaderwet to regional governance bodies. The minimum packet includes *the determination of an integral regional structure plan, the development of regional house construction locations, the budgeting of location-tied subsidies, the budgeting of house-tied subsidies, the determination of regional housing regulations, the determination of regional transport plans, the development of regional public transport, the determination of a regional land policy, the determination of the regional environment policy and the supervision of regional-economic interests*. Apart from the minimum packet, kaderwetgebieden are, also, responsible for a number of optional tasks, such as tasks that the participating municipalities in a cooperation area dedicate voluntary to a regional governance body, co-administration tasks that are dedicated by provinces to a regional governance body and tasks which are (in) directly decentralized by higher governance bodies to regional governance bodies.

In short, the role of provinces is to make jurisdiction, to enforce higher legislation and to supervise municipalities and kaderwetgebieden. The role of municipalities is to make contributory jurisdiction and to enforce State and/or provincial legislation. The role of kaderwetgebieden is more strictly defined. Kaderwetgebieden are esteemed to be in charge of the delivery of regional consistency in the areas of spatial planning, land policy (business locations, sites), transport, quality of life (urban and rural development), economy, environment and recreation, the delivery of important state-objectives in the previous mentioned policy areas at the regional level, the delivery of more solidarity between the participating municipalities within

a cooperation area; both in terms of societal problems and in terms of administrative proportions and the delivery of competitive regions in national and international perspective.

Understanding the delivery of the Lisbon Strategy at the regional Randstad level requires, apart from insight in the nature, structure and legal authority of the three governance layers, at the same time, insight in the **ownership** of the Lisbon Strategy as a whole by the national government and the 12 Randstad authorities, the **reform partnership** between these governments, the **formal positions** of provinces, municipalities and kaderwetgebieden in the policy fields that have been addressed by this decade long strategy (economic, social and environmental domain), **the (modest) competences** of the Randstad authorities regarding the issues addressed by the Lisbon Strategy and the presence or absence of a **sense of urgency** regarding the delivery of Lisbon objectives.

The delivery of the Lisbon Strategy at the regional Randstad level screams for a large number of interconnected initiatives and structural changes regarding human capital, accessibility, clusters, innovation, entrepreneurship, governance, social sustainability and environmental sustainability.

Human capital - Increasing the levels of investments in human capital, improving the quality of education at all levels of education, developing knowledge and skills that connect with the needs and demands of trade and industry, decreasing the large number of dropouts, in particular at the education level of the lower and intermediate vocational education (competence aimed learning) and attracting (international) talent workers.

Accessibility - Reducing journey hours, setting higher ambitions regarding public transport (strategic planning and decision making with regard to accessibility, transparency, frequency, reliability, capacity, quality and the behind laying investments compared to competitors), looking at the goods-traffic from a more coherent point of view and handling a more metropolitan strategy for the main ports in relation to the intern and extern attainableness.

Clusters - Understanding and benchmarking the Randstad economy, stimulating entrepreneurship and innovation, building a specialized work force, marketing and branding (clusters in) a region, allocating investments, actions for engagement and lobbying for a stronger cluster policy.

Innovation - Assessing strengths and weaknesses regarding research an innovation, strategic planning at the regional Randstad level, attracting (talent) researchers and students, supporting business angles networks, supporting research-innovation infrastructures, funding research programmes, provision of support services to SMEs, networking key stakeholders, improving access to finance, favourable tax environment and focus on policy evaluation and benchmarking.

Entrepreneurship - Fostering entrepreneurial mindsets among young people, reducing the stigma of business failure, facilitating the transfer of businesses, tailor-made support for women and ethnic minorities, listening to SMEs, reducing red band and simplification of administrative and regulatory burdens and fostering entrepreneurial minds in the public sector.

Governance - Aligning economic interests, elaborating coalitions within the cooperative union Randstad, attaining scope among member and non-member municipalities with regard to economic planning, creating vital coalitions throughout the entire region, assessing a limited number of joint strategic economic dossiers, leadership, ownership and interaction, promoting coherence and consistency in implementation and communication.

Social sustainability - Drawing up a regional Randstad report that provides the possibility to form a notion of the trends and developments in the social domain and the effects of the social policy that has been executed on basis of regional indicators that are in line with indicators used at the national and European governance levels. Secondly, drawing up a regional agenda that pinpoint how the 12 Randstad authorities would like to react on the results/conclusions of the Randstad report.

Environmental sustainability - Drawing up a regional Randstad report that provides the possibility to form a notion of the trends and developments in the environmental domain and the effects of the environmental policy that has been executed on basis of regional indicators that are in line with indicators used at the national and European governance levels. Secondly, drawing up a regional agenda that pinpoint how the 12 Randstad authorities would like to react on the results/conclusions of the Randstad report.

Table of content

Preface	ii
----------------	----

Abstract	iii
-----------------	-----

Part one **Introduction**

Chapter 1 *Introduction*

1.1	Problem analysis	4
1.2	Research objective	5
1.3	Research problem	5
1.4	Research questions	5
1.5	Methodological approach	6
1.5.1	Research design	6
1.5.2	Methods of data collection	6
1.5.3	Data analysis	13
1.6	Internship at Regio Randstad and research	13
1.7	Structure of the report	14

Part two **Empirical orientation**

Chapter 2 *Nature, structure and legal authority of sub-national authorities in the Netherlands*

2.1	Introduction	15
2.2	The Netherlands as a decentralized unity state	15
2.3	Nature and structure of provincial and municipal institutions	16
2.3.1	Legal authority of provinces and municipalities: autonomy and co-administration	17
2.4	Supervision of provincial and municipal affairs	18
2.5	Nature, structure and legal authority of kaderwetgebieden and its institutions	19
2.6	The cooperative union Randstad	22
2.6.1	Nature and structure of the cooperative agreement	23
2.6.2	Cooperative union Randstad and European Affairs	24

Chapter 3 *The Lisbon Strategy: Europe's decade-long strategy*

3.1	Introduction	25
3.2	The Lisbon Strategy: its dimensions, objectives and societal targets	26
3.2.1	Dimension 1: Attaining knowledge-based economies	26
3.2.2	Dimension 2: Attaining economic sustainability	32
3.2.3	Dimension 3: Attaining more and better employment	33
3.2.4	Dimension 4: Attaining social cohesion	39
3.2.5	Dimension 5: Attaining environmental sustainability	40
3.3	Reflection	45

Part three Theoretical orientation

Chapter 4 Theoretical framework

4.1	Introduction	47
4.2	Government intervention: background	47
4.2.1	Economic efficiency	47
4.2.2	Theory of market failure	48
4.3	The concept competitiveness	51
4.3.1	The concept regional competitiveness	53
4.3.2	Regional competitiveness as competitiveness of locations	57
4.4	Regional competitiveness and positive Lisbon outcomes	62
4.4.1	Links between regional economic growth and employment	62
4.4.2	Links between regional economic growth and social cohesion	63
4.4.3	Links between regional economic growth and environmental sustainability	65
4.5	Conclusion	67

Part four Empirical orientation

Chapter 5 The approach of the Lisbon Strategy by the cooperative union Randstad

5.1	Introduction	72
5.2	The approach of the Lisbon Strategy by the Dutch national government	72
5.2.1	National priority 1: Knowledge, Research and Innovation	73
5.2.2	National priority 2: Labour market, social security and social cohesion	75
5.3	Reflection	77
5.4	The approach of the Lisbon Strategy by the cooperative union Randstad	78
5.5	Reflection	80

Part five Analysis

Chapter 6 Analysis

6.1	Introduction	83
6.2	Analysis	83

Part six Recommendations

Chapter 7 Recommendations regarding the delivery of the Lisbon Strategy at the regional Randstad level

7.1	Recommendations	90
-----	-----------------	----

Bibliography	109
---------------------	-----

Annex

<i>Annex 1</i>	Position paper regarding the delivery of the Lisbon Strategy at the regional level	113
<i>Annex 2</i>	Challenges of the Dutch higher education in the light of the Lisbon Strategy	117
<i>Annex 3</i>	Challenges of the Dutch vocational education in the light of the Lisbon Strategy	121
<i>Annex 4</i>	Challenges regarding research and innovation in the light of the Lisbon Strategy	123
<i>Annex 5</i>	Challenges regarding labour market and social security in the light of the Lisbon Strategy	125
<i>Annex 6</i>	SWOT analysis region Randstad Holland	132
<i>Annex 7</i>	Projects and measurements in the region Randstad Holland	135

Chapter 1

Introduction

1.1 Problem analysis

The European Council launched in March 2000 the Union's decade-long strategy for *economic, social and environmental renewal*: the Lisbon Strategy. The Council and the European Commission believe that this strategy is a necessary step from a post industrial economy to a competitive knowledge-based economy that is capable of providing economic growth, employment, social cohesion and ecological sustainability.

The Council and the European Commission consider the Lisbon Strategy as an opportunity to become stronger and to show global leadership. This may seem as a very ambitious strive, but past achievements like the Internal Market, the Economic and Monetary Union and the launch of the Euro prove that the European Union has the capacity to deliver ambitious reforms.

However, several reports of the European Commission and of the Member States show an insufficient implementation of the Lisbon Strategy at all governance levels. Therefore, it seems that the objectives and sectoral targets, which have been signed up four years ago by the Member States, will not be realized within the coming six years (2010).

I believe that the delay in the delivery of the far-reaching economic, social and environmental reforms at the national and sub-national governance levels could be explained by the lack of a national coordination with regard to the implementation of the Lisbon Strategy. It is of major importance that greater attention is paid to the interaction between the various governance levels involved in the implementation of the Lisbon Strategy. Otherwise, no progress will be made towards the agreed Lisbon-objectives and targets. Greater interaction and engagement would allow, successfully, the development of reform partnership between national and sub-national governments. Unfortunately, this potential has not been exploited yet.

The Netherlands is one of the Member States that does not show impressive performances with respect to the Lisbon Strategy. As far as I can conclude, this is not only the result of the poor policy coordination at the national level, but, at the same time, the result of the fact that the national government has narrowed the Lisbon Strategy to economic reforms. The current political attention of the Dutch national government goes, mainly, to the improvement of the Dutch macro-economic policy in order to generate more economic growth with respect to the last three years.

In the Netherlands, most of the economic activities take place in the western part of the country. This part is also known as the region Randstad Holland. The region Randstad Holland accounts for almost half of the Gross Domestic Product of the Netherlands. Therefore, it is considered as the beating heart of the country. Moreover, the region Randstad Holland is considered, both in the Netherlands and in the EU, as one of Europe's economic motor regions.

It is evident that this region is capable to deliver regional economic growth. But is the region Randstad Holland also capable to deliver the Lisbon Strategy as a whole at the regional Randstad level?

The search for an answer on this question will be sought within a particular cooperation between 12 authorities of entities that are part of the region Randstad Holland: *the cooperative union Randstad*. This cooperative union has been set up to promote balanced and dynamic developments in the region Randstad Holland and to strengthen the position of this region in (inter) national context. The cooperative union Randstad includes four provinces (Noord Holland, Zuid Holland, Utrecht and Flevoland), four large city-municipalities (Amsterdam, Rotterdam, Utrecht and Den Haag) and four Kaderwetgebieden (city-to-province frameworks) (Bestuur Regio Utrecht, Regionaal Orgaan Amsterdam, Stadsgebied Haaglanden en Stadsregio Rotterdam). The members of this cooperative union cooperate in several fields, among the most important are: infrastructure, transport, spatial planning, agriculture and European Affairs.

1.2 Research objective

The objective of this research is to obtain insight in the role of the members of the cooperative union Randstad in the delivery of the Lisbon Strategy at the regional Randstad level.

1.3 Research problem

'In which respect and to what extent are the members of the cooperative union Randstad capable to deliver the Lisbon Strategy at the regional Randstad level?'

This central research question will be answered along the following research questions.

1.4 Research questions

- What are the roles of provinces, municipalities and kaderwetgebieden (city-to-province frameworks) in the Dutch political-administration system? How does the household of these sub-national governments look like?
- What does the cooperative union Randstad imply? How did the collaboration between the members get form and content?
- What does the Lisbon Strategy imply? What are its objectives?
- How does the Dutch national government deal with the Lisbon Strategy? How does the cooperative union Randstad deal with the Lisbon Strategy?
- In which respect and to what extent is the cooperative union Randstad capable to deliver the Lisbon Strategy at the (regional) Randstad level? Which recommendations can be given with regard to the delivery of the Lisbon Strategy at the regional Randstad level?

1.5 Methodological approach

1.5.1 Research design

1.5.1.1 Policy research

In general, one could distinguish to types of research, namely, theoretical research and policy research. Theoretical research is primarily concerned with causal processes and explanation. Basically, it aims at producing knowledge for understanding. The objective of policy research is broader. Ultimately, it aims at producing knowledge for action from a multi-dimensional perspective². Considering the purpose of this research, this study could be best characterized as policy research.

1.5.1.2 Explorative research

The academics Baarda & De Goede mention three types of research design, i.e. a *descriptive* design, an *exploratory* design and a design intended to address *causality*³. Descriptive research sketches the landscape of the topics, issues or problems that are being studied. It is not guided by a specific theory or hypothesis. Exploratory research, on the other hand, studies, in addition to the description of the topics that are being studied, the relations between the topics. A research design that addresses causality aims at providing an accurate explanation for the topics under assessment, usually by the selection of a theory.

This research could be characterized as both descriptive and explorative. This research is descriptive because I describe the joint activities of the members of the cooperative union Randstad regarding the Lisbon Strategy. However, I do go beyond merely describing the topics, issues and problems. This study includes, namely, at the same time, several theoretical strands. The objective of this research aims to subtract on basis of my theoretical framework and my empirical findings recommendations with respect to the delivery of the Lisbon Strategy at the regional Randstad level.

1.5.2 Methods of data collection

In general, one could distinguish two methods used in policy research: *qualitative* and *quantitative* research. Whereas, a qualitative research addresses questions as what, why and how, quantitative research addresses the extent to which a quality (eigenschap) appears and addresses, therefore, questions as how many and how often something happens.

The research method plied in this research is the qualitative method. The academics Baarda et al. indicate three general ways to collect data in qualitative research, namely, *participant observation*, *interviews* and *document analyses*⁴. Document analyses (content analyses) comprise gathering and analyses of documents produced in the course of everyday events or constructed for the research at hand. The material for content analyses may be any form of communication⁵.

² Abma, 1996:4.

³ Baarda & De Goede: 1996:68-82.

⁴ Baarda & De Goede: 1996:14-15.

⁵ Marshall and Rossman, 1999:116-117.

Given the purpose of this study, document analyses and interviews are the most appropriate methods for analysing the activities of the members of the cooperative union Randstad with regard to the Lisbon Strategy. The documents that I have gathered and studied are:

- Strategic Randstad documents,
- Monthly reports of Randstad,
- Minutes of portfolio holder consultations, work groups and project groups,
- Reports of the Council,
- Position papers of Regio Randstad,
- White and green books of the European Commission,
- Reports (opinions/resolutions) of EU related organizations, in particular the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR),
- Presidency conclusions of Council Meeting(s),
- Policy notes of several Dutch departments,
- Websites.

I have held 12 interviews with important regional stakeholders in order to get an idea whether these regional stakeholders are familiar with the Lisbon Strategy, to assess developments with respect to issues raised by the Lisbon Strategy and to assess the (desirable) role(s) of the Randstad authorities regarding the delivery of the Lisbon Strategy at the regional Randstad level. The interviews performed for this research have been semi-structured. A semi-structured interview is an interview whereby the questions have not been set in advance, but the subjects are. I have introduced the subjects that I wanted to discuss through open-ended questions. I have chosen for semi-structured interviews because I wanted to steer the conversations as little as possible in order to get the respondents to talk. The subjects that I have raised in my interviews have been derived from my literature survey and my content analyses. Most of the interviews have been held with individuals who are (considered to be) influential, prominent and/or well informed people in an organization; they have been selected for the interviews on basis of their expertise in areas relevant to the research. The following table gives an overview of the people that I have interviewed and the relevant questions that have occurred during the interviews.

STAKEHOLDER	NATIONAL GOVERNMENT	
<u>Name respondent</u>	<u>Organization</u>	<u>Relevant open-ended questions</u>
Mr drs J.K. Hensems	Ministry of Economic Affairs, Directorate Spatial Economic Affairs, senior policy advisor, project manager 'Pieken in de Delta'	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you? 2. It seems that, in the Netherlands, the Lisbon Strategy has been narrowed to mainly economic reforms. Is this observation correct? 3. One of the pillars of the Lisbon Strategy is attaining economic sustainability. I claim that the economic policy of the Dutch national government, which has been, explicitly, inspired by the Lisbon Strategy, contains the following main points: <ul style="list-style-type: none"> - Improving the climate for entrepreneurship, - Promoting entrepreneurship, - Promoting innovation, - Adapting the social security system and labour market policy to societal changes (from protecting to activation) Is this observation correct? 4. What are the most essential policies changes that the Dutch national government has introduced, lately, with regard to entrepreneurship and innovation? 5. To which extent does the Ministry of Economic Affairs involve stakeholders in the policy discussion about promoting entrepreneurship and innovation? 6. To which extent does the Ministry of Economic Affairs involve sub-national governments in promoting entrepreneurship and innovation? 7. Which role(s) could sub-national governments play in the delivery of entrepreneurship and innovation? 8. Should the regional development policy of the European Commission be linked to the Lisbon Strategy?
Mr drs G. Roest	Ministry of Housing, Spatial Planning and Environment, Directorate International Environment Affairs, project manager Informal Environment Council 2004	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you? 2. It seems to me that, in the Netherlands, the Lisbon Strategy has been narrowed to, mainly, economic reforms. Is this observation correct? 3. One of the pillars of the Lisbon Strategy is attaining environmental sustainability. Does the current Dutch government consider attaining the Lisbon's environment objectives as a priority? How is the Lisbon environment agenda translated to national policy? 4. To which extent are sub-national governments involved in the assessment of the national policy regarding Lisbon's environmental objectives? 5. Which role(s) could sub-national governments play in the delivery of the Lisbon environment agenda (the 6th EEAP and ETAP)? 6. To which extent are other key partners (than sub-national governments) involved in the delivery of the 6th EEAP and ETAP? 7. Which environmental reforms are necessary in the Netherlands? To which extent does the Lisbon environment agenda cover these necessary reforms?
Mr drs H.P. van de Woude	Ministry of Foreign Affairs, Head direction European affairs	<ol style="list-style-type: none"> 1. What does the national government do in the light of the Lisbon Strategy? 2. What are the Lisbon-priorities of the Dutch national government? 3. Does the national government involve sub-national governments in the delivery of the Lisbon Strategy? 4. Would it be desirable to receive regional strategies from regional authorities with regard to the delivery of the Lisbon Strategy at the regional level? 5. Does the national government involve other stakeholders in the delivery of the Lisbon Strategy? 6. How is the Lisbon Strategy communicated to the civil society?
STAKEHOLDER	TRADE AND INDUSTRY	
<u>Name respondent</u>	<u>Organization</u>	<u>Relevant open-ended questions</u>
Mr H.S.H. Mooren	VNO NCW West, Director	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you? 2. It seems to me that, in the Netherlands, the Lisbon Strategy has been narrowed to, mainly, economic reforms. Is this observation correct? 3. What should be the main points of the Dutch economic reforms? 4. How would you assess the report 'Pieken in de Delta'? 5. The report 'Pieken in de Delta' emphasizes the importance of the presence of strong regional economies for the delivery of national economic growth. How would you assess the economy of the region Randstad Holland? What are its strengths and

		<p>weaknesses?</p> <p>6. Should the 12 sub-national Randstad governments focus their joint economic strategy on the strengths/potentials of the region Randstad Holland or on solving weaknesses/bottle necks?</p> <p>7. Which role(s) could the 12 sub-national Randstad governments play in the delivery of a competitive region in (inter) national context?</p> <p>8. I claim that the region Randstad Holland could be more competitive as a region if the 12 Randstad authorities would pay more and better attention to the following factors:</p> <ul style="list-style-type: none"> - Human capital, - Clusters and innovation, - Entrepreneurship, - Regional infrastructure, - Governance. <p>Could you give a reaction? How could the 12 Randstad authorities revitalize or boost these factors?</p>
Mr U. Schröder	MKB Nederland, Permanent representative Royal Dutch Association of Small and Medium-sized Enterprises	<p>1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you?</p> <p>2. Are there particular problems that Dutch SMEs face at present?</p> <p>3. I often hear that SMEs are not knowledge intensive and innovative? Is this correct according to you?</p> <p>4. The Netherlands faces an insufficient knowledge interaction between SMEs and knowledge institutions, in particular with universities. Do SMEs consider this as problematic? If so, how could we promote the knowledge interaction between SMEs and knowledge institutions?</p> <p>5. How is the knowledge interaction between SMEs and higher vocational education institutions? Is there anything that SMEs would like to see changed?</p> <p>6. How could sub-national governments promote innovation by SMEs?</p> <p>7. How could sub-national governments boost human capital?</p> <p>8. How could sub-national governments promote entrepreneurship?</p>
STAKEHOLDER	EDUCATION SECTOR	
<u>Name respondent</u>	<u>Organization</u>	<u>Relevant open-ended questions</u>
Mrs Dr. J.C.M. van Eijndhoven	Erasmus University Rotterdam, President Executive Board Erasmus University Rotterdam	<p>1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you?</p> <p>2. One of the pillars of the Lisbon Strategy is attaining the most competitive knowledge-based economy. Which role(s) could universities play the delivery of this objective?</p> <p>3. One of the biggest challenges that the Netherlands faces, in the light of the battle for a competitive knowledge-based economy, is the insufficient knowledge interaction between knowledge institutions and business. How would you explain this?</p> <p>4. To which extent do universities consider the insufficient knowledge interaction with business as problematical?</p> <p>5. What could universities do to attain more and better knowledge interactions with business?</p> <p>6. Do universities have the need or the wish to deliberate with business about the form and content of their education curricula?</p> <p>7. How could sub-national governments promote knowledge interaction between universities and business?</p> <p>8. To which extent does your university pay attention to 'entrepreneurship' in its curriculum?</p> <p>9. To which extent is it important for universities to attract students and knowledge workers from outside?</p>
Mr M. Sini	ROC Midden Nederland, Staff director major city policy ROC Midden Nederland	<p>1. Are you familiar with the Lisbon Strategy?</p> <p>2. Do you share the opinion that the Dutch lower and intermediate vocational education would be too general forming, too theoretical and that the education at these levels would not connect with the needs and demands of trade and industry?</p> <p>3. What is, in your opinion, the cause of the fact that more than 25% of the dropouts leave school without a so-called 'startkwalificatie' (MBO-2)?</p> <p>4. How could the 12 sub-national Randstad authorities decrease the large number of dropouts in the region Randstad Holland?</p> <p>5. How could the 12 sub-national Randstad authorities improve the quality of the vocational education at the lower and intermediate level?</p> <p>6. Are there other stakeholders that could help to decrease the large number of dropouts in the region Randstad Holland and to increase the quality of the vocational education at the lower and intermediate level?</p>

STAKEHOLDER	COOPERATIVE UNION RANDSTAD	
<u>Name respondent</u>	<u>Organization</u>	<u>Relevant open-ended questions</u>
Mr drs W. Kleyn	Municipality Amsterdam, Head Research and Vice director Economic Affairs and co-writer Economic Strategy Randstad	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you? 2. The Economic Strategy Randstad has two pillars: improving the attractiveness of the region Randstad Holland and improving the innovativeness of business in the region Randstad Holland. It seems to me that the members of the cooperative union Randstad share a clear joint vision with regard to the first pillar. However, they lack a joint coherent vision with respect to the second pillar. Is this correct? If so, how would you explain this? 3. How problematic is the lack of a joint coherent vision with respect to the second pillar? 4. I believe that the authorities of the entities that are part of the cooperative union Randstad should pay more attention to the following factors in order to deliver a more competitive region: <ul style="list-style-type: none"> - Human capital - Regional infrastructure- - Entrepreneurship - (Economic) governance - Clusters & innovation <p>Could you give a reaction? How could the 12 sub-national authorities boost or revitalize these factors?</p> <ol style="list-style-type: none"> 5. According to the policy note 'Pieken in de Delta', regions should focus on exploiting strengths and potentials and less on solving bottle necks and weaknesses. That means that regions should invest in sectors in which they could attain excellence. In which sectors could the region Randstad Holland attain excellence?
STAKEHOLDER	EXPERTS	
<u>Name respondent</u>	<u>Organization</u>	<u>Relevant open-ended questions</u>
Mr drs J. de Vet	Ecotec consultancy, senior researcher	<ol style="list-style-type: none"> 1. Is it possible for sub-national authorities in the Netherlands to conduct regional cluster policies? 2. Along which ways could sub-national authorities, in particular regional authorities, promote cluster formation and strengthen existing clusters? 3. How could sub-national authorities identify the clusters hidden in their region? 4. Does the region Randstad Holland hide clusters according to you? If so, which are those clusters? 5. When does cluster policy incline to state aid? What is the difference? 6. Are there regions across Europe of which the region Randstad Holland could learn from regarding cluster policies? 7. I have elaborated a large number of actions that the members of the cooperative union Randstad could perform, jointly, in order to promote clusters (forming) and innovation in the region Randstad Holland. Could you give a reaction? Do you (dis) agree with my recommendations?
Mrs J.G.M. ten Kroode	B & A Consultancy, partner and senior consultant	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? What does the Lisbon Strategy imply according to you? 2. What does B & A Consultancy do in the area of 'ethnic entrepreneurship'? 3. To which extent is ethnic entrepreneurship important for the economy of the region Randstad Holland, in particular the city economies? 4. Are there particular sectors in which ethnic entrepreneurship is more visible than in others? 5. Are there any particular problems with which ethnic entrepreneurs have to deal with? 6. How could sub-national governments promote entrepreneurship among ethnic minorities? 7. To which extent do sub-national governments promote entrepreneurship among minority groups? Are sub-national governments aware of the importance of promoting entrepreneurship among minority groups, in particular with regard to city economies? 8. Are there, besides sub-national governments, other stakeholders that could promote ethnic entrepreneurship? 9. Is there potential for ethnic entrepreneurship in the region Randstad Holland?
Mr drs D. Holt	Ecorys-NEI, senior advisor	<ol style="list-style-type: none"> 1. Are you familiar with the Lisbon Strategy? If so, what does the Lisbon Strategy imply according to you? 2. Do you consider the region Randstad Holland as a competitive region in (inter) national context? 3. I have the impression that the region Randstad Holland should pay more attention to following factors in order to become more regional competitive: <ul style="list-style-type: none"> - Human capital - Regional infrastructure - Clusters & Innovation - Entrepreneurship - (Economic) governance

		<p>Could you give a reaction? Are there other factors that should attain attention?</p> <p>4. How could the 12 sub-national Randstad governments boost or revitalize these factors?</p> <p>5. Are there particular sectors in which the region Randstad Holland could attain excellence?</p>
Mr mr. F. Mertens	DCMR (milieudienst Rijnmond), senior advisor	<p>1. Is the environment file a priority file for provinces, municipalities and kaderwetgebieden?</p> <p>2. How do the 12 Randstad authorities deal with the environment file?</p> <p>3. Who owns the environment file: provinces, municipalities or kaderwetgebieden?</p> <p>4. What are the formal positions of provinces, municipalities and kaderwetgebieden with regard to environmental affairs?</p> <p>5. Do you think that the members of the cooperative union Randstad share the wish, the need or sense of urgency to set up a 'green collaboration'?</p> <p>6. How should the 'green collaboration' get form and content? Which topics should the cooperation include?</p> <p>7. Which activities could the 12 Randstad authorities perform regarding Lisbon's environment agenda?</p>

In addition to previous mentioned methods of data collection (content analyses and interviews), I have gathered additional data (facts) on basis of active participation in an informal network, named 'Lisbon Regions', consultations (discussions) with key persons at the office of Regio Randstad, in the Netherlands and in Brussels, key persons at the European Commission, key persons at the Dutch Permanent Representation in Brussels, key persons at Dutch ministries and key persons at regional representational offices in Brussels dealing with regional development policies.

Regio Randstad has initiated, beginning March 2004, the set up of the informal Lisbon Regions Network in Brussels. This is a platform in which 7 European regions (Brussels Capital Region, Region Emilia-Romagna, Regio Randstad, Region Ile-de-France, Stockholm Region, Stuttgart Region and West Midlands) discuss the role of regional authorities regarding the delivery of the Lisbon Strategy at both the national and regional level. The members of this network come together once a month. As my internship has endured ten months, I have attended ten meetings. The coordinator of Regio Randstad Brussels (Mr Pluckel) is the chairman of this network. I have supported him by co- assessing the agenda of the meetings, by noting the minutes of the meetings, by contacting European Institutions (Parliament, European Commission, Committee of the Regions and the European Economic and Social Committee), by monitoring new (EU) developments regarding the Lisbon Strategy file, by communicating the developments within the Lisbon Regions Network to Regio Randstad in the Netherlands, by communicating positions of the Lisbon Regions Network to third parties in Brussels (Institutions and EU related organizations) and by contributing to the organization of a conference with the European Economic and Social Committee regarding metropolitan regions and the delivery of the Lisbon Strategy.

The consultations (discussions) with key persons at the office of Regio Randstad have taken place with the advisors European Affairs of the four member-provinces in Brussels (4) and the experts/advisors in the Netherlands (Utrecht) supporting all 12 members of the cooperative union Randstad (8). The consultations with key persons at the European Commission, the Dutch Permanent Representation and the Dutch departments have taken place along questions that I dealt with during my research. In this respect, consultations have taken place spontaneously. The consultations with key persons at regional representational offices in Brussels dealing with regional development policies have included, mainly, 6 representational offices, namely: Brussels Capital Region, Region Emilia-Romagna, Region Ile-de-France, Stockholm Region, Stuttgart Region and West Midlands.

Previous mentioned methods of data collection have been used to attain empirical data (facts). The empirical findings of this research have been structured in a theoretical framework. This framework has been designed on basis of a literature survey (an additional method of data collection).

1.5.3 Data analysis

The analysis of the data collected during this study has been executed along several steps. Firstly, I started with distinguishing, in course of time, relevant information attained through content analyses, participation in the Lisbon Regions Network and consultations with well-informed people from non-relevant information regarding the research problem and research questions of this research. During this process, I categorized relevant information in accordance with the policy fields addressed by the Lisbon Strategy: economic, social and environmental domain. At the same time, I categorized relevant information regarding the Lisbon Strategy towards the governance levels that are involved: European, national and sub-national layers. The second step that I took, was performing a literature survey in order to design a theoretical framework. After having finalized my theoretical framework, I executed 12 interviews with regional stakeholders. Initially, the interviews have been whole written out, whereupon, I distinguished relevant interview questions and answers from non-relevant data in accordance with key notions derived from my literature survey. Finally, I confronted the empirical findings (facts) with the theoretical findings of this study in such a way that conclusions could be derived.

1.6 Internship at Regio Randstad and research

The internship at Regio Randstad Brussels (March 2004 – December 2004) has been an important data collection source for this research. During my internship, I have fulfilled several (different) tasks. Among the most important have been the following:

- Monitoring the Lisbon Strategy file for Regio Randstad by keeping up new information and developments provided by European Institutions, EU related organizations, the Dutch national government and European regional authorities by monitoring websites and communications, by attending conferences and meetings and by contacting well-informed people.
- Monitoring Randstad developments in the policy areas addressed by the Lisbon Strategy by attending portfolio meetings (8).
- Assisting the coordinator of Regio Randstad Brussels regarding the communication of new developments with respect to the Lisbon Strategy to stakeholders back home (NL), assessing positions of Randstad members regarding issues addressed by the Lisbon Strategy, writing a position paper regarding the role of regional authorities with respect to the Lisbon Strategy and assisting in the organization of meetings and events.
- Assisting the coordinator of Regio Randstad Brussels in his work as the chairman of the Lisbon Regions Network regarding the agenda, the minutes, the communication of positions of the Lisbon Regions concerning the delivery of the Lisbon Strategy to European Institutions, in particular to the European Commission (particularly DG Regional Policy), the European Parliament (Dutch Members of the European Parliament), Committee of the Regions and the European Economic and Social Committee.

Having carried the co-responsibility for the monitoring of the Lisbon Strategy file forced me to keep up new information in Brussels regarding the Lisbon Strategy and to find out Randstad positions in meetings. Having being present during a large number of Randstad meetings and having assisted the coordinator of Regio Randstad Brussels (dossiertrekker Lissabon Strategie) made it possible to attain data to assess the approach of the Lisbon Strategy by the members of the cooperative union Randstad and to assess positions of Regio Randstad regarding new developments with respect to the Lisbon Strategy. Previous mentioned tasks have enabled me to gather facts and to execute together with my theoretical framework an analysis and to draw conclusions. The tasks that I have fulfilled in the Lisbon Regions Network ('secretary') made it possible to attain, in addition, insight in how other European regions deal with issues addressed by the Lisbon Strategy and regional priorities. That has been very useful for my recommendations. In this respect, it is important to say that the other member regions of the Network are not much further than Regio Randstad regarding the delivery of the Lisbon Strategy at the regional level. The regions have different political-administrative systems and different challenges in the economic, social and environmental domain and, therefore, different regional priorities regarding the delivery of the Lisbon Strategy. In the end, all regions have in common that they scream for ownership and reform partnership.

1.7 Structure of the report

This research consists of six parts. In part one (chapter 1) attention has been paid to my problem analysis, my research objective, my research problem, my research questions and the methodological approach of this study. Part two (chapter 2 and 3) will provide the first part of the empirical orientation of this research. This part will discuss the nature, structure and legal authority of sub-national authorities in the Netherlands (chapter 2) and the essence of the Lisbon Strategy (chapter 3). Part three (chapter 4) will address the theoretical orientation of this research. This part will discuss several theoretical notions. Special attention will be paid to the notion regional competitiveness. Part four (chapter 5) will provide the second part of the empirical orientation of this study. This part will discuss the approach of the Lisbon Strategy by the 12 sub-national Randstad authorities. Part five (chapter 6) will provide an analysis. Part six (chapter 7) will provide my recommendations.

Chapter 2 Nature, structure and legal authority of sub-national authorities in the Netherlands

2.1 Introduction

In this chapter attention will be paid to the role of regional and local authorities in the Dutch political-public administration system. Special attention will be given to the principles *autonomy* and *co-administration* (co-governance) of sub-national governments.

2.2 The Netherlands as a decentralized unity state

Since the constitution of Thorbecke (1848), the Netherlands is organized according the principle of the decentralized unitary state. In the Netherlands, the concept decentralization has a specific meaning. It includes, namely, both a *territorial* and a *functional* dimension. The notion territorial decentralization refers to the allocation of authority over policy domains to different sub-national governmental entities that are, themselves, defined in terms of territory. The notion functional decentralization refers to the allocation of authority to sub-national governmental entities that have a specific (state) function⁶.

In principle, the Dutch political-public administration system includes three governance levels: the national government, the provinces and the municipalities. In July 1994, the Dutch national government added an additional governance layer: the Kaderwetgebieden (city-to-province frameworks). This particular regional governance body includes only seven large city-municipalities. I will discuss the nature, structure and legal authority of this governance layer later on in this chapter.

In the Netherlands, the national government is responsible for tasks concerning the Dutch society as a whole. The national government decides the main lines of the Dutch policies in all societal areas and establishes the legal and financial conditions for sub-national governments.

The provinces (12) have contributory jurisdiction in all policy areas, but, particularly, in the policy areas of spatial planning, infrastructure, transport, environment, water management and health care. Apart from the contributory jurisdiction, provinces also exercise general supervision over municipalities and coordinate municipal activities in their territory in situations of inter-municipal cooperation.

The municipalities (483) have, just like the provinces, contributory jurisdiction in all kind of societal areas. However, the jurisdictional role of municipalities is mainly visible in the areas of public order and safety, traffic and road maintenance, economic affairs, education, culture, sports, social welfare, public health and housing.

⁶ Dijkgraaf, 2002: 16-17.

Basically, in the Netherlands, provinces and municipalities are considered to be in charge of their own household and affairs. Therefore, they are more or less independent in deciding the scope and size of the tasks deemed necessary for performing their role and function. The only jurisdictional restriction set by the State is that provinces and municipalities are not allowed to perform in contradiction to regulations from higher governments⁷.

2.3 Nature and structure of provincial and municipal institutions

The political structure of both the province and the municipality consists of a *council* and an *executive board*. Formally, provincial and municipal councils are the highest authority in their respective province or municipality. Elections for these councils take place every four year on basis of a system of proportional representation. The number of councillors depends on the population size of the provinces and the municipalities.

The executive boards do the day-to-day work of the provinces and the municipalities. These are composed of provincial deputies and the commissioner of the Queen at the provincial level and aldermen and the mayor at the municipality level. Each provincial executive and alderman has a special responsibility for a specific policy area. Both the provincial and municipal executives in the executive boards have a collective responsibility. The provincial executives and the aldermen are elected for a four year term immediately after the provincial or municipal elections out of the councils. They remain councillors after their election to the executive board.

The chairman of the daily board and of the council, the Queen's commissioner and the mayor, are appointed by the national government. In earlier times, the Queen's commissioner was primarily a central government official and had a special duty in supervising sub-national affairs. The mayor, on the contrary, has always been an integral part of the municipality. Nowadays, both the Queen's commissioner and the mayor are considered to be functionaries of, respectively, the province and the municipality and not of the central government.

Proponents of the present system argue that by appointing these officials sub-national governments have a more direct access to the national government. Opponents, on the other hand, argue that these appointments are an example of national government interference in regional and local affairs. Political initiatives to change this system have been in vain. The only big change that has taken place is that the provincial and municipal councils are consulted on the desired qualities of the Queen's commissioner and the mayor. However, the national government is not obliged to follow the advice of the councils.

Although the fact that, formally, the councils are technically the highest authority and the supreme legislative bodies in a province or municipality, most political power resides with the executive (daily) boards. This could be explained by the fact that the provincial deputies and aldermen are supported by a

large number of officials (experts). Attempts are being made to improve the position of the councils by enhancing the flow of information to councillors and a more extensive use of commissions in the earlier stages of drafting legislation.

2.3.1 Legal authority of provinces and municipalities: autonomy and co-administration

Both provinces and municipalities operate according to two principles of legal authority: *autonomy* and *co-administration*.

The notion autonomy refers to the (legal) autonomous domain of provinces and municipalities. This notion is described as the “open household”. Article 124 of the Constitution states: “*The power to decide on and administer their own household is left to the provinces and the municipalities*”. The open formulation of the autonomous sub-national domain prohibits a general enumeration of the autonomous tasks. Thus, there are **no particular limits** on sub-national governments’ autonomy. The restriction is that decisions of provinces and municipalities are not allowed to be in contradiction with higher legislation, such as Community legislation, International agreements, the Constitution and national legislation. The basic regulations for autonomy are set in the article 124, lid 1 Constitution, article 105, lid 1 Provincial Law and article 108, lid 1 Municipal Law⁸.

2.3.1.1 Legal authority provinces

Article 145 Provincial Law assigns provincial councils the competence to make autonomous provincial regulations. In general, there are three types of autonomous (provincial) regulations by-law (verordeningen)⁹:

- *Organization regulations by-law*; Article 157 Provincial Law obliges provincial councils to design their own official internal structure,
- *Taxation regulation by-law*; for example: motor vehicle tax, TV license fee (article 221 Provincial Law), fees for the deliverance of licenses (article 223 Provincial Law) etc.,
- *Punishment regulations by-law*; in case of violation of (a) regulation(s) by-law.

Apart from the competence to make autonomous provincial regulations by-law, provincial councils have, at the same time, the competence to make provincial co-administration regulations by-law. The basis regulations for co-administration are set in the so called ‘bijzondere wetten’: article 124, lid 2 Constitution, article 105, lid 2 Provincial Law and the article 109, lid 2 Municipal Law. These regulations are further elaborated in other ‘bijzondere wetten’.

⁷ Vereniging van Nederlandse Gemeenten, 2004.

⁸ Dijkgraaf, 2002: 18.

⁹ Dijkgraaf, 2002: 190.

2.3.1.2 Legal authority municipalities

Article 149 Municipal Law assigns municipal councils the competence to make autonomous and co-administration regulations by-law. In general, the municipal autonomous regulations by-law can be categorized¹⁰ in the following categories:

- *Organization regulations by-law*; Article 159 Municipal Law obliges municipal councils to design their own official internal structure,
- *Taxation regulations by-law*; for example, articles 216 and 217 Municipal Law assigns municipal councils to charge taxes on tourism, on property and to charge fees on the delivery of passports, driving licenses etc.,
- *Punishment regulation by-law*, in case of violation of (a) regulation (s) by-law,
- *Others*; for example, regulations by-law for subsidies.

Apart from the competence to make autonomous municipal regulations by-law, municipal councils have also, just like provincial councils, the competence to make municipal co-administration regulations by-law. These regulations by-law are based on competences awarded by several ‘bijzondere wetten’ other than the Municipal Law.

2.4 Supervision of provincial and municipal affairs

In the Netherlands, the supervision of provincial and municipal affairs takes form along a three-pronged way: *preventive*, *repressive* and *positive* supervision.

Under a regime of preventive supervision, certain provincial and municipal decisions can only take legal force if a higher government approves them. An example of preventive supervision is the approval of municipal’s annual budgets (and changes in the budget during the year) by provinces (article 191, lid 2 Municipal Law). The same is the case with participation of municipalities and provinces in private law enterprises and companies (article 160, lid 3 Municipal Law). Supervision does not entail telling provinces or municipalities what to do, it rather entails what *not* to do. The concept preventive supervision of provincial and municipal affairs is elaborated in articles 253-260, Provincial Law and in articles 259-267, Municipal Law¹¹.

Repressive supervision is the case when a decision or regulation is nullified although this decision or regulation has taken legal force. Repressive supervision is used in situations where provincial or municipal actions are in conflict with higher law or the “general interest”. It should be noted that this kind of supervision is rarely used.

¹⁰ Dijkgraaf, 2002:102.

¹¹ Dijkgraaf, 2002:20-21.

When conflicts arise between provinces or municipalities and the national government, parties normally use informal consultations to solve disagreements. The legal basis for repressive supervision of sub-national affairs is set in the articles 132, lid 4 Constitution, article 261, lid 1 Provincial Law, article 268, lid 1 Municipal Law. The concept repressive supervision is further elaborated in articles 261-274a, Provincial Law and in articles 268-281a, Municipal Law.

Apart from preventive and repressive supervision, supervision by the national government over provincial and municipal affairs could also take place in the form of ‘positive supervision’ (positief toezicht). Positive supervision is used when provinces and/or municipalities neglect their tasks. Positive supervision would make sure that particular decisions are made after all. The legal basis for positive supervision could be found in article 132, lid 5 Constitution. When it concerns obliged co-administration decisions, the articles 120-121 Provincial Law and the articles 123-124 Municipal Law provide regulations. At the same time, some ‘bijzondere wetten’ include also regulations with regard to positive supervision.

2.5 Nature, structure and legal authority of kaderwetgebieden and its institutions

For decades, there are discussions in the Netherlands concerning the most suitable organization of the domestic political-administrative system. In these discussions, one always argued that the structure should not be more than three governance levels.

The discussions about the domestic political-administrative system at the end of the eighties addressed mainly the large city-municipalities and their administrative organization. In this respect, it is important to mention the advices of the Commission Montijn and the Council of Domestic Administration (Raad voor het Binnenlands Bestuur) (1989). According to this Commission and Council, the Dutch national government should allow large city-municipalities to establish urban-regional governing boards instead of laying the accent on inter-municipal cooperation¹². They believed that inter-municipal cooperation would not be sufficient for solving problems related to crooked social and administrative proportions between large city-municipalities and adjacent municipalities. One of the outcomes of this discussion was the introduction of a special law, in July 1997, for seven large city- municipalities by the national government: Kaderwet bestuur in verandering (Kaderwet).

The Kaderwet is of temporary nature; this law will be reviewed and modified by a new law in January 2005¹³. The Kaderwet is only applicable to seven particular cooperation areas in which large-municipalities are situated¹⁴, namely:

- The cooperation area in which the municipality Amsterdam is situated¹⁵,
- The cooperation area in which the municipality Rotterdam is situated¹⁶,

¹² For the advice of the Commission Montijn see policy note ‘Grote steden, grote kansen’ and for the advice of the Council of Domestic Administration see policy note ‘Het bestuur in grootstedelijke gebieden’.

¹³ The Kaderwet bestuur in verandering will be modified by the so called ‘Wijzigingswet Wgr-plus’.

¹⁴ See article 2 Kaderwet.

- The cooperation area in which the municipality the Hague is situated¹⁷,
- The cooperation area in which the municipality Amsterdam is situated¹⁸,
- The cooperation area in which the municipality Rotterdam is situated¹⁹,
- The cooperation area in which the municipality the Hague is situated²⁰,
- The cooperation area in which the municipality Utrecht is situated²¹,
- The cooperation area in which the municipalities Eindhoven and Helmond are situated²²,
- The cooperation bond in which the municipalities Enschede and Hengelo are situated²³,
- The cooperation bond in which the municipalities Arnhem and Nijmegen are situated²⁴.

The Kaderwet obliges the cooperating municipalities within a particular cooperation area to establish a regional governance body (Regionaal Openbaar Lichaam) with the competence to make regulations. That means that, since the introduction of the Kaderwet, the Dutch political-administrative system includes besides the three traditional governance bodies (State, provinces and municipalities) also seven regional governance bodies.

The objectives of the Kaderwet²⁵ are:

- Attaining regional consistency in the areas of spatial planning, land policy (business locations, sites), transport, quality of life (urban and rural development), economy, environment and recreation,
- Attaining important state-objectives in the policy areas mentioned above at the regional level,
- Attaining more solidarity between the participating municipalities within a cooperation area; in terms of societal problems and administrative proportions,
- Attaining competitive regions in national and international perspective.

¹⁵ This cooperation bond includes Amsterdam, Aalsmeer, Amstelveen, Beemster, Diemen, Edam-Volendam, Haarlemmermeer, Landsmeer, Oostzaan, Ouder-Amstel, Purmerend, Uithoorn, Waterland, Wormerland, Zaanstad and Zeevang.

¹⁶ This cooperation bond includes Rotterdam, Albrandswaard, Barendrecht, Bergschenhoek, Berkel en Rodenrijs, Bernisse, Bleiswijk, Brielle, Cappelle aan den IJsel, Hellevoetsluis, Krimpen aan den IJsel, Maassluis, Ridderkerk, Rozenburg, Schiedam, Spijkenisse, Vlaardingen and Westvoorne.

¹⁷ This cooperation bond includes the Hague, Delft, Midden-Delftland, Leidschendam-Voorburg, Pijnacker-Nootdorp, Rijswijk, Wassenaar, Westland and Zoetermeer.

¹⁸ This cooperation bond includes Amsterdam, Aalsmeer, Amstelveen, Beemster, Diemen, Edam-Volendam, Haarlemmermeer, Landsmeer, Oostzaan, Ouder-Amstel, Purmerend, Uithoorn, Waterland, Wormerland, Zaanstad and Zeevang.

¹⁹ This cooperation bond includes Rotterdam, Albrandswaard, Barendrecht, Bergschenhoek, Berkel en Rodenrijs, Bernisse, Bleiswijk, Brielle, Cappelle aan den IJsel, Hellevoetsluis, Krimpen aan den IJsel, Maassluis, Ridderkerk, Rozenburg, Schiedam, Spijkenisse, Vlaardingen and Westvoorne.

²⁰ This cooperation bond includes the Hague, Delft, Midden-Delftland, Leidschendam-Voorburg, Pijnacker-Nootdorp, Rijswijk, Wassenaar, Westland and Zoetermeer.

²¹ This cooperation bond includes Utrecht, Bunnik, de Bilt, Driebergen-Rijsenburg, Houten, Maarssen, Nieuwegein, IJsselstein and Zeist.

²² This cooperation bond includes 21 municipalities.

²³ This cooperation bond includes 15 municipalities.

²⁴ This cooperation bond includes 21 municipalities.

The general governing board of a kaderwetgebied, the so-called region council, is designated by the members and the chairmen of the municipal councils (mayors) of the participating municipalities in a cooperation area. The members of a region council could be both municipal council members and non-municipal council members. The size of a region council depends on the size of the population of the participating municipalities. From the region council, a number of members are designated for the daily governing board. The size of the daily governing board is, again, depending on the size of the population of the participating municipalities. The members of a general governing board/region council choose the chairman of a kaderwetgebied.

The description of the household of the regional governance bodies of the Kaderwetgebieden cannot be simply given, as in the case with provinces and municipalities, in terms of the principles *autonomy* and *co-administration*. The regional governance bodies do not have an own household allocated by the Constitution. The Kaderwet obliges the regional governance bodies of the Kaderwetgebieden to carry out a number of tasks, united in the so-called minimum package. This minimum package exists of two components:

1. Tasks and competences which have to be delegated in case of common regulations by the participating municipalities in a cooperation area to a regional governance body²⁶,
2. Tasks that are directly dedicated by the Kaderwet to regional governance bodies²⁷.

The minimum package includes the following tasks:

- Determination of an integral regional structure plan,
- Development of regional house construction locations,
- Budgeting of location-tied subsidies,
- Budgeting of house-tied subsidies,
- Determination of regional housing regulations,
- Determination of regional transport plans,
- Development of regional public transport,
- Determination of a regional land policy,
- To look after regional-economic interests,
- Determination of the regional environment policy.

Apart from the minimum package, regional governance bodies of the Kaderwetgebieden are, also, responsible for a number of optional tasks:

3. Tasks that the participating municipalities in a cooperation area dedicate voluntary to a regional governance body,
4. Co-administration tasks that are dedicated by provinces to a regional governance body,

²⁵ Ministry of Home Affairs, 2001: 4.

²⁶ See articles 14-18 Kaderwet.

²⁷ See chapter 4 Kaderwet.

5. Tasks that are (in) directly decentralized by higher governance bodies to regional governance bodies.

The previous enumerated tasks and competences of regional governance bodies are assigned by the Kaderwet to the region councils. The daily governing boards of Kaderwetgebieden are charged with the following tasks:

- Preparing the long term managerial agenda for general management,
- Implementation of decisions of the region councils,
- Coordination of inter-municipal consultations,
- Financial management and accountancy,
- Appointing, suspending and dismissing staff of the cooperation bond,
- Supervision of everything that concerns the cooperation bond,
- Representing the interests of the cooperation bond in the interaction with others.

2.6 The cooperative union Randstad

So far, I have discussed the (formal) role of provinces, municipalities and kaderwetgebieden in the Dutch political-public administration system from a single authority entity perspective. It should be noted that over the years, there has been greater cooperation between single sub-national authorities at higher governance levels than the level of a single sub-national governance body. I would like to discuss one in particular: the cooperative union Randstad. This cooperative union is based on a cooperative agreement between the provinces Noord Holland, Zuid Holland, Utrecht, Flevoland, the city-municipalities Amsterdam, Rotterdam, Utrecht, The Hague and the Kaderwetgebieden Bestuur Regio Utrecht, Stadsregio Rotterdam, Stadsgewest Haaglanden and Regionaal Orgaan Amsterdam.

Many programmes and projects that could improve the position of the region Randstad Holland as a whole, in both national and international context, are of such nature and of such scope that they go beyond one single administrative or governance body. Therefore, the previous mentioned 12 sub-national Randstad governments agreed on the establishment of the cooperative union Randstad. This cooperative union got birth in September 2002. Before 2002, the cooperation between the 12 sub-national Randstad governments did not have a clear structure. Such a structure was only present for the four provinces. The four city-municipalities and the four kaderwetgebieden did only participate in the so-called ‘Bestuurlijke Commissie Randstad²⁸’, BCR, and the corresponding portfolio holder consultations, work groups and project groups. Via this line, these entities made a substantive contribution, but they did not have a formal role or position in the cooperation structure.

²⁸ The BCR is a consultation platform of the State and the 12 sub-national Randstad governments. The primary objective of this platform is arriving at agreements on progress and state facilitation of the programmes and projects agenda of the 12 sub-national Randstad governments.

The unequal position of the city-municipalities and the Kaderwetgebieden in relation to provinces was experienced as imbalanced and as an unnecessary burden to the cooperation at the level of Randstad. Therefore, administrators of the four provinces, the four city-municipalities and the Kaderwetgebieden argued for a cooperation agreement in which all participants would participate from equal positions. The administrators believed that this would guarantee a transparent process allowing possibilities for joint and decisive actions at level of Randstad.

2.6.1 Nature and structure of the cooperation agreement

The managerial structure of the cooperation agreement of the cooperative union Randstad is as followed:

- A general committee in which all participating organizations are represented by two administrators,
- An executive committee, chosen from the general committee, consisting of a Queen's Commissioner, a mayor and three administrators (aldermen or provincial deputies),
- A chairman chosen from the general committee.

The cooperation agreement has two roles: an *agenda* and a *process* role. The agenda role entails setting up long term agendas for programmes and projects that have to be worked on at the level of Randstad. The agenda role, also, involves identifying new developments that are important to the region Randstad Holland and initiating reactions to them, in the form of an initiative towards determining a common viewpoint, vision or agenda adjustment.

An important part of the process role is the entering into the managerial-political debate with the State and other actors relevant for the future of the region Randstad Holland. It is also about stimulating mutual cohesion and a common realization of the challenges that the region Randstad Holland faces. In this sense, setting up working groups for the exchange of ideas and the development of creative solutions through events, conferences and websites are considered as suitable instruments²⁹.

In the task distribution between the general and executive committee, the general committee is responsible for setting the strategic agenda for the cooperative union once in four year, setting the long term agenda for programmes and projects, setting the protocol concerning the way councils have to be informed or involved in decisions made by the administrators and, finally, the general committee is also responsible for budgeting and annual accounts.

The executive committee is responsible for preparing the meetings of the general committee (preparing the long term managerial agenda for general management), implementing the contents of the policy lines as set by the general committee, financial management and accountancy, representing the interests of the cooperative union in the interaction with others and supervising everything that concerns the cooperative union.

²⁹ Gemeenschappelijke regeling Regio Randstad 2002.

The general and the executive committee get support by a bureau, called Regio Randstad. This bureau is steered by the executive committee. This bureau is, mainly, concerned with communicative, policy advising and coordinative tasks. The elaboration and the implementation of joint programmes and projects on which the 12 Randstad authorities have agreed on are done by the members of the cooperative union themselves. In other words, the strategic policy decision-making takes place at the level of Randstad, but the implementation of joint decisions takes place at lower governance levels (province, city-municipality and/or Kaderwet level).

The general committee has the power to decide in which policy fields joint programmes and projects will be developed; in other words, **the power of the general committee to make strategic decisions include all societal fields**. The only restriction that the general committee faces is that decisions made within the framework of the cooperative union Randstad are not allowed to be in contradiction with higher legislation, such as Community, international agreements, the Constitution and national legislation.

2.6.2 Cooperative union Randstad and European Affairs

It was not only on domestic Randstad matters that the four provinces, four cities and four kaderwetgebieden wished to strengthen their cooperation. The 12 sub-national Randstad governments wished, at the same time, to strengthen and formalize their cooperation in the area of European affairs. Legally sub-national governments have no constitutional competences in the field of international relations; legally only the national government is allowed to deal with foreign affairs. However, the Treaty of Maastricht (1992) increased the relevance for sub-national governments to be active in the European field. This Treaty ensured, in addition to the officially instituting ‘subsidiarity’ as a European principle³⁰ and the establishment of the Committee of the Regions (1994), that more structural funds were devolved to sub-national levels.

As a consequence of this development in the European Union and the cooperation developments at home, the provinces Zuid Holland, Noord Holland and Utrecht, sent, in 1993, consultants to Brussels to acquire financial means from structural funds for their provinces. Cooperation between the three provinces in the area of European affairs had both in the Netherlands and in Brussels a voluntary basis. This remained when in 1995 the province Flevoland joined. Over the years, when the cooperation agreement was set in 2002 and the cooperative union Randstad was born, the European affairs of the province-members of the cooperative union Randstad became more integrated. Moreover, since 2002, a bureau Regio Randstad in Brussels coordinates the European affairs activities of the Randstad-provinces. This bureau provides the European Institutions with relevant information about the region Randstad Holland and keeps the sub-national Randstad-authorities in the Netherlands up-to-date on EU developments and regulations that are important for the region.

³⁰ The concept subsidiarity refers to the idea that the EU should not intervene unless Community action would be more effective than national, regional or local action.

Chapter 3 The Lisbon Strategy: Europe's decade-long strategy

3.1 Introduction

Over the last decade, the European Union has achieved a great deal, such as the Internal Market, the Economic and Monetary Union and the launch of the Euro. In the past, these achievements have led to economic convergence and macro economic stability. Today, however, the European Union faces a not very positive economic outlook and a number of weaknesses persist³¹, such as: relatively low economic growth rates, relatively low productivity growth rates, relatively high unemployment rates (around 8,1% of the European workforce) and relatively low investment rates in research and development³². In other words, the European economy and society is not as dynamic as it used to be, in particular compared to some major competitors of the EU like the United States, Japan, China and India.

To become more competitive, the European Union has set itself, in March 2000, a new strategic goal that would have to be attained for 2010: *becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs, greater social cohesion and environmental protection*³³. This decade-long strategy is known as the Lisbon Strategy.

In general terms, the delivery of the Lisbon Strategy requires a large number of policy actions aimed at:

- Preparing the transition from Europe's post-industrial economies to knowledge-based and economies by better policies with respect to the information society, R&D, competitiveness, innovation and by completing the Internal Market,
- Modernizing Europe's social models, investing in people and combating social exclusion,
- Sustaining healthy, favourable and environmentally sustainable economic growth prospects by applying an appropriate macro-economic and environment policy mix.

In this chapter, attention will be paid to the essence of the Lisbon Strategy, its dimensions, its objectives and its targets set by the Council and the European Commission.

³¹ Among the most important are: a gender gap (insufficient participation of women), a skill gap (an increasing number of unfilled jobs in the information technology sector), an age gap (insufficient participation of older workers in the labour market) and structural economic shortcomings (high labour costs, low growth of labour participation rates and low growth of productivity rates).

³² Europa in beweging, 2004:2.

³³ European Commission, 2000: 11.

3.2 The Lisbon Strategy: its dimensions, objectives and targets

Very simply said, the Lisbon Strategy is an overall strategy for far-reaching *economic, social and environmental reforms*. The EU has established in different European Councils (Lisbon 2000, Stockholm 2001, Göteborg 2001, Barcelona 2002 and Brussels 2003) several Lisbon objectives. I feel that the objectives and societal targets of the Lisbon Strategy could be grouped in five dimensions:

1. Attaining knowledge-based economies (innovation and research),
2. Attaining economic sustainability,
3. Attaining more and better employment,
4. Attaining social cohesion,
5. Attaining environmental sustainability.

3.2.1 Dimension 1: Attaining knowledge-based economies

In the opinion of the Council and European Commission, the delivery of knowledge-based economies across Europe requires a European focus on five important areas³⁴:

1. eEurope,
2. Internal Market,
3. Financial markets,
4. Business,
5. European research area

3.2.1.1 eEurope: an information society for all

The focus on eEurope, an information society for *all*, should be aimed at attaining the following objectives:

- *Cheaper, faster and secure Internet*

- o Cheaper and faster Internet access,
- o Faster internet for researchers and students,
- o Secure networks and smart cards.

- *Investing in people and skills*

- o European youth into the digital age,
- o Working in the knowledge-based economy,
- o Participation of all in the knowledge-based economy.

- *Stimulate the use of Internet by business and public organizations*

- o Accelerating e-commerce,
- o Government online.

³⁴ European Commission, 2000: 12.

Cheaper, faster and secure Internet: Cheaper and faster Internet access

Since the liberalization of the telecommunications services, on 1 January 1998, tariffs for long-distance and international calls have decreased substantially. Prices for local lines have decreased much less. This is mainly due to insufficient competition in local access networks. However, lower prices for local lines are very important for a quick take-up of the high-speed multimedia Internet access. The market is already investing in new communication networks on a competitive basis, but, nevertheless, several Member States have expressed their concern about remote and less developed areas.

In order to attain knowledge-based economies across Europe, it is, according to Lisbon Strategy, vital that citizens in all regions enjoy equal access to modern communication networks such as the Internet. In order to make Internet cheaper and faster Europe should:

- Attain significant reductions in Internet access tariffs towards the lowest levels in the world by reinforcing competition and clear benchmarking at European and national level,
- Work towards introducing greater competition in local access networks,
- Co-ordinate the allocation of frequencies for multimedia wireless systems,
- Where necessary and without distorting competition, support the development of information infrastructure and projects, notably in the less-favoured regions.

Cheaper, faster and secure Internet: Faster Internet for researchers and students

Apart from cheaper Internet access, the delivery of eEurope includes also investments in truly 'state-of-the-art' telecommunication infrastructure in order to make Internet faster for users; in particular researchers and students. Therefore, in the opinion of the Council and the European Commission, Europe should take the following actions:

- Upgrading national research networks to ensure that researchers and students across Europe benefit from powerful networks,
- High-speed connections and quality applications supported by user-friendly interfaces. That means major improvements in internal campus networks to enable collaborative working and innovative forms of working and learning at local levels.

Cheaper, faster and secure Internet: Secure networks and smart cards

Using smart cards for secure networks and secure access are vital elements in building trust and confidence among users of telecommunication. As the Internet has become more ubiquitous for business and personal communication, the sensitivity and economic value of the continent of information transmitted has increased. Therefore, protecting security is considered as an indispensable component of eEurope.

Although in Europe the deployment of smart cards is widespread, further efforts are needed to accelerate, consolidate and harmonize use of smart cards across the Union; in particular in the accession countries. In order to secure Internet networks, Europe should take the following actions³⁵:

- Stimulating and re-enforcing private initiatives that improve the overall security of on-line transactions (the main responsibility for ensuring wider awareness and take-up of security products would lie with the industry),
- Improving the European co-ordination of cyber crime,
- Encouraging the use of smart cards-in all forms.

Investing in people and skills: European youth into the digital age

Knowledge-based economies would request for citizens who are equipped with knowledge and skills needed to live and work in an information society. That means, among others, that education and training systems across Europe should be adapted in such a way that all students will be digitally literate by the time they leave school. Member States have made visible progress in connecting schools to Internet, but, in the opinion of the Council and the European Commission, more needs to be done, in particular with regard to:

- Supplying schools with sufficient numbers of computers and fast Internet connections,
- Connecting schools to (local or regional) research networks,
- Corresponding equipment and available software to educational needs,
- Assuring well-trained teachers for the actual use of new communication tools.

Investing in people and skills: Working in the knowledge-based economy

Working and participating in a knowledge-based economy would require a transformation of the skills of a broad layer of the working population. One of the biggest current challenges that Europe faces is the skill gap. An increasing number of people is (too) low skilled to work and to participate in a knowledge-based economy. As a result, an increasing number of jobs remain unfilled, in particular in the information technology sector. Therefore, Member States would have to increase their investments in human capital, especially in those groups with low employment rates, such as women, older workers and immigrants. In order to attain more employability in knowledge-based economies, Europe should take actions aimed at:

- Making the labour force to become (more) digitally literate, through for example life-long learning,
- Increasing, significantly, information technology training places and courses and promoting of gender equality,
- Supporting greater flexibility in workplaces, e.g. teleworking and part-time working,
- Promoting networks of learning and training centres for demand-driven information and communication technology,
- Setting up public Internet access points in public spaces and establishing multimedia tele-centres in all communities providing access to training and e-work facilities.

³⁵ Council and European Commission, 2000: 5-12.

Investing in people and skills: Participation of all in the knowledge-based economy

The Council and the European Commission believe that investments in human capital and in telecommunication networks would lead to ‘participation of all’. Apart from these investments, Member States would have to promote participation of all, also, along the following actions³⁶:

- Design of policies to avoid info-exclusion,
- Benchmark and exchange of best practices performances related to information technology products and services,
- Improving the employability and social inclusion of people with special needs regarding information technology products,
- Review of relevant legislation and standards to ensure conformity with accessibility principles.

Stimulating the use of Internet by business and public organizations: Accelerating e-commerce

The Council and the European Commission believe that the delivery of eEurope includes also an acceleration of e-commerce. In the last years, electronic commerce has developed dynamically in inter-business trading (so called business to business or B2B e-commerce). This has brought fundamental changes in the way companies operate in all sectors of the European economies. However, the growth of business to consumer interactions (B2C e-commerce) has been slower. In order to accelerate electronic commerce, the following eEurope actions would be needed:

- Stimulation of flexibility in e-commerce regulation; both at European and national level,
- Offering SMEs online information services,
- Encouraging SMEs to go digital through coordinated networking activities.

Stimulating the use of Internet by business and public organizations: Government on-line

Boosting telecommunication networks would provide public organizations the opportunity to provide faster and more responsive services. It would help to increase efficiency, to increase transparency and to speed up standard administrative processes for citizens and business. According to eEurope, public organizations should adapt, quickly, just like in the case with business, to new digital methods of working and enable new innovative ways of working. In order to provide generalized electronic access to public services, Member States should take actions aimed at³⁷:

- Promoting eGovernment; at both national and sub-national levels,
- Putting essential public data online,
- Exchanging experiences with eGovernment across the Union,
- Making EU related information available online.

³⁶ Council and European Commission, 2000: 13-18.

³⁷ Council and the European Commission, 2000:19-25.

3.2.1.2 The Internal Market: improving the underperforming sectors

The EU's Internal Market is functioning quite well, particularly with regard to goods. However, a number of major Internal Market areas are still underperforming, among the most important are:

- Public procurement,
- Regulatory costs, and
- Cross border barriers to trade in services.

Public procurement

In most European countries, governments and the agencies it control are together the biggest purchasers of goods of all kinds. The level of cross border purchasing remains below the rising rate of intra-EU trade flows for goods and services. In order to make the Internal Market to function better, public procurement should be made open for international competition. That means that laws, regulations, procedures and practices regarding government procurements have to be more transparent in order to ensure that they do not protect domestic products or suppliers, or discriminate against foreign products or suppliers³⁸.

Regulatory costs

The costs resulting from European and national over-regulation are relatively high compared to one of Europe's competitors: the U.S.; in particular with respect to costs for protecting intellectual property. The regulatory costs, due to European and national overregulation, have been estimated by the OECD³⁹, in 2000, to be between 3 and 5% of EU's Gross Domestic Product. To decrease these costs and to improve the regulatory environment, the Lisbon Strategy insists on action at all governance levels. Improving the regulation around intellectual property rights would provide incentives for investments in works such as music, films, print media, software, performances and broadcasts. Exploitation of this potential would contribute to improvements in competitiveness, innovation and employment in European knowledge-based economies⁴⁰.

Cross border barriers to trade in services

The Internal Market has proved to be an effective mean for integrating good markets. The Lisbon Strategy emphasizes that the time has come to eradicate obstacles to cross border trade in the service sector. Improving the conditions for the free movement of services would release the dynamism inherent in the Internal Market and enhance competitiveness, growth and employment creation in the economies across Europe. The Council and the European Commission believe that Europe should take the following actions in order to eradicate obstacles and to prevent the emergence of new barriers⁴¹:

³⁸ European Commission, DG Internal Market, 2003.

³⁹ The OECD is an international Organization for Economic Co-operation and Development.

⁴⁰ European Commission, DG Internal Market, 2003.

⁴¹ European Commission, DG Internal Market, 2003.

- Harmonized legislation in order to guarantee protection of the general interest on vital questions, such as consumer protection, particularly with regard to the service provider's obligations concerning information, professional insurance, multidisciplinary activities, settlement of disputes, and exchange of information on the quality of the service provider,
- Measures for promoting the quality of services, such as voluntary certification of activities and quality charters.

3.2.1.3 Financial services

The Union's financial markets have remained segmented. Business and consumers continue to be deprived of direct access to cross-border financial institutions. The Council and the European Commission feel that an integrated financial market and a dynamic financial services industry would be an incentive for investments in Europe's knowledge-based economies. Therefore, Europe's objective should be to have financial markets as competitive, dynamic and effective as any in the world. According to the Financial Service Action Plan (2003), originated from the Lisbon Strategy, Europe should stimulate the development of cross border risk-capital markets and should strive for better comparable, transparent and reliable financial information and financial reporting⁴².

3.2.1.4 Business

According to the Lisbon Strategy, the delivery of knowledge-based economies across Europe would need, among others, more European entrepreneurship. Competitive, profitable and growing small medium enterprises (SMEs) are, namely, the backbone of European economies and, therefore, the key driver for innovation, economic growth, employment and social integration. The Lisbon Strategy calls on, with respect to European entrepreneurship, for a two-pronged strategy⁴³. Firstly, boosting European entrepreneurship would need a dynamic environment in which SMEs could be created, grow and innovate. Secondly, boosting European entrepreneurship would need the encouragement of risk taking and the spirit of enterprise. This would require:

- Monitoring of policies and actions affecting SMEs so that SMEs can be better informed in areas of interest to them, in particular with regard to legislation,
- Intensifying contact between SME organizations and Commission's services, which can either, benefit or have an impact on SMEs,
- Conducting regular dialogue through meetings and visits with SME representatives, both at EU and national level,
- Collecting feedback from the SME business community on issues of interest to them, especially on EU legislation and access to European support programmes.

⁴² European Commission, DG Internal Market, 2003.

⁴³ European Commission, DG Enterprises, 2003: 17-18.

3.2.1.5 Research area

The Lisbon Strategy considers R&D as the principal driving force for competitiveness, innovation, growth and employment. However, in Europe, R&D is fragmented and compartmentalized. Moreover, the Union is lying behind on its major competitors such as the US and Japan with respect to R&D. To reinvigorate and to stimulate competitiveness, innovation, economic growth and employment, the Lisbon Strategy calls on for a European research area. Research activities at both Union and national level must be better integrated and co-ordinated in order to become as efficient, attractive and innovative as anywhere in the world. The key elements of a European research area would be centres of excellence, a common approach to research infrastructure, using tax, patent and risk capital incentives to stimulate research, enhancing the mobility of researchers in Europe and improving the environment for public and, mainly, private investments in research⁴⁴.

3.2.2 Dimension 2: Attaining economic sustainability

Since 2001, European economies are experiencing difficult years. In the opinion of the Council and the European Commission, the continuing lacklustre economic performances of Member States confirm the need for the ambitious economic agenda of the Lisbon Strategy.

The Council and the European Commission believe that the way along which Europe should attain sustainable economic growth would be by maintaining sound (national) macro-economic policies, acceleration of Member State's specific structural economic reforms and by promotion of investments in networks (transport, energy and telecommunication networks) and by investments in knowledge (human capital). In the past, investments in networks and in knowledge have stalled for a variety of reasons. In relation to *networks*, delays concerning large-scale cross-border network projects have accumulated as a result of complex administrative procedures, low priority by Member States and the complexity of coordinating projects with a cross-border dimension. In relation to *knowledge*, investments have been holding back because of both the difficulty for companies, particularly SMEs, to obtain the necessary access to capital in order to skill their workforce and the fiscal treatment concerning investments in R&D and innovation in Europe⁴⁵.

The Council and the European Commission believe that the key responsibility, with respect to investments in networks and knowledge, would lie in the hands of the private sector. However, they do realize that public spending would be necessary as a catalyst for private investments. Therefore, the Council invited the European Commission and the European Investment Bank, as a first phase of the

⁴⁴ European Commission, DG Research, 2000.

⁴⁵ European Commission, 2003:5-12.

Growth Initiative⁴⁶, to prepare a Quick-start Programme⁴⁷, which has to cover both the network and the knowledge dimensions of the Growth Initiative. The projects in the Quick-start Programme are cross-border ones with a strong European dimension, which, in the Commission's assessment, are mature, financially and economically viable, facilitate investments in other national infrastructures and which deliver considerable long-term benefits for growth and jobs. The total volume of investment that the current Quick-start Programme mobilizes will be around 60 billion euro between 2003 and 2010⁴⁸.

3.2.3 Dimension 3: Attaining more and better employment

In the early years of the 1990's started a new debate on employment in the Union. One of the key reasons behind the renewed debate on employment was the realization that the economic and social problems of the previous decade and in the beginning of the 1990's were largely of its own making. While the pace of European integration had accelerated in various fields, the Union did not have enough robust tools or coherent strategies to deal with macro-economic shocks nor did it have very effective responses to prevent and tackle persistent unemployment levels, which would in turn develop into long term unemployment and other structural problems in the labour market.

The socio-economic problems in the eighties and in the beginning of the nineties led to renewed interest to find European solutions for problems of this kind. The real beginning of the examination of employment at the European Union level came about with the famous 'Delors' white book' on Growth, Competitiveness and Employment in 1993⁴⁹. This white book became the ideological, political and analytical base of the European approach to employment. Before, the employment and labour market policy developments, at European level, could be characterized as the traditional co-operation between governments. While the responsibility for employment policy was under the exclusive responsibility of the Member States, the role of the Commission was to promote co-operation between them at EU level by taking initiatives, reporting on employment and undertaking research, without really having a legal base for supranational governance⁵⁰.

In 1994, inspired by Delors' white book, the European Council agreed on pursuing five key objectives. That included the development of human resources through vocational training, moderate wages policies, the improvement of efficiency of labour market institutions, the identification of new sources of jobs through local initiatives and improving the access to employment for specific target groups such as young

⁴⁶ The European Initiative for Growth is a report of the European Commission (2003) in which the Commission seeks to mobilize investments in networks and knowledge in such a way that structural economic reforms will be reinforced so that economic growth and more employment will be attained.

⁴⁷ The Quick-start Programme lies at the heart of the European Initiative for Growth. It aims at rallying political commitment and resources behind key priority investment projects of European interest.

⁴⁸ European Commission, 2003: 13-15.

⁴⁹ White books are documents containing proposals for Community actions in a specific area.

⁵⁰ European Commission, 2004.

people, long-term unemployment people and women. However, these objectives, also known as the Essen Strategy, lacked a clear legal base, a strong permanent structure and a long-term vision. Therefore, the Essen Strategy did not add much new value to the national employment policies.

In November 1997, the Council discussed the question about how to go further and how to take real action against unemployment and how to integrate employment aspects in policy actions in all policy areas. This Luxembourg Summit in 1997 launched the European Employment Strategy (EES). The EES is designed to be the main tool to give direction to the employment policy priorities to which Member States should subscribe at Union and national level. However, it took two years before the Member States started to change words in actions. In 1999 came, with the birth of the Amsterdam Treaty, a turning point in the European approach of employment. In this Treaty, Member States agreed on entrusting a much stronger role, new tasks and forceful tools to the Council, the European Commission and the European Parliament with regard to the European employment policy⁵¹.

3.2.3.1 The EES 2003-2006 and the Lisbon Strategy

The first mid-term review of the EES of 1997 was carried out in 2000. This mid-term review was, mainly, focused on providing a first assessment of the effectiveness of the new European common employment policy. The first full-scale impact evaluation of the effectiveness of the EES was carried out in 2002. The results of this impact evaluation served as a basis for the debate on the future of the EES as a component of the Lisbon Strategy⁵².

The main conclusion of the debate in 2002 was that the EES should focus on the implementation of employment-agreements made in the past, that the EES should be simplified, while keeping its effectiveness and that its objectives and time frame should be aligned with the Lisbon Strategy (2010). As a result of this debate, the EES 2003-2006 got three overarching objectives that align with the Lisbon Strategy: full employment, quality and productivity in work and strengthened social cohesion and inclusion⁵³.

Objective 1 EES 2003-2006: Full employment

According to the EES 2003-2006, Member States should aim to attain full employment by implementing a comprehensive policy approach incorporating demand and supply sides measures and raise employment rates towards Lisbon targets⁵⁴:

- An overall employment rate of 67% in 2005 and 70% in 2010,
- An employment rate for women of 57% in 2005 and 60% in 2010,
- An employment rate for older workers (55 to 64) of 50% in 2010.

⁵¹ European Commission, 2004.

⁵² European Commission, 2004.

⁵³ European Commission, 2003: 9-10.

⁵⁴ European Commission, 2003:9.

Objective 2 EES 2003-2006: Improving quality and productivity at work

Improving quality at work is closely interlinked with the move towards competitive and knowledge-based economies. Quality is, in this respect, a multi-dimensional concept addressing both job characteristics and the wider labour market. It encompasses quality at work, skills, lifelong learning and career developments, gender equality, health and safety at work, flexibility and security, inclusion and access to the labour market, work organization and work-life balance, diversity and non-discrimination and overall work performance⁵⁵. Increasing the employment rates across Europe, the first objective of the EES 2003-2006, should go hand in hand with increasing the labour productivity rates. The Council and European Commission believe that quality at work would help to increase the growth of labour productivity rates.

Objective 3 EES 2003-2006: Strengthening social cohesion and inclusion

The Lisbon Strategy considers employment as a key mean to social inclusion. Therefore, employment policies should facilitate participation in employment through promoting access to employment for women and men who are capable of working. This means combating discrimination on the labour market and preventing the exclusion of people from the world of work⁵⁶.

3.2.3.2 Employment Guidelines 2004-2005

The Council and the European Commission have formulated several practical employment guidelines that would contribute to deliver the objectives of the EES 2003-2006 at the national governance level. Each year, the employment guidelines are being reviewed, and if necessary renewed. The employment guidelines 2004-2005 include the following ones⁵⁷.

1. Active and preventive measures for the unemployed and inactive

To prevent more inflow of unemployed and inactive people into long-term unemployment, Member States should:

- (a) Ensure that all jobseekers benefit, at an early stage of their unemployment spell, from an early identification of their needs and from services such as advice and guidance, job search assistance and personalized action plans;
- (b) Offer jobseekers access to effective and efficient measures to enhance their employability and chances of integration, with special attention given to people facing the greatest difficulties in the labour market;
- (c) Offer every unemployed person a new start before reaching six months of unemployment in the case of young people and 12 months of unemployment in the case of adults in the form of training, retraining, work practice, a job or other employability measures combined where appropriate with ongoing job search assistance;
- (d) Modernize and strengthen labour market institutions, in particular employment services;

⁵⁵ European Commission, 2003:10.

⁵⁶ European Commission, 2003:11.

⁵⁷ Council, 2003.

(e) Ensure regular evaluation of the effectiveness and efficiency of labour market programmes and review them accordingly.

2. Job creation and entrepreneurship

Member States have to encourage the creation of more and better jobs by fostering entrepreneurship, innovation, investments and a favourable business environment for enterprises. Therefore, the employment guidelines stress Member States to:

- (a) Simplify and reduce administrative and regulatory burdens for business start-ups and SMEs, facilitate access to capital for start-ups, new and existing SMEs and enterprises with a high growth and job creation potential;
- (b) Promote education and training in entrepreneurial and management skills and provide support, including through training to make entrepreneurship a career option for all.

3. Improvement of the adaptability and mobility in the labour market

Member States should facilitate the adaptability of workers and firms to changes in the labour market.

This asks for:

- (a) Diversity of contractual and working arrangements, including arrangements on working time, favouring career, flexibility and a better balance between work and private life;
- (b) Access for workers, in particular for low skill workers, to training;
- (c) Better working conditions, including health and safety;
- (d) The design and dissemination of innovative and sustainable forms of work organization, which support labour productivity and quality at work.

4. Improving development of human capital and lifelong learning

In order to equip all individuals with the skills required for a modern workforce in a knowledge-based economy to permit their career development and to reduce skills mismatch in the labour market, Member States should aim at the following outcomes:

- (a) At least 85 % of 22-year olds should complete upper secondary education;
- (b) The average level of participation in lifelong learning should be at least 12,5 % of the adult working-age population (25 to 64 age group).

5. Increasing the labour supply and promote active ageing

To promote an adequate availability of labour and employment to support economic growth, Member States should:

- (a) Increase labour market participation by using the potential of all groups of the population, through a comprehensive approach covering in particular the availability and attractiveness of jobs, making work pay, raising skills, and providing adequate support measures;
- (b) Promote active ageing, through access to continuing training, recognizing the special importance of health and safety at work, innovative and flexible forms of work organization and elimination of incentives for early exit from the labour market, notably by ensuring that it pays to remain active in the labour market and encouraging employers to employ older workers;

(c) Increase the effective average exit age from the labour market with five years, this is currently estimated at 59,9;

(d) To give consideration to the additional labour supply resulting from immigration.

6. Gender equality

Member States should encourage female labour market participation (60%) and achieve a substantial reduction in the gender gap in employment by 2010. Therefore, Member States should give particular attention to reconciling work and private life, notably through the provision of care services for children (at least 90 % of children between three years old and the mandatory school age and at least 33 % of children under three years of age) and other dependants, encouraging the sharing of family and professional responsibilities and facilitating return to work after a period of absence.

7. Decreasing the discrimination against people at a disadvantage in the labour market

Member States should foster the integration of people facing particular difficulties on the labour market, such as early school leavers, low-skilled workers, disable people, immigrants, and ethnic minorities. This should be done by developing their employability, increasing job opportunities and preventing all forms of discrimination against them. This implies actions aimed at:

(a) Decrease rate of early school leavers until no more than 15 %;

(b) Significant reductions in each Member State in the unemployment gaps for people at a disadvantage;

(c) Significant reductions in each Member State in the unemployment gaps between non-EU and EU nationals.

8. Introduction of financial incentives to make work pay

Member States should introduce or reform financial incentives concerning making 'work' attractive and encouraging men and women to seek, take up and remain in work. Member States should review, in particular, and, where appropriate, reform tax and benefit systems to eliminate unemployment, poverty and inactivity traps and to encourage the participation of women, low-skilled workers, older workers and people with disabilities in the labour market.

9. Reduction regional employment disparities

Member States should implement a broad approach towards reducing regional employment disparities. Therefore, Member States should support the potential for job creation at the regional and local level; this includes the encouragement of partnership between relevant actors. The ways along which regional employment disparities should be reduced, are:

(a) Promoting favourable conditions for private sector activity and investment in regions lagging behind;

(b) Ensuring that public support in regions lagging behind is focused on investment in human and knowledge capital, as well as adequate infrastructure.

To make sure that these employment guidelines are put into practice by Member States, national governments have to hand over a so called National Action Plan to the European Commission.

The European Commission composes, on basis of the received National Action Plans, a report that contains an overall comparison and synthesis of developments from a European point of view. This report, with country-specific information, is known as the Joint Employment Report.

3.2.3.3 The Employment Taskforce

In March 2003, the Council invited the European Commission to establish a European Taskforce to carry out an independent in-depth examination of key employment-related policy challenges in order to identify practical reforms that could contribute to attain the Lisbon's employment objectives. Wim Kok, former prime minister of the Netherlands, headed the Taskforce. The Taskforce carried out its work from April to November 2003. The results of the study of the Taskforce have been discussed during the Spring Summit on 25 and 26 March 2004.

The Taskforce came to the conclusion that the Union is at risk of failing to attain its ambitious Lisbon's employment objectives and targets for 2010. The Taskforce believed that the way along which Europe should deliver the Lisbon's employment agenda should be by focusing on:

- Increasing the adaptability of workers and enterprises. Adaptability means in this context absorbing, anticipating and triggering changes in the environment as a result of R&D, innovation and globalisation. Increasing the adaptability of workers and enterprises would imply: fostering new business, development of research and innovation and flexibility (such as working time, work organization, wage setting mechanisms, contractual arrangements and geographical mobility) and security on the labour market⁵⁸.
- Attracting more people to the labour market. The way along which Europe should attract more people to the labour market should be by strengthening active labour market policies (such as adjusting the balance between taxes and benefits, assisting the unemployed and inactive people during the job search and intensive coaching and training of jobseekers, increasing the labour participation of women), by increasing the labour participation of women and immigrants by addressing the specific needs of these groups (such as the provision of good quality childcare and eldercare which is affordable and accessible in term of geographical coverage and opening hours, the removal of tax disincentives, encouragement of part-time and full-time work and addressing pay gaps, promoting participation in education and training, support services for setting up business and combating discrimination at the workplace) and by comprehensive strategies in response to ageing (such as providing the right legal and financial incentives for workers to work longer and for employers to hire and keep older workers, increasing participation for all ages and improving the working conditions and quality in work)⁵⁹.
- Investing in human capital. Investments of Member States in human capital should be aimed at setting out ambitious policies for renewing and accumulating knowledge and skills in order to increase the

⁵⁸ Employment Taskforce, 2003: 19-27.

⁵⁹ Employment Taskforce, 2003: 33-44.

supply of knowledge workers, increasing participation in lifelong learning and sharing costs and responsibilities by government and business⁶⁰.

- Improving governance. Improving the governance by Member States would acquire mobilization of support from relevant actors and building partnership to support reforms, setting clear goals, targets and delivering reforms and confrontation of Member States with their performances and using if necessary EU instruments⁶¹.

3.2.4 Dimension 4: Attaining social cohesion

The Council and the European Commission have identified several social challenges that Member States should have met for 2005 in order to deliver significant social renewals across Europe for 2010. The social challenges that the Council and the European Commission have identified have been taken together in the so-called Social Policy Agenda (2000). The overall aim of the Social Agenda is combining the economic, employment and social policies in a way that maximizes economic dynamism, employment growth and social cohesion⁶².

The Council and the European Commission have identified four social challenges in the Social Policy Agenda that Member States have to elaborate in their national social policy⁶³:

- Modernizing and improving social protection,
- Promoting social inclusion,
- Promoting gender equality,
- Reinforcing fundamental social rights and combating discrimination.

Challenge 1 Modernizing and improving social protection

To modernize and to improve social protection as a respond to the transformation of the post-industrial economies to knowledge-based economies, Member States should adapt their social protection systems in such a way to make work pay, to provide secure income (including making pension safe and pension systems sustainable) and to promote social inclusion. Therefore, Member States should develop clear objectives and targets with respect to make work pay, to provide secure income and social inclusion. Secondly, Member States should develop close co-operation with stakeholders to deliver social reforms⁶⁴.

Challenge 2 Promoting social inclusion

The Council and the European Commission believe that the integration and participation of all society-members in the economic and social life requires an integrated and comprehensive approach, which draws upon all relevant policies. The fight against economic and social exclusion would require at least clear

⁶⁰ Employment Taskforce, 2003: 47-55.

⁶¹ Employment Taskforce, 2003:56-58.

⁶² European Commission, 2000: 6.

⁶³ European Commission, 2000: 20-22.

objectives and targets and the promotion of job opportunities for vulnerable groups such as disabilities, low skilled people, women and immigrants⁶⁵.

Challenge 3 Promoting gender equality

To promote the full participation of women in economic and social life, it would be necessary, in the opinion of the Council and the European Commission, to mainstream the gender perspective in all relevant policies. In order to promote gender equality, Member States should develop clear objectives and targets with respect to gender equality in the labour market, monitor and evaluate gender equality and conduct social dialogues between

stakeholders with particular attention to: equal pay, gender desegregation of the labour market and reconciliation between family and working life⁶⁶.

Challenge 4 Reinforcing fundamental social rights and combating discrimination

Building equitable societies across Europe involves, among others, the adaptation of fundamental social right according to the changes in a society. To reinforce fundamental social rights, Member States should develop objectives and targets with respect to banning discrimination on grounds of racial, ethnic, religion, belief, disability, age or sexual orientation and conduct social dialogues between stakeholders to fight against social exclusion of people at disadvantage⁶⁷.

3.2.5 Dimension 5: Attaining environmental sustainability

The Council and the European Commission believe that it is of major importance to have clear and stable European objectives for sustainable environmental developments in order to deliver economic sustainability, employment, social cohesion and environmental sustainability. Protecting the environment would not have to be translated, necessarily, as many think, into restricting growth or consumption. High environmental standards could also function as an engine for innovation and, therefore, for creating markets and business opportunities.

The assessment of the 5th Environment Action Plan⁶⁸ (5th EAP), launched in 1992, concluded that Europe has made progress in many areas, in particular areas concerning industrial emissions to the atmosphere of toxic substances, acidification of forests and rivers and sewage and water treatment. Despite the improvements, the Union continues to face a number of persistent environment problems.

⁶⁴ European Commission, 2000:20.

⁶⁵ European Commission, 2000:21.

⁶⁶ European Commission, 2000:21-22.

⁶⁷ European Commission, 2000: 22-23.

⁶⁸ The 5th Environment Action Plan gave a wide-ranging approach to Europe's environment challenges and a strategic direction to the Commission's environmental policy on the long term.

Of particular concern are climate change, the loss of biodiversity and natural habitats, soil loss and degradation, the build-up of chemicals in the environment and air and water pollutions⁶⁹.

The persisting environment problems that Europe faces have been taken into account in the 6th EAP, launched in January 2001. The 6th EAP is part of the Lisbon Strategy and covers a period of 10 years (2001-2011). The 6th EAP identifies actions and commitments that need to be made at all governance levels. In order to keep the overview, I will only discuss the 6th EAP policy lines that are addressed to the national and sub-national governments.

3.2.5.1 Environmental sustainability: the 6th EAP

The 6th EAP includes four environment-objectives:

1. Tackling climate changes,
2. Restoring natural systems and biodiversity,
3. Tackling environment-health issues, and
4. Promoting and improving sustainable use of natural resources and waste management.

Objective 1 Tackling the climate change

It is a scientific fact that climate change is happening and that human activity is causing the increases in concentrations of greenhouse gases, which causes climate changes. The implications of climate changes can be devastating, such as droughts, collapse of agriculture and changes in the patterns of disease around the world. The European Union is responsible for about 15% of world's greenhouse gas emissions.

Therefore, the EU has committed itself, through the 6th EAP, to *stabilize the atmospheric concentration of greenhouse gases at a level that will not cause unnatural variations of the earth's climate*. More precisely, the EU committed itself to achieve an 8% reduction in emissions of greenhouse gases by 2008-2012 compared to 1990 level⁷⁰.

The 6th EAP emphasizes that the prevention of climate changes does not have to mean a reduction in economic growth or prosperity levels. It means more re-shaping the economy in such a way that emissions are decoupled from economic growth. The Council and the European Commission consider the wish to tackle climate changes as a powerful force for technological innovation and higher economic efficiency and, therefore, as an engine for economic growth and employment.

⁶⁹ European Commission, 2001: 9.

Objective 2 Nature and bio-diversity

The Council and the European Commission feel that healthy and balanced natural systems are essential for supporting life on this planet. Therefore, pressures from pollution, unsustainable use of land and sea and risks to biodiversity should be redressed. Preserving nature and biodiversity does not necessarily mean the absence of human activities, but it rather means, according to the 6th EAP, appropriate land management activities. Europe has set itself, through the 6th EAP and the Lisbon Strategy, the objective to *protect and, where necessary, to restore the structure and functioning of natural systems and halt the loss of bio-diversity in the Union*⁷¹.

Objective 3 Tackling environment-health issues

The causes of various environment-health problems are numerous. However, there is increasing evidence that human health is more and more affected by environmental problems related to air and water pollution, danger chemicals and decreasing quality of soil and food. This is, mainly, the result of pollution from transport, agricultural activities and industrial processes. In order to tackle crucial environment-health issues, the Union committed itself to the following third Lisbon-environment objective: *achieving a quality of environment where that does not give rise to significant bad impacts or risks to human health*⁷².

Objective 4 Sustainable use of natural resources and management of wastes

The planet's resources, in particular resources such as soil, water and air, are under severe pressure from human society. Although improvements have been made over the last three decades, regarding many aspects of soil, water and air quality, Europe still faces some problems and negative trends. Therefore, the Council and the European Commission feel that a more sustainable use of resources would be needed. Especially the use of natural resources by the main users: agriculture and industry. Europe should *attain sustainable rates of extraction from soil and water and attain a level of air quality that does not give rise to unacceptable impacts on and risks to human health and the environment*⁷³.

How, exactly, do the Member States have to meet these Lisbon's environment objectives?

3.2.5.2 Meeting the objectives of the 6th EAP

The Council and the European Commission expect from the Member States to pursue the previous describes Lisbon's environment objectives by⁷⁴:

1. Effective implementation of Community legislation on the environment. That would require:
 - Improving standards of inspection and monitoring of environment policy,

⁷⁰ European Commission, 2001:24-25.

⁷¹ European Commission, 2001: 30-31.

⁷² European Commission, 2001:39.

⁷³ European Commission, 2001: 50.

⁷⁴ European Commission, 2001: 74-79.

- Learning from best practices of other Member States by exchanging information.
2. Integration of environmental concerns into (other) policies and activities. That would require:
 - Integration strategies,
 - Regular monitoring, via indicators, and reporting on the process of sectoral integration of environmental protection.
 3. Encouraging the market to work for the environment. That would require:
 - Promotion and improvement of the polluter pays principle through environmental taxes, charges and subsidies so that negative and positive impacts of human activity on the environment will be internalised by the responsible.
 4. Working in partnership with business. That would require:
 - Assisting companies, especially SMEs, with taking into account of environmental requirements,
 - Developing initiatives to encourage business environmental or sustainable development performance reports,
 - Encouraging and promoting the application of environmentally friendly processes and products,
 - Encouraging voluntary commitments and agreements to achieve the environmental objectives.
 5. Working in partnership with consumers. That would require:
 - Encouraging the up-take of eco-labels in order to make it possible for consumers to make a distinction between environmental-friendly products and non- or less environmental friendly products,
 - Supporting the provision of accessible information to citizens on the environment,
 - Helping regional and local authorities to communicate with citizens on environmental issues.
 6. Greening the financial sector. That would require:
 - The encouragement of financial sector's lending and investment activities for 'greener behaviour' of business and consumers.
 7. Promoting green procurement. That would require:
 - Using environmental performances of the market as one of the purchase criteria.
 8. Encouragement and promotion of effective land-use planning and management decisions taking account of environmental concerns. That would require:
 - Promoting best practice with respect to sustainable land use planning,
 - Supporting programmes and networks fostering the exchange of experience and the development of good practice on sustainable urban development and on sea exploitation.

3.2.5.3 Environmental sustainability: ETAP

The Göteborg European Council (2001) stressed the necessity of the contribution of environmental technology sector to sustainable economic growth, employment and environmental protection. Environmental technologies⁷⁵ would contribute to technological innovation, competitiveness, business opportunities and, therefore, to the creation of new highly skilled jobs.

On request of the Council, the European Commission launched on 28 January 2004 the Environmental Technologies Action Plan (ETAP). This Action Plan is aimed at improving the development and wider use of environmental technologies. The Plan contains several priority actions for important stakeholders such as the European Commission, national and sub-national governments and industry.

The development and wider use of environmental technologies have slowed down in the previous years because of various barriers, among the most important are⁷⁶:

- Economic barriers; market prices would not reflect external costs of product and services and the higher costs of investments in environmental technologies because of their perceived risk,
- Regulations and standards; unclear and too detailed legislation are a barrier to innovation,
- Insufficient research efforts and inappropriate functioning of research systems in Member States,
- Inadequate availability of risk capital to move from the drawing board to the production line,
- Lack of market demand from the public sector as well as from consumers.

The way along which these barriers could be reduced or taken away is twofold. Firstly, Member States should take actions aimed at taking environmental inventions out of laboratories into the market. Secondly, Member States should take actions aimed at improving market conditions. In this respect, Member States should take the following concrete policy actions and/or measures⁷⁷.

1. Actions aimed at taking environmental inventions out of laboratories into the market:

- Attracting more private and public investments for the development and demonstrations of environmental technologies in line with the EU objective of 3% of GDP for research,
- Improving testing and performance verification of new and revised standards related to environmental technologies.

2. Actions aimed at improving market conditions:

- Setting performance targets which are long-term, visionary and realistic for producers and policy makers,

⁷⁵ Environmental technologies are all ‘technologies whose use is less environmentally harmful than relevant alternatives’ (European Commission, 2001).

⁷⁶ European Commission, 2004:3-8.

⁷⁷ European Commission, 2004:8-22.

- Stimulating public/private partnerships through, among others, dialogue with relevant stakeholders,
- Financing of innovative projects by governments,
- Increasing use of financial instruments for environment technologies, such as third party financing,
- Promotion of socially and environmentally responsible investment by financial institutions,
- Encouraging systematic internalisation of costs through market-based instruments, such as environmental taxes, charges and environmentally harmful subsidies.
- Encouraging procurement of environmental technologies,
- Building support for environmental technologies in society; raising business and consumer awareness and education.

3.3 Reflection

In the 2000 Lisbon Council the heads of the EU countries agreed on the goal to attain the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs, greater social cohesion and environmental protection by 2010. One could say that setting the date of 2010 was very optimistic, paid attention to the array of economic, social and environmental reforms that should be implemented according to the Lisbon Strategy. I believe that the date falls within a normal political horizon. Apart from that, I feel that the Lisbon Strategy has fused reform processes with a sense of urgency.

Since 2000, some successes have been achieved in hitting the Lisbon targets. The question is whether the better performances would have been achieved if the Lisbon Strategy had not been adopted. Data, that has been collected on basis of the EC's indicators of the Lisbon Strategy indicators show that the EU has attained some visible successes:

- A decline of state aid for non competitive enterprises and industries,
- Progress in the development of a single market for telecommunications,
- Progress in the emission of greenhouse gas compared to the U.S.,
- Increase of the total employment rate. Despite the cyclical downturn, the total employment rate in the EU has increased from 63,4% in 2000 to 64,3% in 2003. This is mainly due to the fact that some member States, among others the Netherlands, have introduced structural reforms of labour markets according the Lisbon Strategy. However, the target of 67% in 2005 will probably be missed.

However, the delivery of the Lisbon Strategy at the national level requires more results. Some people attribute the behind lagging performances to the strategy itself. They argue that the Lisbon Strategy would include too many policy objectives, targets and actions in too many policy areas.

As a result, there would be a lack of clarity at all governance levels (European, national and sub-national) about what the Lisbon Strategy exactly imply. I agree with this perception, but, at the same time, I claim that the causes of the disappointing results should not only be sought within the strategy itself or its core ideas, but also in the poor interpretation and poor implementation of the Lisbon Strategy by the Member States. In my opinion, the strategy is clear in its objectives, targets and actions grouped in five dimensions: research and innovation, structural economic reforms, employment, social cohesion and environmental sustainability. The major danger with regard to the delivery of the Lisbon Strategy is the narrowing of the Lisbon Strategy to economic reforms, as done by many Member States. Although the world economy has been strong in 2004, the euro area still lags behind in worldwide expansion. It seems that the economic problems that many Member States face, have dented the enthusiasm for major reforms in the social and environment area. Whereas, the strength of the Lisbon Strategy lies in the equity of its three pillars: sustainable *economic*, *social* and *environmental* reforms.

To breathe fresh life into the implementation of the Lisbon Strategy, Member States should be placed under stricter obligations. The current governance method 'open method of coordination' should make place for other stricter governance methods. In my opinion, the open method of coordination does not go far enough. It is obvious that this governance method will not lead to the delivery of the Lisbon Strategy.

Member States should be forced to become the owners of the Lisbon agenda. In this respect, I feel that Member States should draw up overall National Action Plans with respect to the delivery of the Lisbon Strategy. These National Action Plans should at least specify which Lisbon goals apply to a Member State, how they are to be achieved, who is to do so and when. The ownership of the Lisbon agenda should not only be in the hands of the national governments. The Lisbon agendas should be owned by as many important stakeholders as possible: national governments, sub-national governments, citizens, business and organizations. In contrast to other previous European projects, such as the Internal Market, the Economic and Monetary Union and the launch of the Euro, the Lisbon Strategy is not communicated by the Member States to their societies. I believe that the far-reaching reforms necessary to attain the objectives of the Lisbon Strategy require reform partnership among all-important stakeholders. In this respect, communication plays a key role.

Chapter 4

Theoretical framework

4.1 Introduction

At present, the 12 sub-national Randstad authorities have not developed a regional strategy with regard to the delivery of the Lisbon Strategy at the regional Randstad level. However, they have developed, in the light of the Lisbon Strategy, a regional economic strategy that expresses the wish and the sense of urgency to attain a more competitive region in order to attain better economic growth performances. Which factors and policies could strengthen, according to the scientific literature, long-term economic growth performances at the regional level? How is regional economic growth related to other positive Lisbon outcomes such as employment, social cohesion and environmental sustainability? Understanding the factors and policies that influence regional economic growth requires some insight in the concept 'regional competitiveness'. It is evident that the delivery of the Lisbon Strategy at any governance level requires (far reaching) government intervention in the fields that have been addressed by this strategy. Why is government intervention needed in the first place?

4.2 Government intervention: background

The questions regarding government intervention and of the proper role of government in contemporary advanced industrial democracies is an old, fundamental and controversial question which remains unsettled. A vast research effort has been devoted to resolving this question. My search for a conceptual framework regarding government intervention and the role of governments turns to the concept of market failure. In essence, the market failure paradigm examines the operation of the economy and prescribes government intervention when markets 'fail' on the grounds of either **economic efficiency** or **equity**⁷⁸.

4.2.1 Economic efficiency

Economic efficiency is defined in three main ways in economic discourses. Firstly, *technical or productive efficiency* refers to the use of resources in the technologically most efficient manner. In other words, technical efficiency refers to obtaining the maximum possible output(s) from a given set of input(s). The second measure of economic efficiency, known as *allocative efficiency*, refers to the efficient distribution of productive resources among alternative uses so as to produce the optimal mix of output. In the jargon of economics, under conditions of 'perfect competition', the optimal output mix arises through consumers responding to prices that reflect the true costs of production. Allocative efficiency thus involves an interaction between the productive capacity and consumption activity of society. *Dynamic efficiency* represents the third way of defining economic efficiency. The notion of dynamic efficiency can be traced back to Joseph Schumpeter's (1943) emphasis on innovation and his argument that the perfectly competitive conditions of allocative and productive efficiency were not necessarily the most conducive to long-term innovation and economic growth.

⁷⁸ Wallis & Dollery, 1999:9, Lipsey & Chrystal, 1999:285-310.

In contrast to both productive and allocative efficiency, dynamic efficiency is a much less precise concept with no universally agreed formal definition. In general terms, dynamic efficiency refers to the economically efficient usage of scarce resources through time and thus embraces allocative and technical efficiency in an intertemporal dimension⁷⁹.

4.2.2 Theory of market failure

Understanding the theory of market failure requires some insight in the doctrine of the ‘Invisible Hand’. The notion that the pursuit of rational self-interest by individuals engaged in the exchange of property rights through market institutions results in socially benevolent outcomes represent one of the most important insights of economics, and can be traced back to Adam Smith’s famous doctrine of the ‘invisible hand’ in the *Wealth of Nation* in 1776. In essence, this argument holds that maximizing behaviour by individual economic agents in market relationships generates a socially rational use of scarce resources under certain defined conditions. Because the behaviour of the *homo economicus* would lead, according to Smith, automatically to Pareto optimality in consumption and production, this eliminates the necessity for active policy intervention and, thus, creates a strong case for the role of government to be limited to the definition and enforcement of property rights⁸⁰.

Economists have identified numerous sources of market failure. However, many theories regarding market failure, and therewith the justification of government intervention, distinguish more or less six sources, namely, **imperfect competition, externalities, public goods, merit goods, imperfect information** and the **macro economics of market societies**⁸¹.

Firstly, for Adam Smith’s invisible hand to operate properly markets must be competitive rather than monopolistic or oligopolistic. Imperfect competition is thought to create the potential for market failure and, thus, for intervention. The theory of perfect competition is built on a number of key assumptions. Assumption 1, all the firms in the industry sell an identical product. Assumption 2, customers know the nature of the product being sold and the prices charged by each firm. Assumption 3, a firm’s level of output is small relative to the industry’s total output. Assumption 4, each firm is a price-taker. Assumption 5, the industry is assumed to be characterized by freedom of entry and exit⁸². Various reasons exist for the absence of competition in some markets such as geographic factors (isolated locations) or limited ownership of some natural resources.

A second source of market failure resides in the existence of positive or negative externalities. In essence, the problem pose by externalities is that the resource allocation yielded by markets will not be efficient because market prices do not reflect the full costs and benefits involved, and accordingly,

⁷⁹ Wallis & Dollery, 1999:10-15, Lipsey & Chrystal, 1999:287-288.

⁸⁰ Wallis & Dollery, 1999:15, Woltjer, 1997:138-140.

⁸¹ See Wallis & Dollery (1999), Woltjer (1997), Wolf (1989) and Koopmans (1999).

⁸² Lipsey and Chrystal, 1999:140-141.

will not generate socially efficient levels of consumption and production. Externalities are associated with, for example, research and development spillovers and environmental impacts, such as pollution.

A third kind of market failure stems from the inability of private markets to produce public goods. Numerous public goods exist which cannot be provided through the competitive market process due to their particular characteristics. Public goods are those that are 'non-rival' or 'non-excludable' when used or consumed. Non-rival means that the consumption of the good by one person does not prevent someone else using or consuming that good. Clean air is an example of a non-rival good. 'Non-excludable' means that if a public good is made available to one consumer it is effectively made available to everyone. National defence is an example of a non-excludable good. Non-excludability could give rise to a problem known as 'free riding'. This is when some consumers fail to pay for the provision of the public good because they expect others will do so.

A fourth source of market failure resides in the existence of so-called merit goods. Merit goods are those goods and services that the government feels that people left to themselves will under-consume and which, therefore, ought to be subsidized or provided free. Consumption of merit goods is thought to generate positive externality effects where the social benefit consumption exceeds the private benefit. Examples are health services, education and public libraries. Merit goods could, also, be associated with goods and services that will be over-consumed when left to people themselves (alcohol, tobacco etc.).

A fifth source of market failure resides in the fact that economic agents (consumers and producers) may possess incomplete information, or available information may be asymmetrically allocated among market participants. Information is needed for a market to operate efficiently. Buyers need to know the quality of the good or service to judge the value of the benefit it can provide. This information must be available fully to both sides of the market. Market failure due to information failure has led to widespread government intervention in developed market economies.

A final source of market failure is often argued to exist in the macro-economies of market societies in the form of the business cycle. Periodic downswings in economic activity result in unemployment and falling incomes, whereas upswings in economic growth may generate inflationary episodes. Macroeconomic instability of this kind is usually met with government intervention⁸³.

Thus far, I have only discussed market failure from the perspective of economic efficiency. But even if markets do generate economically efficient outcomes, additional ethical arguments may still be invoked to justify a role for public policy. This of course requires a somewhat broader definition of the meaning of

⁸³ Wallis & Dollery, 1999:17-20, Lipsey & Chrystal, 1999:288-300.

market failure. Wolf's observation that '...Market may fail to produce either economically optimal (efficient) or socially desirable (equitable) outcomes...' is a good example of such a broader definition⁸⁴.

The introduction of equity considerations into economic analysis brings with it complex issues⁸⁵. Herewith just a few of these possible standards:

'...Equity evaluated as equality of opportunity, equity as equality of outcomes, equity as horizontal equity (treating equally situated people equally), vertical equity (treating unequally people in appropriately unequal ways) and Marxian equity (from each according to ability to each according to need)'

In general, three common ethical arguments are often used to support government intervention. Firstly, widespread support exists for the contention that the distributive results of efficient markets may not meet socially accepted standards of equity. Moreover, practical politics tends to emphasize distributive issues. In this regard, Wolf has stated: 'Most public policy decisions are usually even more concerned with the distributional issues (namely who gets the benefits and who pays the costs) than with efficiency issues'. Equity-based distributional arguments along these lines have been used to justify redistribution programmes characteristic of the modern welfare state.

A second line of argument is based on the notion that people do not always behave in their own best interests. Therefore, government intervention could be justified. Arguments of this genre are based on the concept of merit goods.

A further common ethical argument for government intervention, and therefore, for public policy, is based on the idea of equal economic opportunity and strives to accomplish a reasonable income distribution⁸⁶.

In short, I could say that government intervention is justified along three objectives:

1. To influence the composition of the production (allocation) in order to accomplish economically efficient outcomes (economic efficiency),
2. To accomplish socially desirable outcomes or objectives such as a reasonable income distribution (equity),
3. To accomplish well balanced macroeconomic developments (stabilization).

It should be clear from the discussion so far that arguments for government intervention flowing from the market failure paradigm rest on the idealized conception of the state. In essence, this conception of the

⁸⁴ Wolf, 1989:19-20.

⁸⁵ Wolf, 1989:82.

⁸⁶ Wolf, 1989:30 and Koopmans, 1999:3-10.

state views government not only as omnipotent but also benevolent. Chang has summarized this theory of the state as followed⁸⁷:

‘In many theories of state intervention it is (implicitly) assumed that the state knows everything and can do everything. Welfare economics is an extreme case of this tendency. In welfare economics it is assumed that the state has all the relevant information for social-welfare-maximizing intervention and is able to achieve what it sets out to do’.

The public interest approach, based on the theory of market failure, and its implicit conception of an idealized state, rests upon a number of heroic and untenable assumptions. Firstly, it presumes the policy makers can accurately determine the extent of market failure. Secondly, it presupposes that governments possess the ability to intervene efficiently. And thirdly, it accepts that policy makers frame public policy in an altruistic manner.

Over the years, various academics began to question the market failure paradigm and the public interest approach. Basically, two major areas of critics emerged. Firstly, the market failure paradigm held completely unrealistic expectations regarding the abilities and capacities of governments to deal with economic and social problems. Secondly, the market failure paradigm lacks a theory regarding government failure. A theory of government failure is necessary to act as a conceptual analogue of the market failure paradigm ‘...so that the comparison between markets and governments can be made more systematically, and the choices between them arrived at more intelligently’⁸⁸.

4.3 The concept competitiveness

Initially, the notion of competitiveness was related to firm strategies. At the firm, or micro-economic level, there exists a reasonable clear and straightforward understanding of the notion of competitiveness based on the capacity of firms to compete, to grow, and to be profitable. At this level, competitiveness resides in the ability of firms to consistently and profitably produce products that meet the requirements of an open market in terms of price, quality, etc.

In 1990, Michael Porter transported the question how companies can gain and retain market share, increase profits and beat their rivals to a national level: how can countries remain actively part of the world economy and create wealth by securing a good deal in the international division of labour?

A stringent line of criticism argues that the concept national competitiveness is essentially ‘meaningless’. The academic Krugman (1994) has raised three key points of opposition⁸⁹:

⁸⁷ Chang, 1995: 25.

⁸⁸ Wolf, 1987:43.

⁸⁹ Martin and Ecorys-NEI, 2003, 1:2.

1. It is misleading and incorrect to make an analogy between a nation and a firm, for example, whereas an unsuccessful firm will ultimately go out of business there is no equivalent 'bottom-line' for a nation,
2. Whereas firms can be seen to compete for market share and one's firm success will be at the expense of another's, the success of one country creates rather than destroys opportunities for others,
3. Competitiveness is in many concepts of national competitiveness another way of saying productivity. Although productivity is essential, a much broader view of well-being would lead to an assessment of competitiveness that not only includes productivity and incomes, but also social and environmental goals.

Krugman believes that thinking and speaking in terms of competitiveness poses three real dangers. First, it could result in the wasteful spending of government money supposedly to enhance competitiveness. Second, it could lead to protectionism and trade wars. He is convinced that when a country does not seem to be competitive (winning), the competitive diagnosis inevitably suggests that to close the borders is better than to risk having foreigners take away high-wage jobs and high-value sectors. Finally, and most important, it could result in bad public policy on a spectrum of important issues⁹⁰.

What about competitiveness at the regional level? In approaching regional competitiveness, broadly two angles of incidence exist⁹¹:

- *As an aggregate of firm competitiveness*; the underlying assumption here is that the interests of firms and the region in which they reside are always parallel. This notion is difficult to sustain, as firms will strive for productivity and profits, while regional competitiveness also needs to include employment levels.
- *As a derivative of macro-economic competitiveness*; there appear to be limits to this angle of incidence as well. In the absence of macro-economic adjustment mechanisms, such as exchange rate movements and price-wage flexibility, the concept of macro-economic competitiveness cannot be fully applied to the regional level either.

Regional competitiveness seems to be a concept that is 'stuck in the middle'. But there are at least three reasons that endorse the importance of useful concepts that help to define and understand regional competitiveness⁹².

The first reason is that *regions are increasingly becoming the engines of the global economy*. Contrary to earlier beliefs about a 'placeless' economy and the 'end of geography'⁹³, regional concentration and

⁹⁰ Krugman, 1994:41.

⁹¹ Martin and Ecorys-NEI, 2003:1-4.

⁹² de Vet, 2004:4-6.

⁹³ O'Brien, 1992.

specialization of production is taking place on a worldwide basis. This is a drastic departure from the past, where larger shares of production and consumption were organized more equally at the level of nations. Investments by institutional investors and business tend to be the highest in growth regions, more specifically in regions that derive their wealth from competitiveness⁹⁴.

A second related reason is that the *existing economic foundations of places and spaces are shaken up*; they can no longer be taken for granted. It is a well-known and established fact that assembly activities are being massively de-localized from Western Europe and the U.S. to cheaper production sites, notably in Central and Eastern Europe, South America and above of all to China.

A third reason lies in the *regionalisation of public policies*. A significant reallocation of economic coordination and steering functions is occurring away from the nation state up to the international and down to regional levels⁹⁵. Regions play an increasingly important role in questions of economic development policy. Regions are becoming in a position to formulate their own policies and strategies, yet they have only limited experiences to build on.

4.3.1 The concept regional competitiveness

The understanding of regional competitiveness requires some insights in particular perspectives that could be derived from micro-economy, sociology and economic geography. Of the many theories and concepts that exist, there are four concepts that have some clear relevance for a better understanding of the concept regional competitiveness⁹⁶:

- Urban growth theory,
- 'New' Institutional economics,
- Business strategy economics,
- Schumpeterian/evolutionary economics.

Urban growth theory

Very influential contributions from both sociological and economic (geography) perspective have been theories of urban growth. These theories argue that city-regions (the urban system), not national macroeconomics, are the salient arenas of economic wealth creation and accumulation. Urban systems create increasing returns above all through the exchange of complementary knowledge across diverse firms within geographic regions. The presence of firms with different kind of economic activities in such urban agglomerations reduces search costs and increases the opportunity for serendipitous events that

⁹⁴ van Doorn & Jansen, 2002:34-41.

⁹⁵ Scott, 1996: 391-411.

⁹⁶ These perspectives are chosen from a desk research done by Cambridge Econometrics and Ecorys-NEI regarding the concept regional competitiveness.

could provide innovative opportunities. The importance of diversity has, recently, been highlighted again by research into the ‘geography of talent’⁹⁷.

‘New’ Institutional economics

Another micro-economic perspective is offered by the notion of transaction costs, as put forward by authors such as Coase and Williamson. Transaction cost theories state that the size of firms cannot be explained by economies of scale, but rather by transaction costs, which include the costs connected to communication, coordination and decision-making. Williamson’s notion of transaction costs has been borrowed and re-interpreted by geographers in a rigorous attempt to explain the emergence of industrial clusters as a way to reduce transaction costs. Clusters would allow its members, institutions and companies, to communicate and decide faster and easier and, therefore, reduce transaction costs.

Business strategy economics

Perhaps the most influential representative of business strategy economics is the cluster theory of Michael Porter. This micro-economically based theory of national and regional competitiveness is put within the context of a global economy. According to Porter, to be competitive, firms must continually improve operational effectiveness in their activities while simultaneously pursuing distinctive rather imitative strategic positions. His argument is that the existence of geographical clusters encourages both of these requirements for firm competitiveness.

Schumpeterian/ evolutionary economics

It was Schumpeter who picked up the role of the entrepreneur in improving growth. In his theory of entrepreneurship, J. Schumpeter argued that, in the face of competition and declining profits, entrepreneurs are driven to make technical and financial innovations and that the spurts of activity resulting from these innovations generate economic growth. By emphasizing technological change and innovation as the factors creating economic growth, Schumpeter brought the regional dimension of competitiveness in the scientific debate about competitiveness. Entrepreneurship and innovations take, as it happens, mainly place at a regional level.

Apart from these classical concepts, there are also some recent insights that could be useful for a better understanding of the concept regional competitiveness. I would like to refer, in particular, to the case study that has been done by Ecorys-NEI and Cambridge Econometrics assigned by DG Regional Development (European Commission). This case study has identified some key drivers of regional competitiveness for different types of regions⁹⁸.

Ecorys-NEI and Cambridge Econometrics have identified three main types of regions on basis of their industrial structure and their capacity for innovation:

⁹⁷ Particularly research of the authors Florida, R. and Kenney, M. (2004).

⁹⁸ Martin and Ecorys-NEI, 2003.

- Production Site Regions,
- Increasing Return Regions, and
- Knowledge Hub Regions.

Region type 1: Regions as Sites of Export Specialization

The economic performances of this type of region depend fundamentally on the size and success of its export-orientated industries (tradable sector)⁹⁹. The external demand for this type of region's exports is a function of the price of the region's exports and the income level of external markets. On the supply side, all factors having a significant effect on production costs can be expected to affect a region's competitive position in world markets. This includes among others wage costs, capital costs and the state of technology. If the demand and supply factors are favourable to a region's export growth, this will lead to a higher overall growth and rising regional incomes and employment.

The determining factors of competitiveness for Production Site Regions could be found in the fields of governance (subsidies and grants), internationalisation and accessibility (physical accessibility, suitable land & premises). The determinants are primarily cost-driven. The economic structure is characterized by high levels of Foreign Direct Investments (FDI) that are geared primarily towards export markets. Due to the high FDI content, profits tend to leave the region, at least partially. Furthermore, Production Site Regions are characterized by low unit labour costs, but increasing GDP levels per worker. Yet the model tends to be unstable over a longer period, as the increasing income levels increase the vulnerability to external investment decisions, such as relocation towards other regions¹⁰⁰.

Region type 2: Regions as sources of Increasing Returns

Just like in the case with region type 1, Regions as sources of Increasing Returns depend fundamentally on the size and success of its export oriented industries. The demand for export of this type of region is a function of the rate of increase in world demand and the rate of increase of the region's product prices relative to the increase of world prices. The key element lies in the way in which increased export output leads to increased productivity.

Increasing Return Regions show different dynamics than Regions as Sites of Export Specialization. Determinants of competitiveness could be found in the fields of innovation (R&D staff, universities and laboratories), entrepreneurship (risk-taking culture, local & venture capital) and a specific approach towards economic governance. In these regions, networking and realignment of interests in the field of governance are important as well. The economic structure is characterized by a strong manufacturing base, in which SMEs play a crucial role. Many of these enterprises are specialized, and clustering of economic activities is rather typical for this type of region. The region produces goods and services both for export and local markets. The production for local markets contributes to the increasing returns,

⁹⁹ Armstrong and Taylor 2000, McCann, 2001

¹⁰⁰ Martin and Ecorys-NEI, 2003:16.

especially so in the field of innovation (through intensive user/producer interaction). Overall, Increasing Return Regions have a high productivity growth based on innovation, high profitability and considerable patent activity. Increasing Return Regions demonstrate high and sustainable levels of GDP per capita and a strong employment basis, as long as the region is capable of dealing with external opportunities and threats, such as changes in technology¹⁰¹.

Region type 3: Regions as Hubs of Knowledge

In this type of region the creation and application of innovative and entrepreneurial knowledge in local knowledge-driven, information-rich economies are the critical factors for securing regional economic advantages. Innovation is seen as an interactive learning process that requires interaction between large amounts of actors. Systems of innovation also include universities and other institutions of higher education, state authorities and regulatory bodies.

Knowledge Hubs are driven forward by yet another set of determinants than the other two types of regions. In order to stay abreast of global competition, innovation is in this type of region essential. This is supported by an excellent knowledge infrastructure and top class education system as well as a risk-taking culture. Entrepreneurship is supported by informal networks. Internationalisation and accessibility to global resources are crucial. More than anywhere else, these regions tend to have strong headquarter activities. Knowledge Hubs also tend to attract international talent workers. The inflow of human capital is attracted by a high quality of place, supported by an appealing cultural life, high-quality housing and a range of urban amenities. Taken together, this wide range of determinants supports an economic structure that is diverse, yet mostly services driven. Knowledge Hubs regions are less vulnerable than other regions, as they rely on several economic pillars. The dynamic economy produces goods and services for both local and export markets, resulting in high value-added, high profitable and high levels of patent activity. GDP levels per persons are high and so is the number of employed¹⁰².

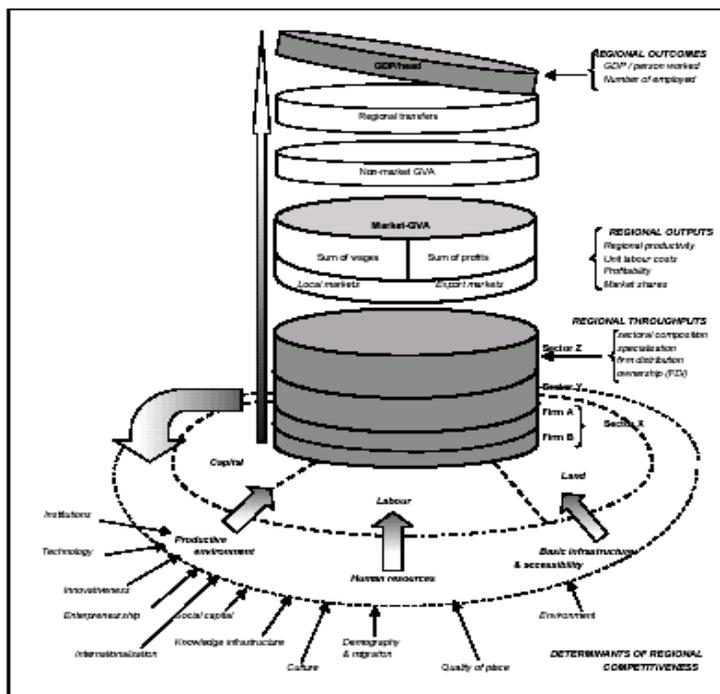
In an attempt to unify the key elements on regional competitiveness of several theoretical concepts, of which some are described above, and the findings in the case study, Ecorys-NEI and Cambridge Econometrics developed a conceptual model that takes into account the various theoretical strands: the '*regional competitiveness hat*'. The hat is composed of several layers, namely: **regional outcomes** (indicators: GDP per capita, number of employed), **regional outputs** (indicators: regional productivity, unit labour costs, profitability, market shares) **regional throughputs** (indicators: sectoral composition, specialization, firm distribution, ownership, FDI) and the **determinants of regional competitiveness** (institutions, technology, innovativeness, entrepreneurship, internationalisation, social capital, knowledge infrastructure, culture, demography & migration, quality of place, environment).

¹⁰¹ Martin and Ecorys-NEI, 2003:17.

¹⁰² Martin and Ecorys-NEI, 2003:18.

The determinants of regional competitiveness could be found at the bottom of the hat, around the productive cylinder. The production factors themselves (nature, labour, capital) could be found in the first ring. This type of determinants could somehow be associated to the basic conception of regional competitiveness of regions as ‘Sites of Export Specialization’. In the second ring, the primary factors of the regional investment climate could be found. The basic categories are infrastructure & accessibility, human resources and the productive environment. This type of determinants could somehow be associated to the basic conception of regional competitiveness of ‘Regions as Increasing Returns’. These primary factors of regional investment are influenced by a host of secondary factors. These determinants could somehow be associated to the basic conception of regional competitiveness of ‘Regions as Hubs of Knowledge’.

FIGURE 2.4: THE REGIONAL COMPETITIVENESS HAT



Source: Martin & Ecorys-NEI, 2003: 36.

4.3.2 Regional competitiveness as competitiveness of locations

My research efforts for a sound theoretical base for the concept regional competitiveness have made me conclude that the scientific debate about regional competitiveness lacks clarity. The debate is approached by too many, and sometimes different, theoretical perspectives. To narrow the discussion about the concept regional competitiveness I would like to outline one particular view, namely the view of the American academic Michael Porter.

Porter states that firms could be helped or hindered in their competitive efforts by features of the places from which they operate. These include national, regional and local characteristics. This position has led to the focus on clusters. Porter's conclusion is more or less that regional competitiveness should be seen

as competitiveness of locations. But which factors and relations shape the competitiveness of locations? The sophistication with which companies compete in a particular location is strongly influenced by the quality of the local business environment. In advanced economies, the most decisive aspects of the quality of the local business environment are often cluster specific. A cluster is, according to Porter, a critical mass in one place. Clusters include companies and institutions such as governments, universities, standard-setting agencies, think tanks, vocational education providers and trade associations¹⁰³. Porter stresses the importance of the geographical aspect in the definition of the concept by referring to the California wine cluster, the Italian leather fashion cluster, the Hollywood entertainment cluster, the financial cluster on Wall Street and the electronic cluster in Japan¹⁰⁴.

Porter believes that clusters affect regional competitiveness in three broad ways:

1. By increasing the productivity of companies in the area,
2. By driving the direction and pace of innovation, which underpins future productivity growth,
3. By stimulating the formation of new businesses, which expands and strengthens the cluster itself.

Clusters and productivity

Being part of a cluster allows companies to operate more productively as a result of:

- *Better access to employees and suppliers*; in a well-developed cluster companies could tap into an existing pool of specialized and experienced employees, and thereby lowering their research and transaction costs in recruiting. Secondly, local sourcing provides advances and specialized inputs involving embedded technology, information and service content.
- *Access to specialized information*; technical and competitive information accumulates within a cluster, and members have preferred access to it. In addition, personal relations and community ties foster trust and facilitate the flow of information.
- *Complementarities*; a host of linkages among cluster members results in a whole greater than the sum of its parts. Complementarities come in many forms. The most obvious is when products complement one another in customer's needs. Another form is the coordination of activities across companies to optimise their collective productivity. Other complementarities arise in marketing. A cluster enhances frequently the reputation of a location in particular field. Beyond reputation, cluster members could profit from a variety of joint marketing mechanisms, such as trade fairs, trade magazines and marketing delegations.
- *Access to institutions and public goods*; investments made by governments or other public institutions, such as spending for specialized infrastructure or educational programs, could enhance a company's productivity. However, it is not just governments that create public goods that enhance productivity in the private sector. Investments by companies (trainings, infrastructure etc.) also

¹⁰³ Porter, 1998: 187-193.

¹⁰⁴ These case studies are described in Porter's book 'On Competition'.

contribute to increased productivity. Such private investments are often made collectively because cluster participants recognize the potential for collective benefits.

- *Better motivation and measurement*; peer pressure amplifies competitive pressure within a cluster, even, among non-competing or indirectly competing. Pride and desire to look good in the local community spur attempts to outdo one another. Clusters also often make it easier to measure and compare performances because local rivals share general circumstances, for example labour costs and local market access, and they perform similar activities. Therefore, underperformances could be better tracked down.

Clusters and innovation

In addition to enhance productivity, clusters play a vital role in a company's ongoing ability to innovate. Because sophisticated buyers are often part of a cluster, companies inside clusters are more forced to innovate in order to meet the customer's needs. Clusters often provide the capacity and the flexibility to act rapidly. Innovation is also reinforced by the constant peer pressure, comparison and competitive pressure with clusters.

Porter thinks that innovation is the most important source of competitive advantage in advanced economies. In advanced nations with relatively high labour costs and equal access to global markets, advantage must come from the ability to create and then commercialise new products and processes. Although R&D investments are undertaken in all advanced economies, innovative activity concentrates in a relatively small, though growing and number of countries, such as the United States, Japan, Switzerland and the Scandinavian nations. Why does the intensity of innovation vary across countries? How does innovation depend on location?

The answer of Porter, Stern and Furman on these questions is twofold¹⁰⁵. According to these authors, on the one hand, it is the private sector that is the ultimate engine of innovation. On the other hand, the innovative activities of companies within a nation or region are strongly influenced by the presence and vitality of public institutions and the policy of governments at all levels. In other words, innovation intensity depends on the interaction between private sector strategies and public sector institutions and policies at all governance levels¹⁰⁶.

Porter, Stern and Furman have developed an innovative capacity framework that identifies the factors that enable nations and regions to innovate in a global context: 'the concept of national innovative capacity'¹⁰⁷.

¹⁰⁵ M.E. Porter, S. Stern and J.L. Furman have undertaken a series of research projects aimed at evaluating the role of location in innovation. They extended their studies by drawing data and measures available from the Global Competitiveness Report 2001-2002.

¹⁰⁶ Porter, Stern and Furman, 2001:2.

¹⁰⁷ Although the framework was created for application at the national level, it could also be employed, according to the authors themselves, to evaluate innovative capacity at the regional or local level.

National innovative capacity is defined as an economy's potential, at a given point in time, for producing a stream of commercially relevant innovations¹⁰⁸. The framework organizes the determinants of national innovative capacity in three broad elements:

1 The common innovation infrastructure

Although the innovative performance of an economy ultimately rests with the behaviour of individual firms and industrial clusters, some of the most critical investments that support innovative activity operate across all innovation-oriented sectors in an economy. Porter, Stern and Furman describe such elements as an economy's 'common innovation infrastructure'. The common innovation infrastructure is the set of crosscutting investments and policies supporting innovation throughout the economy. Porter's, Stern's and Furman's framework suggests that a country's, region's or local's R&D productivity depends upon the accumulated stock of knowledge and the extent of available scientific and technical talent dedicated to the production of new technologies. In addition to the size of a knowledge stock and talent pool, R&D productivity also depend on national investments and policy choices, such as spending on higher education, intellectual property protection, and openness to international competition, which will exert a cross-cutting impact on innovativeness across economic sectors.

2 The cluster-specific environment for innovation

While the common innovation infrastructure provides resources for innovation throughout an economy, the innovative capacity of a national, regional or local economy depends, in the opinion of the authors, upon the extent to which industrial clusters support and compete on the basis of technological innovation and the ability to commercialise innovations. Porter, Stern and Furman have distinguished four attributes of a location's microeconomic environment that affect the rate of innovation in a cluster as well as its competitiveness and the competitiveness of a region:

- ❖ The presence of high-quality and specialized inputs (human resources, research infrastructure, information infrastructure and risk capital),
- ❖ A context that encourages investments and local rivalry,
- ❖ A sophisticated local demand, and
- ❖ The local presence of related and supporting industries.

3 The quality of linkages

Finally, the extent to which the potential for innovation is translated into specific innovative outputs in industrial clusters is determined by the quality of linkages between the common innovation infrastructure and the cluster-specific environment for innovation. An especially important example is the linkages between local and/or regional governments, universities and companies.

¹⁰⁸ Porter, Stern and Furman, 2001:1.

Clusters and new business formation

It is not surprising that many new companies grow up within an existing cluster rather than at isolated locations. Clusters are conducive to new business formation for a variety of reasons. Individuals working in a cluster could more easily perceive gaps in products or services around which they could build business. Beyond that, barriers to entry are lower than elsewhere. Needed assets, skills, inputs, staff and relations are often readily available at the cluster location. Local financial institutions and investors, already familiar with the cluster, may require a lower risk premium on capital.

Clusters continually evolve as new companies and industries emerge or decline and as local institutions develop and change. They could maintain vibrancy as competitive locations for centuries, but they can lose their competitive edge due to both external and internal forces. In other words, clusters are as vulnerable to internal rigidities as to external threats. In the opinion of Porter, such rigidities and external threats tend to arise when policies of governments do not lead to an environment that supports rising productivity. According to Porter, governments, at all governance levels, have a particular role to play. They must ensure the supply of high-quality inputs such as educated citizens and physical infrastructure. They must set the rules of competition, by protecting intellectual property and enforcing antitrust laws so that productivity and innovation will govern success in the economy. Finally, they should promote cluster formation and build up public and quasi-public goods that have a significant impact on many businesses¹⁰⁹.

Location has always been fundamental to competition, but its role differs from a generation ago. In an era when competition was driven heavily by input costs, locations with some important endowment, for example a natural harbour or a supply of cheap labour, often enjoyed a comparative advantage that was competitive decisive. Porter is convinced that in today's economy, competitive advantage rests on making more productive use of inputs, which requires continual innovation promoted by all governance levels.

Elaborating Porter's previous theoretical premises makes clear that being competitive as a region requires coherent regional strategies with respect to *human resources*, *innovation* and *industrial structure*.

Strategies related to human resources could involve actions aimed at improving education systems (especially the academic and the vocational ones), developing and improving the knowledge intensive skills of people on basis of the demand and needs of trade and industry, promoting an entrepreneurial culture, stimulating entrepreneurial talent and improving the adaptability of the labour force to changes in the knowledge society and economy.

Strategies related to innovation could involve actions aimed at strengthening linkages between companies and research institutions, promoting effective university, vocational education-business relations,

¹⁰⁹ Porter, 1998: 200-211.

promoting linkages in R&D networks (national and international), promoting links between small and large businesses, promoting linkages between public and private actors and strengthening the quality of linkages.

Strategies related to industrial structure could involve actions aimed at clustering of activities of companies and institutions in a specific field, improving accessibility (infrastructure, energy and telecommunication), improving the environment of clusters in such a way that this encourages investments and local rivalry.

4.4 Regional competitiveness and positive Lisbon outcomes

The central research question of my research is whether and to which extent the members of the cooperative union Randstad are capable to deliver the Lisbon Strategy at the regional Randstad level. The 12 sub-national Randstad authorities have not developed an overall regional strategy regarding the Lisbon Strategy. However, they have developed, among others in the light of the Lisbon Strategy, a regional economic strategy that expresses the wish of the authorities to improve the competitiveness of the region Randstad Holland. Therefore, I would like to examine how regional competitiveness is related to positive Lisbon outcomes. Would it be possible to attain through regional competitiveness (read regional economic growth) Lisbon objectives related to social and environmental sustainability?

4.4.1 Links between economic growth and employment

Traditionally, economics has been interested in economic growth, in terms of increased production and consumption, as a mean to enhance social welfare. Welfare has to do with the degree of satisfaction derived by individuals from their endowments with material and immaterial goods. Welfare and economic growth are, typically, assumed to be positively correlated¹¹⁰.

In general, growing production is expected to lead to more employment and more income, and thus welfare will increase. Growth in production is possible as long as these products continue to be absorbed by consumers and as long as there are additional means of production i.e. labour, capital, material inputs. The availability of the means of production is not a static quantity, but depends on dynamic processes such as population growth, capital formation (investments) and scientific and technological progress. Scientific and technological progress could make more materials from nature economically available and it could also make labour more productive.

Increased labour productivity is an ambiguous form of development. On the one hand, it allows making more goods and services with less effort; on the other hand, it will tend to push labour out of production. The ambiguity comes in when one considers that economic growth itself may be conducive to scientific and technological progress, thereby inducing more innovation and thereby undermining the capability to

absorb labour. Growth and employment could be positively linked only as long as the rate of economic growth per capita exceeds that of labour productivity growth.

In general, there are three ways of dealing with this relationship between economic growth and employment and to avoid jobless growth. One is to make labour less expensive so as to make it more attractive as a factor of production. The other is to reduce labour time inputs per employee. Another way is to accept a reduction in the number of labourers (unemployment).

4.4.2 Links between economic growth and social cohesion

Social cohesion has many formal definitions. Pauline O'Connor (1998) argues that the notion social cohesion refers to 'the presence of basic patterns of cooperation, social action and core sets of collective values'. This definition is essentially focused at the community level. Ritzen (2000) defines social cohesion in the following way: 'a state of affairs in which a group of people (delineated by a geographic region) demonstrate an aptitude for collaboration that produces a climate for change'.

In seeking to unpack the notion of social cohesion, I have come to the conclusion that many of the definitions used in scientific debates refer to three general (major) aspects:

- The extent to which values, norms and social structures are shared in a society,
- The extent to which individuals contribute to the maintenance and the (further) development of values, norms and social structures.
- The extent to which individuals participate in the society and the extent to which individuals trust each other.

In general, the assumption is that there is more consistent evidence that there are positive links between economic growth and social cohesion than that growth is a socially disruptive process. The academic Bates gives two reasons why a relation between economic growth and social cohesion could be expected¹¹¹:

- Economic policies conducive to growth also foster social cohesion,
- Growth and social cohesion have the same cultural underpinning.

Economic policies conducive to growth foster also social cohesion

Sustained economic growth involves an ongoing expansion of economic activity, which generates an increasing demand for goods and services of all kinds. There is a good reason to expect economic growth to provide, under certain conditions, better opportunities for participation in employment. Participation in employment could provide conditions favourable for social and cultural participation and could, therefore,

¹¹⁰ Opschoor, 1992.

¹¹¹ Bates, 1996.

provide widespread opportunities for evolving social shared values, norm and social structures on basis of social trust.

Growth and social cohesion have the same cultural underpinning

It is ordinary people in their everyday activities, in their habits, practices and ideas, who create the basis for economic growth and social cohesion. Both, growth and social cohesion require social trust. Trust enables economic activity to take place and enables individuals to participate in society and to develop shared values, norms and social structures.

Recent interdisciplinary work presented by authors such as Knack (2000), Putnam (1993, 1995), Fukuyama (1995) and Coleman (1988, 1990) endorse the positive relationship between social cohesion and economic performances. The mechanisms by which civic values influence socio-economic performances are several: if widespread levels of citizens' trust exist in society, this serves to reduce transaction costs in the market economy, it helps to minimize the burdens of enforcing and policing agreements and holds down fraud and theft¹¹². In other words, it can be argued that trust greatly facilitates economic and social relationships. Putnam's work, in particular, has drawn attention to the relationship between civic values and economic performances. In his study of the Italian regions he discusses the link between civic culture, of which social capital is a key element, and economic developments in the following terms:

'Like a powerful magnetic field, civic conditions seem gradually but inexorably to have brought socio-economic conditions into alignment, so that by the 1970s socio-economic modernity is very closely correlated with civic community'¹¹³.

One of the best-known empirical studies with regard to the impact of social capital on the economy is that of Knack & Keefer 'Does social capital have an economic payoff' (1997). They have compared 21 countries in order to answer two questions: What is the relationship between trust, civic cooperation and economic performances? Which are the determinants of trust and civic cooperation? All in all, this research has showed that there is a surprisingly strong relationship between levels of interpersonal trust and national income in a diverse set of countries. According to this research high income promotes social capital in a two-pronged way.

Firstly, and most importantly, income brings power and it enhances the individual 'life chances'. Secondly, income influences the individual's attitudes to risk. Income makes individuals more secure and thus more likely to take the initial risks associated with trusting other people. To answer their second question they have explored a large number of possible determinants of trust and civic cooperation. Among the most important are: associational participation, income inequalities, social polarization, the

¹¹² Putnam, 1993: 83-116; Fukuyama, 1995: 149-255 and Coleman, 1990: 91-116.

¹¹³ Putnam, 1993:153.

strength of formal institutions for protecting property and contract rights, per capita income and education rates.

However, a study regarding social capital and regional economic growth that was build on the empirics as developed by Knack & Keefer have reached other conclusions¹¹⁴. The results of this study, including 54 regions across Europe, suggest that social capital, in terms of trust, is not directly related to economic growth at the regional level in Europe. The researchers could not find robust proof for the significant influence of trust on regional economic growth. Therefore, their regional analysis does not support the hypothesis that trust is positively correlated with regional economic growth. On the other hand, the study showed that social capital in terms of active volunteering work is positively related to regional economic growth. It is important to say that this study suffers from one important limitation, namely the lack of proper regional data.

4.4.3 Links between economic growth and environmental sustainability

The relationship between economic growth and environmental sustainability is a much studied one. Vast research efforts have been devoted to reveal the links between economic growth and environmental sustainability. Yet the widest disagreement about the relationship remains. It seems that there is no satisfying theoretical framework. There are researchers who claim that it may well be that the economy can grow for decades without being seriously effected by catastrophic environmental losses now taking place such as global warming, droughts, collapse of agriculture, pollution, loss of biodiversity, spreading of diseases and the risen of the surface of the sea. Recent studies have been published which show that the economic losses from global warming and acid rain will be quite manageable. On the other hand, there are, at the same time, researchers who claim that the positive relationship between economic growth and economic well-being has negative consequences for the environment. Finally, there are even researches (Simon 1998, Zinsmeister & Wattenberg, 1993) who reassure that economic growth and environmental protection are not in conflict who use the following arguments:

- The use of some advanced material or energy saving technology is extrapolated to the whole economy, thereby showing that we can produce the same Gross National Product with a fraction of the resource input currently used. Such examples usually involve the substitution of one scarce or polluting input for another.
- Natural changes in the composition of growth such as the move from manufacturing to service industries would negate its bad effects.

The basic meaning of sustainability is the capacity for continuance more or less indefinitely into the future. The relationship between economic growth and environmental sustainability is variable/unequivocally. There are many environmentally destructive activities that will have to be transformed or reduced.

¹¹⁴ Beugeldijk & van Schaik, 2001.

At the same time, there are also opportunities for improving the environment that will have positive economic impacts. In any case, it is important to recognize that the economy depends on the environment. The economy is linked to the environment at two points: where resources go in and waste come out¹¹⁵.

In general, there seem to be an irreconcilable policy conflict between the necessity of economic growth and the necessity of environmental preservation. From the environmental economics it clearly emerges that economic optimality and unsustainability could be compatible. In this respect, sustainability needs not to result from the pursuit of optimality. It suggests rather that if sustainable development is an objective, sustainability have to be, explicitly, pursued in its own terms. The majority of the academics that argue that the present level of human activity is incompatible with environmental sustainability claim that the current level of activity must be reduced. Some of these academics point out that there are possibilities for creating new patterns of production and consumption that are environmentally more benign, while incomes continue to grow. Basically, making economic growth ecologically viable and sustainable would require three levels of political choices¹¹⁶:

- Stopping ‘intervention failure’, that is governmental subsidization of environmental destruction, for example through tax policies,
- Correcting ‘market failures’, the environment provides services that do not have market prices,
- Searching for policies to decouple human well-being from economic growth and dependence on market activities (dematerialization of consumption).

Political choices regarding economic growth and environmental sustainability at any level will have to include, unavoidably, higher environmental standards. But higher environmental standards could function, at the same time, as an engine for innovation and, therefore, for creating markets and business opportunities. Experience in the last few decades indicates that economic growth and growth in resource consumption and environmental degradation could be de-linked to a considerable extent. The path to environmental sustainability lies in maximizing this de-linking process. In this respect, innovation plays a crucial role¹¹⁷. In other words, higher environmental standards could promote innovation. In their return, innovation could promote sustainable environmental growth.

The complementarity between technological change (innovation), economic growth and environmental quality is not newly recognized, nor is the realization that innovation and environmental policies should work in tandem in order to bring about both economic and environmental sustainability. Many academics, among other Paul Ekins, one of the most prominent environmental economists, have showed, earlier, with their studies that reconciling economic growth with environmental sustainability requires, primarily, an increase in the use of environmental innovation.

¹¹⁵ Gowdy, 1994:189.

¹¹⁶ Gowdy, 1994:190-191.

¹¹⁷ OECD, 2000:18.

However, at present, environmental and innovation policies are routinely pursued in separate spheres and environmental technology is too often lodged outside the mainstream of industrial innovation¹¹⁸.

4.5 Conclusion

One could derive from the scientific discussion about regional competitiveness that, basically, regional competitiveness is about competitiveness of locations. The specific characteristics of a location could help or hinder companies in their competitive efforts. Different types of locations/regions compete on different key drivers of competitiveness. Ecorys-NEI and Cambridge Econometrics have identified three types of regions on basis of their industrial structure and their capacity for innovation: Production Site Regions, Increasing Return Regions and Regions as Hubs of Knowledge.

The determining factors of competitiveness for Production Site Regions could be found in the fields of governance (subsidies and grants), internationalisation and accessibility (physical accessibility, suitable land & premises). The determinants are primarily cost-driven. The determinants of competitiveness for Increasing Return Regions could be found in the fields of innovation, R&D staff, universities and laboratories, entrepreneurship and a specific approach towards economic governance. In these regions, networking and realignment of interests in the field of governance are very important. The determining factors of competitiveness of Knowledge Hubs Regions could be found in the fields of innovation, excellent knowledge infrastructure, top class education system, risk-taking culture, entrepreneurship, informal networks, internationalisation, accessibility, high quality of place, supported by an appealing cultural life, high-quality housing and a range of urban amenities.

The region Randstad Holland possesses, regarding industrial structure and capacity for innovation, characteristics of both type 2 (Regions as Sources of Increasing Returns) and type 3 (Regions as Hubs of Knowledge). On the one hand, the region Randstad Holland hides, namely, local knowledge-driven and information rich local economies that produce goods and services for small home markets, a fragmented regional market and external markets. In this respect, the economic performances of the region Randstad Holland depend, fundamentally, on the export-oriented services. The demand for these services depends on the rate of wage growth and productivity growth rate. Over the last few years, the region Randstad Holland faces a relatively slow growing economic growth rate due both to a relatively sharp increase in wage costs per employee and disappointing developments in productivity. On the other hand, the region still faces enormous challenges regarding the promotion of the creation and application of innovative and entrepreneurial knowledge. The knowledge interaction between several actors needs to be improved in order to consider the region Randstad Holland as a Region of Hubs of Knowledge.

¹¹⁸ OECD, 2000:7.

Having determined that the region Randstad Holland possesses characteristics of both type 2 and type 3, one could derive the additional conclusion that the determinant key drivers of competitiveness for this region should be sought in the field of **human capital, accessibility, clusters, innovation, entrepreneurship and economic governance**.

Research regarding regional competitiveness carried out by several academics such as Porter, Stern and Furman, O'Brien, Scott, van Doorn and Jansen endorse the claim of Ecorys-NEI and Cambridge Econometrics that the specific characteristics of a location helps or hinders firms in their competitive efforts. These academics believe that the sophistication with which companies compete in a particular location, regardless the features of a location, is strongly influenced by the quality of the local business environment. Porter, in particular, believes that in advanced regional economies, the most decisive aspects of the quality of the local business environment are often cluster specific. Porter feels that that clusters affect regional competitiveness in three broad ways: by increasing the productivity of companies in the area, by driving the direction and pace of innovation, which underpins future productivity growth and by stimulating the formation of new businesses, which expands and strengthens the cluster itself.

Another important conclusion that could be derived from the scientific debate regarding regional competitiveness is the conclusion that innovation is a very, if not the most, important source of competitive advantage in advanced regional economies. Research carried out by Porter, Stern and Furman have proved that the innovation intensity in a region depends on the interaction between private sector strategies and public sector institutions and its governance policies. It is important to stress that it is the private sector that is the ultimate engine of innovation. In return, innovation would be positively linked with entrepreneurship and clusters. A pre-requirement of innovation is the presence of high-quality and specialized inputs such as human resources, research infrastructure, physical infrastructure and information infrastructure. In this respect, supporting economic governance is indispensable.

Porter, Stern and Furman have identified four attributes that affect the innovation intensity in a region and therewith, the competitiveness of a region, namely: the presence of high-quality and specialized inputs (human resources, research infrastructure, information infrastructure and risk capital), a context that encourages investments and local rivalry, a sophisticated local demand and the local presence of related and supporting industries (clusters). These attributes are quite in line with the division of Ecorys-NEI and Cambridge Econometrics regarding region types and determinants of regional competitiveness.

The Lisbon Strategy, as it has come to be known, is a comprehensive series of reforms in the economic, social and environmental domain. Improved economic growth and increased employment would provide, according to this decade long strategy, the means of sustaining social cohesion and environmental sustainability. In their return, social cohesion and environmental sustainability could contribute to a

higher level of growth. In other words, each element of the Lisbon Strategy is needed for the success of the whole.

Lisbon's assumption that economic growth, social cohesion and environmental sustainability are interconnected and that these elements could reinforce each other is affirmed by the literature survey of this research. One could derive from the previous discussed theoretical notions that, according to the scientific literature, attaining goals related to higher economic growth and increased employment requires commitment to social and environmental sustainability.

In general, according to the scientific literature, the relationship between economic growth and employment and the relationship between economic growth and social cohesion are positive ones. Economic growth is expected to lead to more employment on the long term as long as the rate of economic growth rate exceeds that of labour productivity growth rate. One could find rather scientific evidence that economic growth provides means of sustaining social cohesion than that economic growth is a social disruptive process. In return, according to the theory, social cohesion provides means of economic growth rather than that social cohesion is an economic disruptive process. Theoretical notions regarding economic sustainability point out that environmental sustainability is indispensable. Economies are, namely, linked to the environment at two points: where resources go in and waste come out. To make economic growth more ecologically viable products and services will have to be made of, or use up, drastically less materials and energy and generate significantly less waste and pollution. In addition, higher environmental standards are needed. In return, higher environmental standards could function as an engine for innovation and, therefore, for creating markets and business opportunities. Well thought-out environmental policies could increase, namely, competitiveness through greater resource efficiency and new investment opportunities. In this sense, environment policies could help the (core) Lisbon Strategy objectives of getting more economic growth and jobs.

The theoretical justification of government intervention regarding the issues raised by the Lisbon Strategy in order to bring about the most competitive knowledge-based economy that is capable of more and better jobs, social cohesion and environmental sustainability could be found on the ground of both economic efficiency and equity. On the one hand, it is imaginable that one could claim that, at present, resources are not used in technologically most efficient manner; in particular regarding the resource 'nature' and, therefore, Member States face difficulties in accomplishing efficient economic outcomes. It is a fact that competitor countries (U.S., Japan and China) threaten Europe's position in the global economic league table. It is important to say that I cannot assess to which extent this argument is valid. On the other hand, one could claim that government intervention is needed to accomplish the socially desirable outcomes of the Lisbon Strategy (modernizing and improving social protection, promoting social inclusion, promoting gender equality and reinforcing fundamental social rights and combating discrimination Lisbon's social agenda).

The scientific literature distinguishes, more or less, six sources of market failure, and, therewith, justifications for government intervention, namely, imperfect competition, externalities, public goods, merit goods, imperfect information and the macro economics of market societies. In the case of the

Lisbon Strategy, at least, four sources of government intervention resides. Firstly, in the existence of imperfect competition regarding, among others, telecommunication services in local access networks in isolated/remote areas, public procurement, the Internal Market regarding services, research and development (particularly regarding cleaner and smarter innovation) and education. Secondly, in the existence of negative externalities regarding environmental impacts and in the existence of positive externalities regarding research and development spillovers. Thirdly, in the existence of imperfect information regarding EU policies in a large number of areas on both sides of the market. Finally, in the existence of macroeconomic instability as a result of periodic downswings. In such a period economic activity could be met by government intervention.

Returning back to the driving forces of regional competitiveness in the case of the region Randstad Holland, the question has remained why the Randstad authorities should intervene in the first place regarding human capital, clusters, innovation, entrepreneurship, accessibility supported by adequate economic governance? What is the justification for government intervention regarding these factors? Which sources of market failures could be identified? In this respect, the following conclusions could be derived.

Human capital – externalities, merit goods and imperfect information

Positive externalities:

- Education generates positive externalities associated with social, cultural and economic impacts.
- Externalities associated with knowledge spillovers.

Merit good:

- Education generates positive externality effects. Positive externality gives reason to government intervention.

Imperfect information:

- Imperfect information on side of business regarding profit of investments in education.
- Imperfect information on side of consumers regarding the nature of education products/services.

Accessibility – externalities and imperfect information

Externalities:

- Infrastructure generates positive externalities associated with social and economic impacts.
- Infrastructure generates negative externalities associated with environmental impacts.

Imperfect information:

- Imperfect information on side of business regarding profits of investments in accessibility (high risks).
- Imperfect information on side of consumers regarding the nature of infrastructure products/services.

Clusters – imperfect information

Imperfect information:

- Imperfect information on side of business regarding the profits of the presence of clusters regarding productivity, innovation and the formation of new business.

Innovation - externalities and imperfect information

Externalities:

- Innovation generates (positive) externalities associated with research and development spillovers.
- Innovation could generate externalities associated with environmental impacts (negative externality).

Imperfect information:

- Imperfect information on side of business regarding profits of R &D investments and new developments in R&D field.

Entrepreneurship – imperfect information

Imperfect information:

- Imperfect information on the side of potential entrepreneurs regarding chances and threats with respect to entrepreneurship.
- Imperfect information on the side of business regarding the supporting entrepreneurial minds.

Chapter 5 The approach of the Lisbon Strategy by the cooperative union Randstad

5.1 Introduction

Now that I have discussed the essence of the Lisbon Strategy in terms of its dimensions, its objectives and its sectoral targets, attention will be paid to the approach of the Lisbon Strategy by the members of the cooperative union Randstad. Firstly, I would like to discuss, briefly, the approach of the Lisbon Strategy by the national government.

5.2 The approach of the Lisbon Strategy by the Dutch national government

The current Dutch national government has set several top policy priorities that she wishes to have realized at the end of her period. Some of these priorities have been set to make the necessary steps towards the delivery of particular objectives and targets of the Lisbon Strategy. In this respect, it is important to say that the Dutch national government has not developed an overall national strategy or national action plan with regard to the delivery of the Lisbon Strategy.

At present, it seems that the Dutch national government has only owned the economic agenda of the Lisbon Strategy. In the past, the Netherlands has showed to be capable to set impressive economic performances. Moreover, the economic performances of the Netherlands were of that extent that people spoke about the so-called 'Dutch Miracle'. However, over the last four years, the Netherlands faces, compared to several other European countries, some economic difficulties. While a number of countries across Europe are capable to take advantage of the economic recover of the global economy, the Netherlands shows a relatively slow growing economic growth rate.

The Dutch national government believes that the relatively slow growing economic growth rate is the result of some structural shortcomings. Among these structural shortcomings is the rise in the unit labour costs the most important one. This is due both to a relatively sharp increase in wage costs per employee and disappointing developments in productivity.

The way along which the Dutch national government wishes to attain economic sustainability is by improving her policy along the guidelines of the Lisbon Strategy regarding:

- Knowledge, research and innovation, and
- Labour market, social security and social cohesion.

5.2.1 National priority 1: Knowledge, Research and Innovation

The Dutch national government considers the delivery of a knowledge-based economy as the main condition to attain economic sustainability. This conviction, which is, for that matter, in line with the thought behind the Lisbon Strategy, has led to several (intended) policy renewals, in particular in the field of education, research and innovation.

5.2.1.1 The role of knowledge in the delivery of a knowledge-based economy

The (intended) policy reforms in the field of education concern, mainly, the education at three levels: the higher education (including the higher vocational education), the intermediate vocational education and the lower vocational education.

The quality of the Dutch higher education is of international level. However, at present, the Netherlands faces the major problem that universities, knowledge institutions (whether belonging or not to universities) and business interact insufficiently with each other. The high-quality knowledge that universities and knowledge institutions possess is not sufficiently commercially used by business to innovate their products, services and/or production processes. This is particularly the case with SMEs. Although the quality of the Dutch higher education is of international level, this level of education still faces the challenge to make a considerable contribution to the Dutch ambition to belong in 2010 to the top of the international knowledge-based economies. It is up to the knowledge workers (with this term I do not only mean researchers and technicians, but also people who are high educated in other fields, who work in big companies, SMEs, in the public sector or the private sector and students) to bring this challenge to reality. The policy note HOOP 2004¹¹⁹ gives a description of the challenges of the most important recent social trends for the higher education and research done by institutions that belong to this education scene.

According to HOOP 2004, the essence of the Dutch ambition is the reinforcement of the relation between education and business, the better positioning of the Dutch higher education on the international higher education market, the existence of centres of excellence of education and research in the Netherlands, a better economic competition position in the world economy, more variety and better quality of studies, an education system that is based on the demand of businesses, social sectors and students, an education system that is capable of offering tailor-made trainings to individuals and an education policy that increases the supply of knowledge workers who are enterprising¹²⁰.

Apart from the wish to receive contributions by higher education institutions and knowledge institutions to attain the objective to deliver a top knowledge-based economy, the Dutch national government wishes to receive, at the same time, contributions by lower and intermediate vocational education institutions.

¹¹⁹ HOOP 2004: Hoger Onderwijs en Onderzoek Plan 2004.

This wish has been formulated in the policy notes ‘Koers Beroeps en Volwassen Educatie’ (BVE)¹²¹. These policy note describe in which direction the Dutch lower and intermediate vocational education should be developed in the light of the Lisbon Strategy and which policy line is going to be followed in order to develop the Dutch vocational education in the desired direction.

In short, the policy note Koers BVE (2000) discusses four main themes: accessibility, quality, self-steering (autonomy) and responsibility and regional co-operation. The themes concerning accessibility and quality deal with the question *what* has to be changed to improve the (lower) vocational education. The themes concerning self-steering and responsibility and regional co-operation deal with the question *how* to improve the quality and the accessibility of the Dutch (lower) vocational education.

The Dutch national government wishes to improve the accessibility of the lower and intermediate vocational education by giving accessibility a regional meaning. That means making vocational education institutions more accessible and attractive for more people in the region where they are located. The Dutch national government believes that the quality of the vocational education at the lower and intermediate education level has to be improved by feeding vocational education institutions from their environment, especially from business and local governments. Therefore, the Dutch government chooses to improve the quality of the Dutch vocational education by bringing education institutions, business (SMEs) and local governments together and to force them to improve the co-operation between them¹²².

5.2.1.2 The role of research and innovation in the delivery of a knowledge-based economy

The European Commission believes that the relatively slow growing economic growth rate of the Netherlands is, mainly, the result of the relatively slow growing labour productivity rate. That would be the result of the relatively low public and private investments in R&D and, therefore, the insufficient innovation by business. Innovation would be the driving force behind productivity developments.

The Dutch national government endorses this statement of the European Commission and has renewed, therefore, the Dutch innovation policy, including towards social-cultural issues. Unfortunately, avoiding risks is still part of the Dutch knowledge climate. The lack of a knowledge climate where guts, risk taking and entrepreneurship-sense is appreciated, has led to the situation that the Netherlands is not exploiting, economically, sufficiently the knowledge that is generated in this country. In order to improve the innovative capacity of business, the Dutch national government has set itself the priority to work towards a culture where creative minds can excel and where excellent knowledge is applied and economically exploited¹²³.

¹²⁰ See annex 3 for an overview of how the Dutch national government wish to face these challenges for the higher education institutions.

¹²¹ See annex 4 for the essence of the policy notes Koers BVE 2000 and Koers BVE 2004.

¹²² Ministry of Education, Culture and Sciences, 2000: 49-56.

¹²³ Ministry of Economic Affairs, 2003: 5-12.

The current Dutch government is convinced that the Netherlands does not only face an insufficient innovation by business, but, at the same time, an unattractive innovation climate and an insufficient focus and mass in research¹²⁴. In order to treat these problems, the Dutch national government has introduced a set of policy lines that will have to be followed in the coming years¹²⁵.

5.2.2 National priority 2: Labour market, social security and social cohesion

Against the background of the deteriorated economic situation in the Netherlands, the Dutch government has set herself in her National Action Plan Employment 2004 (NAP Employment) the task of strengthening the socio-economic structure¹²⁶. The way along she wishes to do this, is by:

- A moderate rise in the labour costs,
- An increase in the labour productivity, and
- A significant improvement in the employment rate.

Moderate rise in the labour costs

The Dutch government attempts to moderate the rise in the labour costs through a moderate development of labour costs and through a productivity growth. The practical policy instruments in this context are deliberations with the social partners and investments in human capital (education and life long learning).

Increasing the labour productivity

The government wishes to boost the labour productivity along a three-pronged approach. This involves enhancing the economy's capacity for innovation, strengthening human capital and fostering economic dynamism by, among others, promoting entrepreneurship and improving the functioning of the market. An example is the government's decision to establish the Innovation Platform. In this platform governments and leading authorities in business and academic communities come together to discuss ways of improving the Dutch innovation capacity. The national government uses the insights that emerge from this forum for the development and implementation of new policy that will benefit the Dutch economy.

Increasing the labour rate

The current Dutch government wishes to put a stop to the steady growth in the number of unemployed and inactive people. In order to increase the labour force participation permanently, the Dutch government is overhauling the unemployment and disability benefit schemes. Unemployment and disability schemes are going to have a more activating effect. For instance, the qualifying requirements and the period of entitlement to a benefit will be tightened up. Increasing the labour participation means that everyone who is of the right age and who is able to work must actively participate in the labour

¹²⁴ See 'Innovation Letter 2004'.

¹²⁵ See annex 5 for an overview of how the Dutch national government wishes to treat problems related to research and innovation.

¹²⁶ Ministry of Employment and Social Affairs, 2004: 5.

market. This is particularly applicable to groups that, currently, have a low employment rate, especially older people. To that end, voluntary early retirement and pre-pension schemes will be given less favourable tax treatments. Furthermore, the obligation to apply for jobs and the other obligations aimed at getting people back to work will be applied, as soon as politically agreed on, also to older people.

Women, in particular, often have family responsibilities in addition to their job. The Dutch government is seeking ways of making it easier for employees, both female and male, to combine work and family responsibilities.

Objectives have also been set concerning unemployment among young people. The government's aim is that youth unemployment (15-22 year olds, excluding schoolchildren and students) should not be more than twice the total unemployment rate over the period 2003-2007. With this aim in mind, a youth employment action plan has been put forward. By 2006 the government also wishes to see a 30% reduction in the number of young people with no basic qualifications, compared with the situation in 1999 and a 50% reduction by 2010, compared with the situation in 2000. The intention is that every unemployed young person should be in work and/or studying again within six months. Another objective is that the employment rate amongst ethnic minorities should increase to 54% by 2005. Equal opportunities and minority's policy play an important part here.

Finally, one important aspect of the Dutch policy aimed at attaining higher labour force participation is the reintegration policy. In the opinion of the Dutch national government, an effective reintegration policy would prevent people to become dependent on a benefit. Therefore, the Dutch government searches for adequate policy instruments to apply in the reintegration market in order to force reintegration agencies to perform better when it comes to helping inactive people to find a (permanent) job¹²⁷.

The Dutch national government wishes to improve the labour rate also by attaining social cohesion. Therefore, she has conducted policy that is explicitly aimed at combating social exclusion. This policy is visibly inspired by the (Lisbon) social agenda. The Dutch social cohesion policy is based on four principles¹²⁸:

1. Promotion of *social participation* in the form of paid employment or - where people are very remote from the labour market - by means of social activation,
2. Guaranteeing *security of income* for people who are not able to support themselves independently,
3. Promotion of *accessibility of provisions* in, among the most important, the areas of housing, education, care, public transport, legal assistance and integration,

¹²⁷ Ministry of Employment and Social Affairs, 2004: 5-7.

¹²⁸ Ministry of Employment and Social Affairs, 2004: 9-21. See annex 6 for an overview of the policy measurements aimed at improving the Dutch policy with respect to the labour market, social security and social cohesion.

4. Encouraging *active input* by and close co-operation between all *stakeholders* in combating social exclusion and poverty.

5.3 Reflection

The Dutch national government has taken the Lisbon Strategy as a guideline for her policy in several policy fields. However, it seems like that the Netherlands has narrowed the Lisbon Strategy to (only) far-reaching economic reforms. Most of the priorities and policy activities of the Dutch national government that have been inspired by the Lisbon Strategy are aimed at attaining one overall objective: economic sustainability. Even the wish to attain social cohesion should be seen in the light of a battle for economic sustainability. The Dutch social cohesion policy, related to the Lisbon Strategy, is not so much because of a battle for social exclusion and poverty in a socio-cultural way.

The current national government does not consider the Lisbon environmental agenda as a priority issue¹²⁹. At present, attaining Lisbon's environmental objectives is far less important than the delivery of the economic agenda of the Lisbon Strategy. The 6th EEAP does not play a significant role in the Dutch environment policy. At the same time, there is no one-on-one translation of ETAP to national policy. However, it is difficult to assess whether and which role ETAP will play in the future Dutch environmental policy. It is imaginable that the national government will concentrate more on cleaner, smarter and competitive environmental technologies as an option to support sustainable economic growth.

The danger of an one sided (economic) approach of the Lisbon Strategy is that the Lisbon Strategy will not be delivered as the result of a lack of synergy between economic, social and environmental reforms (the three pillars of the Lisbon Strategy). I believe that the three pillars of the Lisbon Strategy are equally important. The strength of the Lisbon Strategy has been the integrated approach. It combines different policies in different societal areas at different levels. Inequity, and therefore, unbalanced reforms will not lead to the desired outcome: to attain one of the most competitive and dynamic knowledge-based economies in the world, capable of sustainable economic growth with more and better jobs, greater social cohesion and environmental protection.

Although the fact that, at present, the Lisbon Strategy is the biggest project of the EU and the fact that the Lisbon Strategy is already a guideline for the policy of the Dutch national government in several societal fields, the national government does not communicate, explicitly, this project to sub-national governments and other stakeholders. This has resulted in unfamiliarity with this decade-long strategy.

¹²⁹ There are no national policy documents or notes that are explicitly inspired by the 6th EEAP and ETAP. Apart from that, this conclusion has been confirmed by Mr drs G. Roest, Dutch Ministry of Housing, Spatial Planning and Environment (project manager informal environment Council) and Mr E. Dame, Dutch Permanent Representation Brussels, Environment and Nature Policy.

I believe that the delivery of the Lisbon Strategy requires ownership by all and reform partnership between important stakeholders.

Apart from ownership and reform partnership, the national government should also pay greater attention to governance. Breathing fresh life into the Lisbon Strategy asks for greater focus on how to improve the way the Dutch national government has organized her reform efforts.

Finally, I would like to notify that I feel that, at present, the Dutch national government has either not introduced policy instruments or introduced inadequate or wrong instruments to deliver the Lisbon Strategy. It is clear *which* Lisbon objectives the national government wishes to attain and along which way, but what too often lacks is *how* exactly she will meet her priorities and objectives in terms of concrete activities, projects and measurements; in particular with respect to social security and social cohesion. For example, it is still not clear to me how the Dutch government would like to make it possible for employees, both female and male, to combine work and family responsibilities, how to get young unemployed people back to school or work within six months, how to promote life long learning, how to create a culture where creative minds could excel and/or how to improve the provision of good quality childcare.

5.4 The approach of the Lisbon Strategy by the cooperative union Randstad

The current overall policy priority of the members of the cooperative union Randstad is clear and univocal: attaining economic sustainability. Moreover, the members of the cooperative union have the ambition to attain a Gross Regional Product (GRP) that will give the region Randstad Holland a position in the EU-top 5 for 2015. That is quite ambitious, referring to the current positions of the four provinces and four city-municipalities in European rankings. The four provinces fill, namely, the 13th place and the four city-municipalities the 7th place¹³⁰. The 12 sub-national Randstad authorities consider the delivery of a regional knowledge-based economy as a condition to attain sustainable economic growth. In the opinion of these authorities, economic growth would lead, ultimately, to employment.

The members of the cooperative union Randstad have not developed an overall regional strategy with regard to the delivery of the Lisbon Strategy. The collaboration among the 12 members of the cooperative union Randstad is only visible, in terms of the domains that have been addressed by the Lisbon Strategy, in the economic area. Environmental sustainability is considered, just like the delivery of a regional knowledge-based economy, as a pre-condition to deliver economic sustainability. However, the 12 sub-national Randstad authorities have not developed a joint regional environmental strategy nor did the authorities included the environmental issues raised by the Lisbon Strategy in their joint regional economic strategy. One of the reasons why environmental issues have remained outside the cooperation sphere is the fact that the members of the cooperative union Randstad do not have a coherent

¹³⁰ Regio Randstad, 2004.

environmental vision at the level of Randstad. The same is the case with social (cohesion) policy. Another reason why social (cohesion) policy has remained outside the cooperation sphere is the fact that social policy is defined, for an important part, by the national government and the municipalities. Provinces and kaderwetgebieden do not have much to say regarding social (cohesion).

Attaining economic sustainability in the region Randstad Holland is of such importance for the members of the cooperative union Randstad that they developed a joint regional economic strategy: the Economic Strategy Randstad (2004). That is quite remarkable, because, before 2004, the cooperative union did only have joint strategies for spatial planning and mobility without bringing the economic angle into these strategies. These strategies did include environmental issues, but not those issues stressed by the Lisbon Strategy.

The reason to develop a joint regional economic strategy is twofold. The first reason is the enormous international competition that the region Randstad Holland faces, in particular in European context¹³¹. The 12 sub-national Randstad authorities believe that scale enlargement is the best way to face this challenge. Most of the socio-economic problems in the region Randstad Holland would ask for joint policies at a higher governance level than at the level of a single province, city-municipality, Kaderwetgebied or wing¹³². The second reason to develop a joint regional economic strategy lies again in the international context. The region Randstad Holland is laying behind on some other European regions in translating knowledge to economic pay-offs (innovation). However, most of the Dutch universities and knowledge institutions are established in the region Randstad Holland. Apart from that, the national potential of 'human capital' could be found in this region. The region has, namely, a strong force of attraction on knowledge workers.

The international competition that the region Randstad Holland faces, in and outside Europe, asks for the exploitation of its strengths and potentials. The strengths and potentials of the region Randstad Holland could be summarized as followed.

- The presence of universities and knowledge institutions, most of the Dutch knowledge institutions are concentrated in the cities Amsterdam, Rotterdam, The Hague and Utrecht. These institutions are internationally prominent.
- The region has a strong force of attraction on young people. Young people are the potential knowledge workers of tomorrow.

¹³¹ Major competitors of the region Randstad Holland are the regions: Western Flanders, München, Paris, London, Dublin, Hamburg and Stockholm.

¹³² The term wing level refers to two particular wings of the region Randstad Holland: North Wing Randstad and the South Wing Randstad. The North Wing includes the agglomeration Haarlem, Flevoland, Gooi & Vechtstreek, Groot-Amsterdam, IJmond, Kop N-Holland & Alkmaar, Utrecht and the Zaanstreek. The South Wing includes the agglomeration Leiden & bollenstreek, agglomeration 's Gravenhage, Delft & Westland, Groot Rijmond and East South Holland.

- The region, in particular the four agglomerations (city-municipalities), have at its disposal strategic clusters of economic activities that are necessary for creating metropolitan markets: *régie*, logistical activities, creative activities and eminent businesslike services.
- The region has several economic profiles. The four big cities have each their own ‘economic profile’ but they are very supplementary. Amsterdam is a strong international business centre with a high concentration of *régie* and creative activities. Rotterdam has, as the logistical nodal point of the Netherlands, a high concentration of logistical activities. The Hague is the seat for (international) juridical institutions and Utrecht has a high concentration of businesslike and creative services.
- The region has a strong force of attraction on governmental and non- governmental (international) institutions. At the same time, it is also a favourite place for international congresses and international tourism.
- The region has a strong force of attraction on Dutch and European head offices and distribution centres.
- The region possesses less urbanized areas such as Flevoland, Waterland and the Green Heart with a complementary function towards the urbanized areas in the region: recreation and rural residence places

The way along which the 12 sub-national Randstad governments wish to deliver economic sustainability is two-pronged¹³³:

- Improving the *attractiveness* of the region Randstad Holland by improving the establishment climate in the region for established and new (international) business¹³⁴ and by improving the regional investment climate;
- Improving the *innovativeness* of business in the region Randstad Holland.

5.5 Reflection

Having analysed the content of the Economic Strategy Randstad and having had an interview with one of the main authors of this strategy, I have come to the conclusion that the 12 sub-national Randstad governments do not have a well-considered regional vision with respect to improving the innovativeness of business in the region Randstad Holland. That explains why the Economic Strategy Randstad does not contain many activities, projects and policy measurements aimed at strengthening the innovative capacity of Randstad’s economy, whereas the Economic Strategy Randstad contains a large number of activities, projects and policy measurements aimed at improving the attractiveness of the region¹³⁵.

¹³³ Regio Randstad, 2004.

¹³⁴ See annex 7 for a SWOT analysis with regard to the regional establishment climate in the region Randstad Holland.

I believe that the presence or absence of a regional innovation strategy will be decisive whether the 12 sub-national Randstad governments will succeed or not in their battle for economic sustainability. The delivery of economic sustainability in the region Randstad Holland requires, namely, a significant growth of the regional labour productivity. In this respect, innovation is tremendously important. Strengthening of the innovative capacity of the regional economy would require continue innovation by business supported by the regional and local governing authorities.

Although it is the private sector that is the ultimate engine of innovation, both the presence of public institutions and the policies of regional and local governments have a great impact on the innovative activities of companies within a region. In other words, innovation levels depend for an important part on the interaction between private sector strategies and public sector institutions¹³⁶.

At the same time, I have come to the conclusion, on basis of my participation in meetings and my content analyses of strategic Randstad documents, that the members of the cooperative union Randstad do not share a regional vision or strategy with regard to social (cohesion) or environmental issues. Social (cohesion) policy has remained at the governance level of municipalities and environmental affairs are dealt at the level of provinces or kaderwetgebieden. There is not much policy space or need felt by the members to deal with these issues at another governance level.

The 12 sub-national Randstad authorities do consider environmental sustainability at the regional level as a condition to attain economic sustainability. Therefore, environmental issues are taken into consideration. However, in this respect, the environmental issues raised by the Lisbon Strategy do not play a significant role. That is not strange, bearing in mind that Lisbon's environmental objectives should be owned in the first place by the national government. It is the national government who has to take the main responsibility and how has to take the main role in meeting these objectives.

Basically, the approach of the Lisbon Strategy by the members of the cooperative union Randstad is one sided. For that matter they have not performed better than the national government with regard to the Lisbon Strategy. The 12 sub-national Randstad authorities have endorsed the importance of the delivery of the Lisbon Strategy at the national and regional Randstad level in a joint position paper. However, they lack a coherent and integral regional approach regarding the issues raised by the Lisbon Strategy in the economic, social and environmental domain. At present, it seems that the 12 sub-national Randstad authorities are, mainly, interested in improving the competitiveness of their region and to increase the regional economic growth. Nevertheless, the delivery of the Lisbon Strategy at the regional level requires far reaching actions in all three fields addressed by the Lisbon Strategy. Each element of the Lisbon Strategy is needed for the success of the whole. Improved economic growth and increased employment

¹³⁵ See annex 9 for an overview of the large number of activities, projects and policy measures introduced in the Economic Strategy Randstad 2004.

¹³⁶ Porter, Stern and Furman, 2001:2.

provide the means of sustaining social cohesion and environmental sustainability. In their return, social cohesion and environmental sustainability can contribute to a higher level of regional economic growth and employment.

Although the current Dutch political-administrative system does not acknowledge the region Randstad Holland as an administrative entity, and, therefore, the members of the cooperative union Randstad do not have much policy space to execute policy at the level of Randstad with regard to social and environmental affairs, I do believe that the 12 sub-national Randstad authorities could play, jointly, a more pro-active role in these fields. It is, to certain extents, also a matter of political choice.

Chapter 6

Analysis

6.1 Introduction

This chapter will provide a confrontation between the theoretical framework and the empirical findings of this research.

6.2 Analysis

The 12 sub-national Randstad authorities have endorsed in a joint position paper the importance of the delivery of the Lisbon Strategy at both the national level and regional Randstad level. However, at present, they have not developed an overall regional Randstad strategy that addresses far-reaching actions in the economic, social and environmental domain. If the members of the cooperative union Randstad are to deliver the Lisbon Strategy then they must take action, as much as possible, in *all* the fields that have been addressed by the Lisbon Strategy.

So far, the 12 sub-national Randstad authorities have only succeeded in developing a regional economic strategy in the light of the Lisbon Strategy that, mainly, includes one particular component of the economic agenda of the Lisbon Strategy: the component regarding the importance of networks (transport and telecommunication) in the delivery of sustainable economic growth. However, the 12 sub-national Randstad authorities depend, fundamentally, with regard to increasing investments in networks on the financial support of the national government. The same is the case with investment in human capital, the other component of the economic agenda of the Lisbon Strategy. At the same time, provinces, municipalities and kaderwetgebieden depend, with respect to the quality of human capital in the region Randstad Holland, on the education institutions. In the end, it is up to the national government and the education institutions to decide the form and content of education curricula.

It is evident that the region Randstad Holland needs, urgently, actions with regard to human capital. A benchmark report of Ecorys has showed that the region Randstad Holland receives very low scores from entrepreneurs with respect to human capital. High quality human capital is considered as the most important factor for entrepreneurs regarding investment decisions in regions across Europe. The importance of the presence of high-qualified human capital for trade and industry has been confirmed in an interview with Mr Mooren (VNO NCW West) and Mr Schröder (MKB Nederland). They have both stressed that employers, SMEs in particular, would like to see the Randstad authorities to bend over the question how to improve the quality of human capital in the region Randstad Holland. They believe that the quality of education and, therefore, the quality of human capital has decreased in the last few years. They feel that the national government and the education institutions neglect certain major problems in the education sector, in particular at the level of the lower and intermediate vocational education. Mr Mooren even used, in this respect, the notion ‘time bomb’.

Examples of problems in the education scene mentioned by Mr Mooren and Mr Schröder are the following: the theoretical character of education, the absence of teachers with a business background, the large percentage of dropouts, the worse work-learning routes, the insufficient use of competence-aimed learning in education programmes and the lack of sense of urgency to assess education curricula in collaboration with trade and industry, in particular SMEs. They have both expressed the wish to see the Randstad authorities bringing together local and regional authorities, enterprises and education institutions in order to assess how to deal with challenges regarding the quality of human capital in the region Randstad Holland.

An additional interview with Mrs ten Kroode (B & A Consultancy) has reconfirmed that the quality of human capital should be a point of attention for the Randstad authorities. Mrs ten Kroode stressed that entrepreneurship is of major importance for the city economies in the region Randstad Holland. Entrepreneurship would require high quality human capital. It is important to say that she believed that the Randstad authorities should pay attention, particularly, to the large percentage of dropouts at the vocational education level and, in this respect, the large number of dropouts among children of immigrants. She notified that entrepreneurship among immigrants, children of immigrants and new comers has increased tremendously over the years. That could be explained by their (worse) societal position. They would have a more coercive force profile ('gedwongen situatie profiel'). Remarkable is that, according to Mrs ten Kroode, the entrepreneurial activities of the younger generations of ethnical minorities take place in the technology and service sector. Both these sectors are of major importance for the urban economies of the region Randstad Holland.

The urgency to pay attention to developments with regard to human capital in the region Randstad Holland has also been stressed in an interview with Mr Sini (Staff director major city policy ROC Midden Nederland). Although the region has a strong force of attraction on young high-educated people, the region faces, at the same time, a large number of dropouts that leave school without a so-called 'start qualification' (MBO niveau 2). According to Mr Sini, 30-35% of the dropouts leave school without a start qualification. Mr Sini believes that the large number of dropouts at the lower and intermediate vocational education level in the region Randstad Holland is caused by several factors, namely the upbringing of children, the scanty supervision of children, the anonymity in the major cities and the insufficient social connection of parents and children from ethnical minorities groups with the (local) society.

The opinion of Mr Sini, regarding the large number of dropouts at the lower and intermediate vocational level in the region Randstad Holland, differs from the opinion of Mr Mooren and Mr Schröder. Mr Mooren (VNO NCW West) feels that the high percentage of dropouts in the region Randstad Holland is rather caused, for a very important part, by the worse quality of education at the lower and intermediate vocational education level than by societal phenomena. Again, the education would be too theoretical and too general forming. Therefore, pupils drop out and businesses struggle with an increasing number of unfilled jobs in certain sectors and, at the same time, with employees who do not have the knowledge or

skills that businesses demand or need. This particular opinion has been endorsed by Mr Schröder (MKB Nederland). He feels that education, at *all* levels, does not connect, sufficiently, with the demands and needs of trade and industry; SMEs in particular. That has resulted in an insufficient interaction between education institutions and enterprises. According to Mr Schröder, enterprises do experience the insufficient interaction between education institutions and businesses as problematic. The insufficient interaction between the higher education institutions, universities in particular, and businesses would explain, according to Mr Schröder, the insufficient innovation by SMEs. Universities are, in his opinion, not capable to deliver high-qualified knowledge workers that are needed for practical (innovation) routes. Mrs van Eijndhoven (President Executive Board Erasmus University Rotterdam), on the other hand, expressed, during an interview, that she feels that universities should be, primarily, aiming at generating scientific knowledge and not at generating applied knowledge; although the fact that the majority of high-educated people work in SMEs. The delivery of high-qualified knowledge workers needed for practical (innovation) routes should be supplied by vocational education institutions. Mrs van Eijndhoven: ‘...universities do not seek for one-on-one relationships with SMEs, SMEs are often not knowledge intensive or innovative’. That is clearly an opponent opinion to the opinion of Mr Schröder.

The reason why the 12 sub-national Randstad authorities have developed a regional economic strategy is the fact that, during the years, the region Randstad Holland has become less competitive than some other regions across Europe. Therefore, the region faces the danger of worse regional economic performances on the long term. The region Randstad Holland faces, particularly, challenges with regard to the attractiveness of the region (‘attractiviteit’) and innovativeness by business in the region (‘innovativiteit’). In my opinion, the regional economic strategy of the Randstad authorities contains an excellent analysis with regard to the attractiveness of the region, but they do lack a coherent regional vision regarding innovation. That is to certain extent alarming. The delivery of economic sustainability in the region Randstad Holland requires, namely, a significant growth of the regional labour productivity. Innovation is in this respect indispensable. The promotion of innovation by business in the region Randstad Holland requires, again, a sufficient supply of high-qualified human capital. According to Mr Kleyn, co-writer of the Economic Strategy Randstad, the members of the cooperative union Randstad do acknowledge the importance of high-qualified human capital for the delivery of regional economic sustainability. However, the Randstad authorities lack clarity about how to deal with this challenge.

One of the conclusions derived in chapter 4 has been that the region Randstad Holland possesses characteristics of both type 2 and type 3 and that, therefore, the determinant key drivers of competitiveness for this region should be sought in the field of **human capital, accessibility, clusters, innovation, entrepreneurship and economic governance**. The literature survey of this research has taken place preliminary to my interviews. Remarkable is that the importance of the previously discussed key drivers of competitiveness for the economic performances of the region Randstad Holland has been confirmed by *all* my respondents. There was no respondent who denied the importance of one of these factors. Moreover, the question whether there were other factors that should get attention of the Randstad

authorities did not produce anything significant. In short, I could say that the notions derived from the theoretical framework of this research regarding the determining factors of regional competitiveness correspondent with the empirical findings.

On the question how these factors could be boosted or promoted by the Randstad authorities in the region Randstad Holland the following answers were given by important regional stakeholders and experts, namely, the *cooperative union Randstad* (Mr Kleyn, co-writer Economic Strategy Randstad, Mr Oudega, vice-director Regio Randstad Utrecht and Mr Pluckel, coordinator Regio Randstad Brussel), *trade and industry* (Mr Mooren, director VNO NCW West and Mr Schröder, permanent representative MKB Nederland), *education sector* (Mrs van Eijndhoven, president executive board Erasmus University Rotterdam and Mr Sini, staff head major city policy ROC Midden Nederland), *national government* (Mr Hensems, senior advisor and project manager 'Pieken in the Delta', department of Economic Affairs) and *experts* (Mr Holt, senior researcher Ecorys-NEI, Mrs ten Kroode, senior researcher B & A Consultancy and Mr de Vet, senior researcher Ecotec).

- **Human capital:** improving quality education, particularly lower and intermediate vocational education, decreasing drop outs, increasing labour participation, halving journey times between economic centres/improving mobility, developing better work-learning routes, maximizing participation in vocational education, promoting competence aimed learning, improving the housing market and improving the Randstad lobby with regard to developments in the education field towards the national government.
- **Accessibility:** reducing journey hours, improving quality of public transport, improving the joint lobby towards the national government (the main investor), reducing congestions around cities, improving reliability and frequency of public transport.
- **Clusters:** bringing stakeholders together, aligning interests, linking public-private actors, linking education-business relations, attracting high tech companies to the region by improving the establishment climates in the region, directed subsidies and directed investments in sectors, introducing measures that connect with the needs of clusters, facilitating stakeholders and promoting informal networks.
- **Innovation:** bringing together regional stakeholders, improving the public procurement policy, linking education-business relations, linking medium-small enterprises, linking business-knowledge institutions, excellent knowledge infrastructure, (international) talent workers and high quality of place.
- **Entrepreneurship:** promoting development of centres of excellence (prominent business schools), promoting entrepreneurship in education, training entrepreneurs (education), financing/facilitating starters (incubators), reducing red band, deregulation, tax reduces and financing of entrepreneurial experiments.
- **Economic governance:** assessing joint economic interests, assessing strategic interventions at the level of Randstad, leadership, assessing a Randstad agenda that has a broad scope under both

members of the cooperative union Randstad and non-members in the region Randstad Holland, joint investment programmes and joint communication/promotion.

The regional economic strategy of the Randstad authorities has not paid attention to five of the six previous mentioned key drivers of competitiveness for the region Randstad Holland. The authorities have only paid major and excellent attention to the factor accessibility. That will have, from a theoretical point of view, significant consequences in the battle for a competitive region.

In the case of region Randstad Holland, government intervention by the Randstad authorities regarding the key drivers of competitiveness is both theoretically and empirically justified. Theoretically seen, government intervention is justified because market failures do occur regarding the key drivers of competitiveness in the daily practice (see chapter 4, paragraph 4.5). In this respect, it is important to say that the driving factor economic governance is a factor that supports the government interventions regarding the other factors where market failure occurs. Empirically seen (a part from the scientific conditions regarding market failure), government intervention is justified because trade and industry in the region Randstad Holland would like to see the Randstad authorities resolving issues related to human capital, clusters, innovation, entrepreneurship, accessibility and economic governance. That has been made very clear during my interviews with Mr Mooren (VNO NCW West) and Mr Schröder (MKB Nederland). If trade and industry would have been capable to solve issues related to these factors why should they ask/scream for government intervention in the first place?

So far, I have only discussed the approach of the Lisbon Strategy by the members of the cooperative union Randstad from a single perspective, namely, the economic one; both in theoretical and empirical terms. That has to do with the fact that, in short, the 12 Randstad authorities have narrowed the Lisbon Strategy to actions with strong economic characteristics. The same is the case with the national government. However, the strength of the Lisbon Strategy lays in the equity of the three pillars of this strategy: far reaching reforms and actions in the *economic*, *social* and *environmental* domain. No equity between the three pillars of the Lisbon Strategy would mean no synergy and, therefore, no delivery of the Lisbon Strategy at the regional level.

I have come to the conclusion on basis of my interviews, documents analyses and my participation in several work groups that it seems that the members of the cooperative union Randstad do not intend to develop, on the short term, regional Randstad strategies with regard to social and environmental issues in general and the issues addressed by the Lisbon Strategy in particular. I believe that the reason is fivefold: **lack of ownership, lack of governance partnership, formal positions of sub-national authorities, modest competences of sub-national authorities** and the **lack of sense of urgency**.

Firstly, at present, the Lisbon Strategy is not owned as a whole by both the national government and the 12 sub-national Randstad authorities. The social and environmental agendas of the Lisbon Strategy do not have a regional priority. The Randstad authorities have chosen to set their regional top priority with the delivery of economic sustainability, without bringing, equally, the social and environmental angle of incidence into consideration.

Secondly, at the same time, there seems not to be any indications regarding governance partnership between the national government and the Randstad authorities. The national government considers the delivery of the Lisbon Strategy as a national matter, particularly regarding the social and environmental issues raised by this strategy. This has been stressed in interviews that I have had at the Ministry of Foreign Affairs (coordinator of the Lisbon Strategy), the Ministry of Economic Affairs and the Ministry of Housing, Spatial Planning and Environmental Affairs. Therefore, they will neither exercise pressure at sub-national authorities to develop regional strategies to deliver the Lisbon Strategy at the regional level nor will they ask them to develop regional social or environmental strategies in particular. The lack of external pressure by the national government to develop regional strategies regarding social and environmental affairs tends to lead to a lack of ownership by the sub-national authorities. The 12 sub-national Randstad authorities have succeeded to agree on a regional economic strategy, for an important part, because of the pressure, the request and the pro-active involvement of the national government.

Thirdly, the formal positions of the Randstad authorities in the social and environmental domain are relatively modest compared to their positions in the economic domain. Apart from that, the Randstad authorities have quite different formal positions in the social and environmental domain. The provinces and the kaderwetgebieden have, relatively, strong formal positions in the environmental domain. In this respect, the municipalities play a secondary role. On the other hand, the municipalities have a relatively strong position in the social domain; the formal positions of provinces and kaderwetgebieden are quite modest in this area. In general, the roles of the Randstad authorities in the social and environmental field are rather one of performers than one of autonomous strategic decision makers. Therefore, in contrast to economic affairs, there is not much policy space for strategic decision making at the regional Randstad level. As the national government has not owned the social and environmental agenda of the Lisbon Strategy, many Randstad-officials feel that the Randstad authorities do not have much policy space vis-à-vis the national government regarding setting Lisbon-objectives and targets and the design of policy instruments in the social and environmental domain.

An additional reason lies in the modest competences that the Randstad authorities possess regarding the social and environmental issues addressed by the Lisbon Strategy. A greater part of the actions called on by the Lisbon Strategy address national competences. In general, the social and environmental agenda of the Lisbon Strategy is the main responsibility of the national government.

Finally, abandoned the fact that the Randstad authorities struggle with the lack of ownership of the Lisbon Strategy as a whole, the lack of governance partnership with the national government, the different formal positions of provinces, municipalities and kaderwetgebieden in the social and environmental domain and the modest competences of the Randstad authorities regarding the social and environmental issues addressed by the Lisbon Strategy, the 12 sub-national Randstad authorities seem not to feel any kind of sense of urgency to bend over the social and environmental issues raised by the Lisbon Strategy. The presence of a sense of urgency is indispensable in collaborations between authorities.

It is important to say that the 12 sub-national Randstad authorities do consider environmental sustainability as a condition to attain economic sustainability. Moreover, according to Mr Oudega, vice-director Regio Randstad Utrecht, the 12 sub-national authorities consider environmental sustainability as a prior condition to deliver regional economic sustainability. Nevertheless, the Economic Strategy Randstad does not include environmental issues. As the regional economic strategy will be executed at the level of provinces and municipalities, the environmental issues that rise will be dealt at these governance levels.

Translating the theoretical findings of this research regarding the relationship between economic growth, employment, social cohesion and environmental sustainability to the Randstad context, it becomes clear that the Randstad authorities should be aware that the delivery of better regional economic performances requires the promotion of social cohesion and environmental sustainability in the region Randstad Holland. Improved economic growth and increased employment provide the means of sustaining social cohesion and environmental sustainability. In their return, social cohesion and environmental sustainability could contribute to a higher level of growth and employment.

Chapter 7 Recommendations regarding the delivery of the Lisbon Strategy at the regional Randstad level

7.1 Recommendations

Although, at present, it is impossible for the 12 sub-national Randstad authorities to deliver the Lisbon Strategy at the regional Randstad level because of various previously mentioned reasons (the lack of ownership of the Lisbon Strategy as a whole by the 12 Randstad authorities and the national government, the lack of governance partnership between the Randstad authorities and the national government, the different formal positions of provinces, municipalities and kaderwetgebieden domains addressed by the Lisbon Strategy, the modest competences of the sub-national authorities regarding the Lisbon-issues and the lack of sense of urgency to collaborate with respect to social and environmental affairs), I do believe that the members of the cooperative union Randstad should be able to deliver, successfully, at least, particular components of the Lisbon Strategy at the regional Randstad Level.

The members should consider the cooperative union Randstad as a good platform to discuss both the importance of involving the region Randstad Holland in the delivery of the Lisbon Strategy at the national level and the practical role that the members of the cooperative union could play in the delivery of particular components of the Lisbon Strategy at the regional Randstad level.

Regarding the Lisbon- objective to deliver economic sustainability, I would advise the 12 Randstad authorities to pay major attention to the following factors: **human capital, accessibility, clusters, innovation, entrepreneurship and (economic) governance.**

Key recommendations: Human capital

Educated people are the key driver of development. It is up to the leaders and decision makers to turn knowledge, skills and talent into sustainable advantage. A regional strategy aimed at ensuring the presence of high-quality human capital in the region Randstad Holland should involve the following actions.

1. Increasing the levels of investments in human capital

- The development of coherent regional strategies with respect to human capital is a fundamental requirement to turn knowledge, skills and talent into sustainable advantage and economic growth. As it is the national government who decides the level of investments in education at all levels of education, I would advise the 12 sub-national Randstad authorities to set up a very well organized joint lobby towards the national government aimed at opposing the cuts in the field of education and receiving more financial means for education.

2. Improving the quality of education at all levels of education

- The members of the cooperative union Randstad should bend over the question how to improve the quality of education at all levels in order to increase the supply of workers with the knowledge and skills that businesses, SMEs in particular, wish, need and demand. I believe that the 12 Randstad authorities should focus, primarily, at the quality of education at the lower and intermediate vocational levels. The ways along which the 12 sub-national Randstad governments could contribute to improving the quality of education at these levels is by bringing business and education institutions together to light up discussions regarding human capital and to feed education institutions, in interaction with others, regarding the form and content of their curricula. Special attention should be paid to the questions how to improve work-learning routes through stimulating partnership between education institutions and learning enterprises (leerbedrijven), how to develop joint projects (local, regional authorities, education institutions and SMEs) with financial means from a Framework Programme (Community funding), how to improve the quality care (maybe vocational education institutions should not longer assess on their own their quality, but maybe they should do that in interaction with others, such as business, students/clients, local governments and learning enterprises) and how to improve the supervision over (lower and intermediate) vocational education institutions.

3. Decreasing the large number of dropouts, in particular at the lower and intermediate vocational education levels

- Apart from the actions needed to increase the supply of high-qualified people according the needs of businesses, it is of major importance to decrease the large number of dropouts in the region Randstad Holland, in particular at the level of the lower and intermediate vocational education. The way along which the 12 Randstad authorities could reduce the large number of dropouts at the education level of the lower and intermediate vocational education is two-pronged. Firstly, by improving the quality of education at this level (see point 2) and by increasing levels of investments (that requires a lobby towards the national government). Secondly, by taking interrelated societal actions in a larger societal context, such as support to parents to handle education-views that support children in its school-career (that requires a review of the care and well-being policy) and improvement of the collaboration between education institutions and care institutions (zorg en welzijn organisaties).

4. Attracting (international) talent workers

- Looking back to the past, the presence of knowledge and talent workers from outside the Netherlands has always been one of the determining factors for the positive economic performances of the Netherlands. Although the current societal climate may not be suitable to start a discussion about the inflow of talent workers, the Netherlands in general and the region Randstad Holland in particular need an inflow of talent students and workers from outside. Why? Because talent attract talents, that would increase the presence of high-qualified human capital.

It is evident that the current immigration policy makes it very difficult for education institutions and business to attract talent. These stakeholders do experience that as problematic. Therefore, it would be recommendable to the 12 sub-national Randstad authorities to start a joint lobby together with regional stakeholders (education institutions, particularly universities, and trade and industry) in the direction of the national government aimed at setting the (immigration) policy towards foreign students and knowledge workers high on the political agenda. Apart from that, in addition, the members of the cooperative union Randstad could take other supporting actions to attain more inflow of human capital (from both other regions in the Netherlands and other European countries) such as by improving the quality of life in the region in general terms, supported by an appealing cultural life, high-quality housing, high-quality accessibility (telecom, internet and physical infrastructure), mobility and a range of urban amenities.

Key recommendations: Accessibility

1. Performing as an unity

- Apart from the importance to have a coherent regional strategy regarding human capital, it is of equal importance, in the light of sustainable regional economic growth, to possess a coherent regional policy with respect to accessibility. Policies supporting accessibility include a large number of activities regarding road infrastructure, water transport, air transport, transport of goods by rail, public transport, energy infrastructure, IT and Internet and telecommunication infrastructure. I feel that the 12 sub-national Randstad governments have paid excellent attention to the factor accessibility regarding the delivery of sustainable economic growth. They have agreed on a large number of measurements, actions and projects that would support better accessibility. As the 12 sub-national Randstad governments depend, fundamentally, on the financial support of the national government with regard to the implementation of their policies related to accessibility, I would advise the members of the cooperative union Randstad to perform and to lobby as a strong unity and to speak from one Randstad mouth towards the national government (at present, that is not the case). That requires strong leadership.

2. Setting higher ambitions

- Secondly, I would advise the 12 sub-national Randstad authorities to strive to higher ambitions with regard to reducing journey hours (verkorten van reistijden), public transport (strategic planning and decision making with regard to accessibility, transparency, frequency, reliability, capacity, quality and the behind laying investments compared to competitors), to look at the goods-traffic from a more coherent point of view and to handle a more metropolitan strategy for the main ports in relation to the intern and extern attainableness.

Key recommendations: Clusters

It is hard to assess whether the region Randstad Holland hides clusters or not. The opinions are divided. However, it is clear that the region Randstad Holland hides a wide range of economic and scientific diversity. It is hard to form a notion whether the economic and scientific activities carry out within systematic relationships among enterprises within a particular geographical area (clusters). It is evident that, at present, the members of the cooperative union Randstad do not have a joint regional cluster policy. I believe that a regional Randstad cluster policy would have an added value in the battle for regional economic growth. Therefore, I would advise the 12 sub-national Randstad governments to pay more attention to joint actions that could support (possible) existing clusters or cluster forming. In this respect, I would like to recommend the following.

1. Understanding and benchmarking the Randstad economy

- Identifying clusters by identifying economic structures in the region by talking to trade and industry, such as, for example, to chambers of commerce, to development agencies, to MKB Nederland and to VNO NCW, by assessing the stage of clusters (new/young, mature or ageing) present in the region, by marking the size of clusters and by distinguishing knowledge clusters from business clusters.
- Mapping systematic relationships,
- Monitoring clusters/economic developments,
- Benchmarking against competitors.

2. Stimulating entrepreneurship and innovation

- See recommendations below regarding entrepreneurship and innovation.

3. Attaining a specialized workforce

- Qualifying people for employment by improving the quality of education at all levels (see previous recommendations).
- Using clusters as context for learning.
- Introducing linkages among companies, education institutions, research institutions and local and regional authorities.
- Promoting partnerships between education institutions and clusters.
- Supporting inter-regional cluster alliances.

4. Marketing and branding (clusters in) a region

- Looking for opportunities to brand (the clusters in) the region Randstad Holland.

5. *Allocating investments*

- Introducing incentives for multi-firm projects.
- Investments in R&D clusters with, for example, financial means from a Framework Programme (FP 7).
- Assessing investments that connect with the needs of clusters.

6. *Actions for engagement*

- Assessing possible linkages between companies and research institutions.
- Assessing possible linkages between vocational education institutions and enterprises.
- Assessing possible linkages in R&D networks (national and international).
- Assessing possible linkages between small and large businesses.
- Mobilizing key actors (public and private actors).
- Assessing research- innovation infrastructures within the region Randstad Holland.

7. *Lobbying for a stronger cluster policy*

- The 12 Randstad authorities should lobby for a stronger and clearer national cluster policy; one that is comparable to the cluster policy of the U.K., Flanders, Northern Westfalen and Frankfurt.

Key recommendations: Innovation
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The Economic Strategy Randstad has emphasized the important role of innovation in the delivery of economic growth in the region Randstad Holland. However, the 12 sub-national Randstad authorities have not developed a regional strategy that could support research and innovation activities in the region Randstad Holland. In this respect, I would like to give the Randstad authorities the following recommendations.

1. *Identification of strengths and weaknesses with regard to research and innovation and strategic planning at the regional Randstad level*

- The prior task of the 12 Randstad authorities, regarding the introduction of a regional policy that supports both fundamental and applied research activities and innovation in the region Randstad Holland, is to identify and to clarify, in dialogue with important regional stakeholders, the strengths and weaknesses regarding research and innovation in the region. A pre-requirement in profit of research activities is the existence of appropriate research infrastructure such as: universities, laboratories, science and technological parks and incubators. The region Randstad Holland hides a large number of these institutions. However, the region faces an insufficient interaction among these institutions. Interaction is required to attain spin-offs and commercialization of research outcomes (innovation). In order to be capable to support, strategically, interactions in the regional research-innovation infrastructures, it is of major importance that the Randstad authorities identify and map the missing links in the interactions in

the Randstad research-innovation infrastructures. Identification and mapping is essential for the introduction of an effective regional research and innovation policy. A following step should be strategic planning and decision making at the regional Randstad level including an assessment of objectives (how to deal with the strengths and weaknesses regarding the research-innovation infrastructure in the region) and an assessment of how to mobilize more public and private financial means to support research and innovation activities.

2. Attracting (talent) researchers and students

- Students and researchers play a crucial role in building innovative capacities in a region. In this respect, it is of major importance that the region attracts more research talents from outside the region. The inflow of human capital could be attained by improving the quality of life in the region in general terms, supported by an appealing cultural life, high-quality housing, high-quality accessibility (telecom, internet, physical infrastructure, mobility and a range of urban amenities).

3. Supporting business angles networks

- A knowledge economy does not exist without a knowledge community formed by networks of institutions and firms. Therefore, it is important that regional policies regarding research and innovation focus on facilitating synergies between actors, for example in the form of public-private partnerships. In the case of the region Randstad Holland, I would say that the 12 sub-national Randstad authorities should pay more attention, in particular, to the question how to support business angles networks, for example along the introduction of linkages between vocational education-businesses, linkages between universities-businesses, linkages between knowledge institutions-businesses, linkages between SMEs-medium large enterprises and linkages between public-private actors. The building of regional partnerships requires deliberation among the regional key stakeholders directed or guided by the 12 Randstad authorities.

4. Funding research programmes

- The delivery of commitment to technological excellence might require a finance of sectoral research programmes by the Randstad authorities. There are several sectors in the region Randstad Holland in which excellence could be attained, such as in the airport sector, the harbour sector, the horticulture sector, the 'sierteelt sector' and the dredging sector. The ability to finance regional sectoral research programmes requires both an effective Randstad lobby towards the national government aimed at attaining a national innovation policy with a strong regional dimension (at present, the national government is studying how to give form and content to the future innovation policy) and the establishment of a formal network with MKB Nederland and VNO NCW aimed at attaining more European funding for research activities of enterprises in the region Randstad Holland.

5. Provision of support services to SMEs

- SMEs are lying behind with regard to research and innovation compared to medium and large companies. As SMEs are the backbone of the regional economy of the region Randstad Holland, it is important to pay attention to the question how the Randstad authorities could support services to SMEs. Ways along which the 12 sub-national Randstad authorities could provide support services to SMEs are: by (co) funding thesis grants for researches that are important to SMEs, attracting research-innovation managers in the (public) organizations, backing interfaces (financial and organizational) between universities, research organizations and businesses whose purpose is the detection and support of research-technology development projects, improving the awareness of SMEs of the importance of research-innovation activities, improving the use of services addressing research-innovation activities and the development of regional and/or local agencies that support SME development and that support SMEs in services such as commercialisation of research outcomes, organizational management and access to financial means.

6. Networking key stakeholders

- Networking is one of the most important tools to pursue key stakeholders of the importance of research and innovation for regional economic growth. For this reason, it is important that the 12 sub-national Randstad authorities network with key regional stakeholders such as universities, research institutions, vocational education institutions, representatives of SMEs and medium large enterprises etc. The networking could take place in both informal and formal networks.

7. Improving access to finance

- To promote the emergence and growth of technological businesses and, therewith an increase of research and innovation activities, the 12 sub-national Randstad authorities should pursue financial institutions (banks), in particular the Rabobank and the ING Bank, for a fairer balance of risks and rewards in terms of financial guarantees. These banks are, traditionally seen, very societal involved, in particular with regard to entrepreneurs.

8. Favourable tax environment

- The importance of an attractive business climate to attract business is emphasized in many communications. It is a fact that the business climate in the Netherlands is less attractive than in some other countries across Europe. That is, among others, due to the unattractive tax environment. The Dutch tax policy is for a very important part defined by the national government. Therefore, it would be recommendable, in addition to previous recommendations, to lobby, jointly, for a favourable tax environment in the Netherlands in general. This lobby should emphasize the importance of an attractive region Randstad Holland for the national economy. The region Randstad Holland takes into account almost half of the GNP.

9. Focus on policy evaluation and benchmarking

- Apart from the importance to introduce (new) policies that support research and innovation activities of business in the region Randstad Holland, it is, at the same time, very important to evaluate (current) policies with regard to research and innovation. In addition, it could be, also, useful to benchmark in order to attain information about the experiences of other regions with regard to regional research and innovation policies.

Key recommendations: Entrepreneurship
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Despite the fact that the members of the cooperative union Randstad do not doubt the importance of entrepreneurship as a major driver of regional economic growth, they have not succeeded in developing a regional strategy or vision aimed at exploiting the entrepreneurial potential in the region. I would like to give the following recommendations regarding the promotion of entrepreneurship in the region Randstad Holland.

1. Fostering entrepreneurial mindsets among young people

- The 12 sub-national Randstad governments should start a wide debate on boosting entrepreneurship in general and better appreciation of entrepreneurs and greater awareness of a career as an entrepreneur in particular. A large number of stakeholders should have access to this debate, such as national, regional and local authorities, entrepreneurs, chambers of commerce, business organizations, universities, vocational education institutions and think tanks. It is important to allow everybody to seize opportunities that match their skills and ambitions. Therefore, promotional activities should present different ways of being an entrepreneur and focus on different target groups.
- Regarding the discussion with education institutions (at all levels), special attention should be paid to the discussion about the importance of entrepreneurship related courses in the curricula of education institutions followed-up by supporting initiatives such as arranging awareness campaigns, offering training material, training and motivating teachers, involving entrepreneurs in teaching programmes, linking education institutions with enterprises etc.
- Benchmarking. It could be, at the same time, useful to benchmark in order to learn how other regions across Europe foster entrepreneurial mindsets among young people. Interesting regions would be the regions Stuttgart, Stockholm and Ile-de- France.

2. Reducing the stigma of business failure

- Encouraging more people to become an entrepreneur requires a risk-taking culture in which failed entrepreneurs are not confronted with the stigma of failure. To boost a risk-taking culture in the region Randstad Holland, it is important to draw up information about reasons for failure, entrepreneurial barriers and portraits of failed and restarted entrepreneurs. This information could be used in promotional campaigns and teaching courses.

- It is also important to involve banks in the discussion about how to assess business successes or failures in terms of financial guarantees in order to obtain fairer balances of risks and rewards linked to entrepreneurship. Frequent reasons for failure are a lack of experience among starting entrepreneurs. A potential re-starter might have a better chance of success thanks to his/her previous business experience. Therefore, it could be useful for the members of the cooperative union Randstad to search for key partners concerning the support of (re-) starters such as the Rabobank and the ING Bank. These banks are very involved with entrepreneurs.

3. Facilitating the transfer of businesses

- The ageing of the population will increase business transfers in the coming years. Obtaining statistical data and supportive evidence on the facilitation of transfer of businesses in the region Randstad Holland is of major importance. That requires deliberation among the Randstad authorities, entrepreneurs and representatives of business organizations, such as MKB Nederland and VNO NCW.
- In order to avoid situations where enterprises close because of obstacles in the fiscal, legal, and financial environment, I advise the members of the cooperative union Randstad to start an internal deliberation about a possible lobby in the direction of the national government to get this topic (the facilitation of transfers of businesses) high on the political agenda.
- I would like to advise the 12 Randstad authorities at the same time to consider a lobby in collaboration with partner regions in the direction of European Institutions, in particular the European Commission, regarding Community support of transfer of businesses.

4. Tailor-made support for women and ethnic minorities

- Ethnic minorities are an important part of the population in the region Randstad Holland. During the years, ethnical entrepreneurship has become more and more important for the urban economies in the region Randstad Holland; in particular in the technological and service sector. Therefore it is important that the members of the cooperative union Randstad address the needs of ethnical entrepreneurs that are not sufficiently met, in particular with regard to access to finance. The same is the case with female entrepreneurs. Women have untapped business creation potential. Unfortunately, this potential has not been exploited yet. Tailor-made support for women and ethnic minorities could be attained by identifying the needs of these target groups, evaluating policy measures with a view to assess good practices, provide an overview of specific professional organizations representing ethnic minority entrepreneurs in order to facilitate networking between such organizations, identify specific measures to ease access to finance, exchange good practices with other regions and partnering events that bring together various stakeholders such as seminars, workshops and platforms to explore innovative approaches dealing with ethnical and female entrepreneurship.

5. *Listening to SME*

- SMEs are the backbone of the economy of the region Randstad Holland. In order to create effective instruments for SMEs, it is important that the 12 sub-national Randstad governments have a systematic and active dialogue with SMEs and their representatives. Exchange of opinions between policy makers and business stakeholders would make it possible to assess the impact decisions and regulations of the Community, the national government and the sub-national authorities for SMEs and its implications for the region Randstad Holland.
- Apart from a more systematic and effective dialogue with SMEs, the members of the cooperative union Randstad should give SMEs a stronger voice in lobbies aimed at attaining more SMEs friendly policies at national level. More promotion of issues raised by SMEs could increase considerations of SMEs views. That could have positive implications for the region Randstad Holland.
- Benchmarking of existing consultation practices and learning from good practices.

6. *Reducing red band and simplification of administrative and regulatory burdens*

- Reducing red band and simplification of administrative and regulatory burdens by taking into account SMEs experiences.

7. *Fostering and promoting entrepreneurial minds in the public sector*

- Boosting entrepreneurship does not only require risk taking, commitment and creativity from businesses, but also positive attitudes from the public sector. Therefore, it is important that the 12 sub-national Randstad governments pay attention to the entrepreneurial minds in their own organizations and their public services.

Key recommendations: Governance
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The realization of the previous mentioned recommendations require supporting (economic) governance. In this respect, I would like to give the following recommendations.

1. *Aligning economic interests*

- The assessment of crosscutting investments regarding the delivery of sustainable regional economic growth in the region Randstad Holland requires, above everything, an alignment of economic interests. In my opinion, that is, unfortunately, still not fully the case with regard to the 12 sub-national Randstad authorities. Alignment of economic interests requires an understanding of the Randstad economy as a whole.

2. *Elaborating coalitions within the cooperative union Randstad*

- The members of the cooperative union Randstad still act too solitary with regard to their economic governance. The first step towards more coordinated, integral and coherent economic

governance at a higher governance level in the region Randstad Holland could be the elaboration of coalitions within the cooperative union Randstad for single strategic economic dossiers.

3. Attaining scope among member and non-member municipalities regarding strategic economic planning

- A large number of the economic activities in the region Randstad Holland are interrelated. Therefore, it is important that non-member municipalities are involved in the strategic economic planning. A first step in the right direction would be attaining scope for the Economic Strategy Randstad among non-member municipalities.

4. Creating vital coalitions (public-private) throughout the entire region

- The region Randstad Holland is not a formal political-administrative entity. Therefore, the region lacks mandate. Apart from that, the region lacks, at the same time, joint investments. In this respect, it is of major importance that the Randstad authorities unite their strengths and bring together forces of all-important stakeholders (public and private) throughout the region with regard to investments and search for as much back up as possible from the national government.

5. Assessing a limited number of joint strategic economic dossiers

- In order to tune the economic policies of the members of the cooperative union Randstad at the regional Randstad level, the members should assess a limited number of strategic economic dossiers supported by a joint investment programme. The current list of desirable actions in the economic domain is far too long. It lacks selectivity.

6. Leadership, ownership and interaction

- The improvement of the economic governance at the regional Randstad level requires strong leadership by the responsible administrators, joint ownership of the economic dossiers and (reform) interaction among the Randstad authorities.

7. Promoting coherence and consistency in implementation

- Incoherence and inconsistency, both between participants and policies, will delay the delivery of the Economic Strategy and the delivery of sustainable economic growth. Coherence and consistency means that those involved should all be aware of and share the same goal. Achieving the goal to attain sustainable regional economic growth means ensuring that there is clear alignment among participants, policies and objectives.

8. Communication

- The challenges that the region Randstad Holland faces regarding the delivery of regional sustainable economic growth should be understood by all important (regional) stakeholders. Understanding the regional economic policy of the 12 Randstad authorities requires a clear

communication. A greater involvement of stakeholders will provide a greater scope and greater opportunities for debate, argument and discussion.

So far, I have only given recommendations with regard to one particular pillar of the Lisbon Strategy, namely, the delivery of regional sustainable economic growth. However, it is of major and equal importance that the members of the cooperative union Randstad perform practical tasks and take responsibilities with regard to the other two pillars, namely social and environmental reforms. I will not hold a plea for other formal positions and new competences for provinces and kaderwetgebieden in the social domain and for municipalities in the environmental domain. I would rather like to plea for exploiting the existing collaboration possibilities. Coherence and consistency between policies in the economic, social and environment domain at the regional Randstad level will provide greater opportunities to deliver, successfully, more components of the Lisbon Strategy at the regional Randstad level.

Considering the current Randstad collaboration possibilities, I feel that there are two types of actions that the 12 Randstad authorities could take, jointly, at the regional Randstad level regarding the social and environmental agendas of the Lisbon Strategy. One-on-one translation of Lisbon's social and environmental agendas to the regional context is not option. These agendas ask, namely, in the first place, for ownership by the national government. At present, that is not the case. However, the members of the cooperative union Randstad could support the national government doing so by: drawing up regional Randstad reports and drawing up regional Randstad agendas.

Key recommendation: Drawing up regional reports
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I would advise the 12 Randstad authorities to draw up, jointly, once in two or three years, a regional Randstad report that provides the possibility to form a notion of the trends and developments in the social and environmental domain and of the effects of the conducted social and environmental policy on basis of regional indicators that are in line with indicators used at the national and European governance levels, particularly the EC's indicators of the Lisbon Strategy. I would recommend the 12 authorities to search for connection with existing data collections. In addition, it might be useful to include, a part from the statistical and factual information, opinions/views of citizens in the reports. That might help to develop a regional character and identity.

The reports would not only provide the opportunity to strengthen the social and environmental policy at different governance levels, but it would also provide the opportunity to strengthen the Randstad collaboration where possible, the opportunity to deliver input to dialogues/discussions with the national government, for example in a scene such as the BCR, and the opportunity to benchmark with other regions in and outside the Netherlands.

Key recommendation: Drawing up regional agendas

The regional Randstad reports should form a basis for the Randstad agendas regarding social and environmental affairs. These agendas should pinpoint how the 12 Randstad authorities would like to react on the results/conclusions of the reports. The agendas should declare, at the same time, which governance level wears which main responsibility and which governance level(s) wears co-responsibility. Ideally, the agendas should include, also, a chapter discussing the expected effects of the intended policy in the social and environment domain.

The question has remained which role(s) the members of the cooperative union Randstad could play in the delivery of the Lisbon Strategy at the regional Randstad level. In this respect, I would like to clarify the roles of the Randstad authorities along the previous given recommendations in the table below. The table indicates at the same time, which forms of market failure are supposed to be solved.

	Lisbon Strategy	Responsible authority/ authorities	Key recommendations to the 12 Randstad authorities	Market failure(s) to solve	Roles to fulfil by the 12 Randstad authorities
Dimension 1: Knowledge-based economy	<p>1. Information society (eEurope): Defining a regulatory framework for electronic communications, encouraging the spread of ICTs, creating the conditions for e-commerce, spreading European leadership in mobile communication technologies.</p> <p>2. Internal market: Transpiration of regulations, procedures and practices regarding government procurements, improving regulatory costs, in particular with respect to costs for protecting intellectual property, eradication of obstacles to cross border trade in the service sector.</p> <p>3. Financial markets: Development of cross border risk-capital markets, collecting comparable, transparent and reliable financial information and financial reporting.</p> <p>4. Business: Monitoring of policies and actions affecting SMEs, intensifying contact between SME organizations and public's services, conducting regular dialogue, collecting feedback from the SME business community on issues of interest to them, especially on EU legislation and access to European support programmes.</p> <p>5. Research: Setting up of an area of research and innovation, boosting spending on R&D to 3% of GDP, making Europe more attractive for its best brains, promoting new technologies.</p>	<p>1. European Union and national government</p> <p>2. European Union and national government</p> <p>3. European Union and national government</p> <p>4. European Union and national government</p> <p>5. European Union and national government</p>			
Dimension 2: Sustainable economic growth	1. Investments in human capital	1. National government			

	<p>1.1 Education and human capital: Halving the number of early school leavers, adapting education and training systems to the knowledge society, fostering life long learning for all, promoting and facilitating of mobility, taking away the difficulties for companies, particularly SMEs, to obtain the necessary access to capital in order to skill their workforce and the fiscal treatment concerning investments in R&D and innovation.</p> <p>1.2 Creating the right climate for entrepreneurs: regulatory climate conducive to investments, innovation and entrepreneurship (facilitate access to low-cost finance, improve bankruptcy legislation, take into account SMEs specificities, improve the industrial framework, encourage responsible corporate governance), lower costs on doing business and remove red-tape (develop a better regulation strategy at both European and national level), reduce time and costs for setting up a company).</p>	<p>1.1 National government and sub-national governments</p> <p>1.2 National government and sub-national governments</p>	<p>1.1 Education and human capital:</p> <p>1.1.1 Increasing the levels of investments in human capital.</p> <p>1.1.2 Improving the quality of education at all levels of education.</p> <p>1.1.3 Decreasing the large number of dropouts at the education level of the lower and intermediate vocational education.</p> <p>1.1.4 Attracting (international) talent workers.</p> <p>1.2 Entrepreneurship</p> <p>1.2.1 Fostering entrepreneurial mindsets among young people.</p> <p>1.2.2 Reducing the stigma of business failure.</p> <p>1.2.3 Facilitating the transfer of businesses.</p> <p>1.2.4 Tailor-made support for women and ethnic minorities.</p> <p>1.2.5 Listening to SME.</p> <p>1.2.6 Reducing red band and simplification of administrative and regulatory burdens.</p> <p>1.2.7 Fostering entrepreneurial minds in the public sector.</p>	<p>1.1.1 Externalities, merit goods and incomplete information on side of business.</p> <p>1.1.2 Externalities, merit goods and incomplete information on side of business.</p> <p>1.1.3 Externalities, merit goods and incomplete information on side of business.</p> <p>1.1.4 Incomplete information on side of business and merit goods.</p> <p>1.2.1 Incomplete information on side of business.</p> <p>1.2.2 Incomplete information on side of business.</p> <p>1.2.3 Incomplete information on side of business.</p> <p>1.2.4 Incomplete information on side of business.</p> <p>1.2.5 Incomplete information on side of business.</p> <p>1.2.6/1.2.7 Supporting recommendations regarding previous recommendations.</p>	<p>1.1.1 Lobbyists.</p> <p>1.1.2 Matchmakers, performers, partners and lobbyists.</p> <p>1.1.3 Matchmakers, performers, partners and lobbyists.</p> <p>1.1.4 Lobbyists and performers.</p> <p>1.2.1 Matchmakers, performers, lobbyists and partners.</p> <p>1.2.2 Performers and lobbyists.</p> <p>1.2.3 Performers and lobbyists.</p> <p>1.2.4 Performers and matchmakers.</p> <p>1.2.5 Performers, partners, lobbyists.</p> <p>1.2.6 Performers.</p> <p>1.2.7 Performers.</p>
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	<p>2. Investments in transport, energy and telecommunication networks: removing complex administrative procedures, low priority by Member States and the complexity of coordinating projects with a cross-border dimension.</p>	<p>2. National government and sub-national governments</p>	<p>2. Accessibility 2.1 Unity 2.2 Setting higher ambitions (Regarding reducing travelling hours, public transport: (strategic planning and decision making with regard to accessibility, transparency, frequency, reliability, capacity, quality and the behind laying investments compared to competitors), coherent look at the goods-traffic and the development of a metropolitan strategy for the main ports in relation to the intern and extern attainableness.</p> <p>3. Clusters 3.1 Understanding and benchmarking the Randstad economy. 3.2 Promoting entrepreneurship and innovation. 3.3 Attaining a specialized workforce. 3.4 Marketing and branding (clusters in) a region. 3.5 Allocating investments.</p>	<p>2.1 Supporting recommendation regarding 2.2. 2.2 Externalities, merit goods, incomplete information on side of business.</p> <p>3.1 Incomplete information on side of business. 3.2 Incomplete information on side of business. 3.3 Incomplete information on side of business and incomplete education market. 3.4 Incomplete information on side of business. 3.5 Incomplete information on side of business and incomplete (cluster) market.</p>	<p>2.1 Performers and lobbyists. 2.2 Decision makers and performers.</p> <p>3.1 Performers. 3.2 See 1.2 and 4. 3.3 Lobbyists, matchmakers, coordinators, partners, designers and performers. 3.4 Performers. 3.5 Performers, designers, partners, financiers and matchmakers.</p>
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	<p>3.6 Actions for engagement.</p> <p>3.7 Lobbying for a stronger cluster policy.</p> <p>4. Innovation</p> <p>4.1 Identification of strengths and weaknesses regarding research and innovation and strategic planning at the regional Randstad level.</p> <p>4.2 Attracting (talent) researchers and students.</p> <p>4.3 Supporting business angles networks.</p> <p>4.4 Funding research programmes.</p> <p>4.5 Provision of support services to SMEs.</p> <p>4.6 Networking key stakeholders.</p> <p>4.7 Improving access to finance.</p> <p>4.8 Favourable tax environment.</p> <p>4.9 Focus on policy evaluation and benchmarking.</p> <p>5. Governance</p> <p>5.1 Aligning economic interests.</p> <p>5.2 Elaborating coalitions within the cooperative union Randstad.</p> <p>5.3 Attaining scope among member and non-</p>	<p>3.6 Incomplete information on side of business.</p> <p>3.7 Supporting recommendation regarding previous recommendations</p> <p>4.1 Incomplete information on side of business.</p> <p>4.2 Incomplete information on side of business and merit goods.</p> <p>4.3 Incomplete information on side of business.</p> <p>4.4 Incomplete information on side of business.</p> <p>4.5 Incomplete information on side of business.</p> <p>4.6/4.7/4.8/4.9 Supporting recommendations regarding previous recommendations.</p> <p>5.1-5.8 Supporting recommendations regarding all previous recommendations.</p> <p>3.6 Matchmakers and performers.</p> <p>3.7 Lobbyists.</p> <p>4.1 Performers, designers and decision makers.</p> <p>4.2 Performers and lobbyists.</p> <p>4.3 Matchmakers, facilitators, designers, partners and performers.</p> <p>4.4 Performers, partners, financiers and lobbyists.</p> <p>4.5 Performers, partners, financiers.</p> <p>4.6 Partners, matchmakers and lobbyists.</p> <p>4.7 Performers and lobbyists.</p> <p>4.8 Lobbyists.</p> <p>4.9 Performers.</p> <p>5.1 Performers.</p> <p>5.2 Designers and performers.</p> <p>5.3 Performers, lobbyists and partners.</p>
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			<p>member municipalities regarding economic planning.</p> <p>5.4 Creating vital coalitions throughout the entire region.</p> <p>5.5 Assessing a limited number of joint strategic economic dossiers.</p> <p>5.6 Leadership, ownership and interaction.</p> <p>5.7 Promoting coherence and consistency in implementation.</p> <p>5.8 Communication.</p>	<p>5.4 Performers, partners and lobbyists.</p> <p>5.5 Performers.</p> <p>5.6 Performers.</p> <p>5.7 Performers.</p> <p>5.8 Performers.</p>
Dimension 3: Employment	<p>1. Increasing employment rate: 67% (by 2005) and 70% (by 2010) for total employment rate, 57 (by 2005) and 60% (by 2010) for women employment rate, 50% for older workers by 2010 and progressive increase of about 5 years in the effective average at which people stop working.</p> <p>2. Defining annual National Action Plans: with regard to full employment, improving quality and productivity at work and strengthening social cohesion and inclusion.</p>	<p>1. National government</p> <p>2. National government</p>		
Dimension 4: Social cohesion	<p>Adapting the European social models to the transformation to knowledge economies and societies: modernising and improving social protection, promoting social inclusion, promoting gender equity and reinforcing fundamental social rights and combating discrimination.</p>	<p>National government</p>	<p>Drawing up a Randstad report and agenda.</p>	<p>Equity Performers.</p>
Dimension 5: Environmental sustainability	<p>1. Definition of a new regulatory framework:</p> <p>1.1 6th Environment Action Programme: effective implementation of Community legislation on the environment, integration of</p>	<p>1.1 National government</p>	<p>Drawing up a Randstad report and agenda.</p>	<p>Externalities associated with environmental impacts. Performers.</p>

	<p>environmental concerns into policies and activities, encouraging the market to work for the environment, working in partnership with business, working in partnership with consumers, greening the financial sector, promoting green procurement, promoting and encouraging effective land-use planning and management decisions taking account of environmental concerns.</p> <p>1.2 Environmental Technologies Action Plan: actions aimed at taking environmental inventions out of laboratories into the market such as attracting more private and public investments for the development of environmental technologies, improving performance verification of new standards related to environmental technologies and actions aimed at improving market conditions such as setting performance targets which are long term, stimulating public-private partnerships, financing of innovative projects, increasing use of financial instruments for environmental technologies, promotion of socially and environmentally investments by financial institutions, encouraging systematic internalization of costs through market-based instruments, encouraging of procurement of environmental technologies and building support of environmental technologies in societies.</p>	<p>1.2 National government</p>	<p>Externalities associated with environmental impacts.</p>
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Our number
RR 2004 235

Date:
December 1, 2004

Subject: Reaction on the report from the High Level Group chaired by Wim Kok

Attachment:
Position Lisbon R.

Tel.:
+31 30 258 27 05

To the European Commission

Dear Commission,

Seven European Metropolitan regions, which play an important role in the European Union's economy and competitiveness, have started an informal network, called the Lisbon Regions Network. This network has been embraced as an opportunity for interregional cooperation with regard to issues related to the Lisbon Strategy. Member-regions of this network are: Ile-de-France, Stockholm Region, Emilia Romagna, Stuttgart Region, West Midlands, Brussels Capital Region and Regio Randstad.

The Lisbon Regions Network agrees with the High Level Group's analysis, which stresses that the current state of play is unsatisfactory. We are very disappointed not to find concrete suggestions and recommendations about how to improve the implementation of the Lisbon Strategy; in particular with regard to the role of regional and local authorities in the delivery of the Lisbon Strategy.

The delivery of the Lisbon Strategy requires ownership of the far-reaching structural reforms. Therefore, greater interaction among various governance levels and real engagement of all-important stakeholders is necessary. In this regard, we call on European Institutions and national governments to build strong *Reform Partnership* in accordance with national arrangements and traditions, in the policy areas that the Lisbon Strategy address: economical, social and environmental. Reform Partnership should include social partners, civil society and, particularly, regional and local governments!

We think that it is important that European Institutions and national governments adopt a decentralized approach in the implementation of the Lisbon Strategy. We also believe that it is of major importance that Member States involve regional and local authorities in drawing up National Action Plans.

We have enclosed our position paper that sets out the role and ambitions of our regions with regard to the delivery of the Lisbon Strategy. We hope that the Commission will take our recommendations on board during the preparative work for its Spring report.

On behalf of 7 Lisbon Regions,

Yours sincerely,
i.o.



Jan Franssen,
Chairman of Regio Randstad,

Lisbon Regions and the Lisbon Strategy

▪ Introduction

Seven European regions, via their representation offices in Brussels, have started an informal network, called the **Lisbon Regions**. The participating regions are: Ile de France, Stockholm Region, Emilia- Romagna, Stuttgart Region, Nordrhein- Westfalen, West Midlands, Brussels Capital, Vlaams Gewest and Regio Randstad. These regions all share a common characteristic in their significant contribution to the European Growth Strategy.

The network is a platform to discuss both the relevance of involving European regions in delivering the Lisbon Strategy and the specific role that regional authorities play in attaining the Lisbon's objectives and sectoral targets.

The objective of the Lisbon Regions is twofold. Firstly, the Lisbon Regions wish to develop together the key role that regional and local authorities have to play in achieving the Lisbon Strategy. The Lisbon Regions have identified common priorities and key sectors on which to focus their collaboration, benchmarking and cooperation. Secondly, the Lisbon Regions aim to actively contribute to the wider policy debate at national and European level through their track record of delivery and aid the development of the next stages of the Lisbon Strategy.

▪ General statements

1. We welcome the establishment of the High Level Group to carry out an independent midterm review concerning the Lisbon Strategy and the progress made towards attaining agreed objectives and sectoral targets.
2. The continuing validity and relevance of the Lisbon Strategy is not in doubt.

However, we believe that greater attention must be paid to the interaction between the various governance levels involved in the implementation of the Lisbon Strategy. We feel that a greater focus on the real engagement of regions is of vital importance.

Greater interaction and engagement will successfully allow the development of the Reform Partnership. The importance of the Reform Partnership was already stressed in the European Council's conclusions of March 2004 that 'supporting and advocacy for change must reach beyond governments'.

In order to generate this support, the European Council called on national governments to build Reform Partnerships involving the social partners, civil society and the public authorities, in accordance with national arrangements and traditions. However, this potential has not been exploited sufficiently. We encourage the High Level Group to take this into account.

3. The European Council conclusions of March 2004 also stipulated that the Lisbon Agenda is based on a consistent approach 'between the actions of the Union and those of the Member States, but also between the different areas of policy: economic, social and environmental'. The Lisbon Regions would like to stress that regions, alongside national governments, have important practical tasks to perform and responsibilities to take in these three different policy areas.
4. Regions have already played a key role in the delivery of successful elements of the Lisbon agenda so far. Regions have developed groundbreaking approaches to economic, social and environmental development across Europe. In particular, regions have fostered the environment and played an important catalytic role in linking the university sector to SMEs and the development of clusters to provide a focus for economic development.
5. There is an enormous need to communicate the opportunities and challenges presented by the Lisbon Strategy to civil society. Attaining the objectives of the Lisbon Strategy requires the understanding, engagement and contribution of every important stakeholder at all levels.

▪ **Priorities**

1. The Lisbon Regions attach high importance to attaining knowledge-based economies and, in particular, the strengthening the innovative capacity of national and regional economies. In today's economy, competitive advantage rests on making more productive use of inputs. This requires both continual innovation, promoted by all governance levels, and innovation of governance itself.
2. The private sector is the ultimate engine of innovation. However, both the presence and innovation of public institutions and the policies of national, regional and local governments have a great impact on the innovative activities of companies within a Member State or region. Therefore, innovation levels depend on interaction between private sector strategies and public sector institutions, as well as policies at all governance levels.
3. Innovation includes issues related to investments in human capital (education, life long learning, eLearning etc.), investments in networks (transport, energy and telecommunications), investments in R&D, the promotion of entrepreneurship and social cohesion. Regional and local authorities can and should have the opportunity to actively contribute to shaping national policies on these issues.
4. Strengthening the innovative capacity of SMEs requires effective policy. SMEs need tailor-made policy from regional and local authorities and continuous interaction with education institutions (universities and vocational institutions), research institutes, and regional and local governments.
5. To achieve the sustainable development aim of the Lisbon Strategy, the realisation of knowledge-based economies through increased innovation capacity must be matched by innovative approaches to social progress. In particular, there is a need for deeper understanding and focus on how the two agendas can link together.
Similarly, environmental issues need to be integrated into policy, programme and project design at the concept stage - at all levels of governance.

Regions have a vital role to play in the development of effective and workable responses to the environmental and social agenda. The mechanisms for dialogue between regions and policy makers at European and national levels are insufficient at present.

6. The Lisbon regions believe that metropolitan regions, which are at the centre of transport and other networks, are in a strong position to help deliver on the important aspect of connectivity across the Community. They also offer the best opportunity for developing centres of excellence in key aspects of the Lisbon Agenda, such as cluster development.

▪ **Recommendations**

1. The mid-term review should include a critical assessment of the current implementation of governance and of the added value of the decentralisation of administration in the implementation of the Lisbon Strategy.
2. The EC should investigate, in particular, the role of Metropolitan areas in the attainment of the objectives of the Lisbon Strategy. In this context, information and statistical data about the performances of European Metropolitan regions are of paramount importance. We would like to propose that EUROSTAT monitors European Metropolitan regions systematically to track their performances in achieving the Lisbon goals.
3. The Union's New Financial Framework, Structural Fund activities, FP7 and activities of the European Investment Bank should be tied more closely to the implementation of the Lisbon Strategy. We welcome the EC proposal for the future Objective 2 (Regional competitiveness and employment) to focus on research and innovation. We think that some actions should include

financial support to boost a culture of innovation and entrepreneurship at the regional level in all regions.

The Lisbon regions would also welcome a well-resourced, genuine regional dimension of R&D in FP7. This should be user-friendly, comprehensible and easily accessible. EU funding is often seen as being overtly complicated to be used as a tool for driving innovation and economic development at a regional level.

4. There is a real need for EU level support for a bottom-up process. This is particularly necessary in establishing, improving and interlinking regional and local strategies on research, innovation and entrepreneurship. This is even more important in an enlarged Europe of 25.
EU support should build on the genuine success developed through programmes such as Innovative Actions, RIS+, Regions of Knowledge and networks such as Innovating Regions and ERRIN.
5. Research, innovation, promotion of entrepreneurship, improving the competitiveness of SMEs, the provision of adequate networks (transport, energy and telecommunications) and clustering are all key concepts for delivering the Lisbon Strategy. National governments should provide the means for regional and local authorities to participate in shaping these key concepts, both in form and in content.
6. There is a need for Community support to finance pilot projects that focus on transferring knowledge via research and innovation to economic pay-offs.
7. SMEs should receive priority for EU funding. This should include support for the development of an early stage financing mechanism for PPP concepts or the establishment of business angel networks etc. State aid regulation has further complicated this vital area. There is a need for clarity, further flexibility and improved guidance.

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Annex 2 Challenges of the Dutch higher education in the light of the Lisbon Strategy

Challenge 1: The transition to a knowledge-based economy

The Netherlands is in transition to a knowledge-based economy. In this respect, the Dutch higher education faces both the challenge to increase the supply of knowledge workers for business and to strengthen the relation between universities, knowledge institutions and business in order to attain intensive exploitation of the research done by universities and knowledge institutions.

Therefore, the Dutch Ministry of Education, Culture and Sciences has decided to pursue new policy. The new policy lines that the Dutch government has set are as followed¹³⁷.

Increasing the supply of knowledge workers

- Making the Netherlands more attractive for knowledge workers and students within and outside Europe,
- Increasing the number of promotions by making learn and work situations for young researchers more attractive.

Strengthen the relation between education and business

- Better exploitation of existing networks between higher education institutions and business. Activities that are important for the interaction between education and business are among others stages, dual training, graduate tasks, lectures from people from the practice etc.;
- Support by the government for shaping new networks, in particular when it comes to networks aimed at improving knowledge circulation between education and business;
- Strengthen the relation between colleges (Hogescholen) and SMEs;
- Knowledge innovation at higher profession education;
- Co-financing of projects/experiments where knowledge is translated to innovative applications.

Challenge 2: The increasing interest of Europe and globalization

The European integration and globalization has lead to an increasing mobility and competition, in particular in the labour market (employees), the establishment climate (enterprises) and investments (financial capital). The presence or absence of a good knowledge infrastructure in a Member State is decisive for its mobility and competition position in international context.

¹³⁷ Ministry of Education, Culture and Sciences, 2004: 18-22, 39-42.

Apart from an increasing mobility and competition, the European integration and globalization has lead also to the shift of decision-making and policy making from national governments to Europe and regional authorities in Member States. Approximately 80% of the national legislation is European legislation.

The increasing importance of regions is the result of the increasing decentralization (territorial and functional) in Member States. These tendencies (mobility, competition and increasing primacy of Europe and regions) ask for other proportions between government(s) and societies.

In order to become one of the top knowledge economies and to face challenges related to the European integration and globalization, the Dutch government has developed, in consultation with important stakeholders, the following policy lines¹³⁸:

- Improving the quality of a number of bachelors and masters for a specific group of students, such as students from Asia, the Middle East and East-Europe;
- Stimulating and improving e-Learning by Dutch and foreign students;
- Attracting more Dutch and foreign students for beta and technical studies;
- Bringing foreign talent (students or entrepreneurs), universities, colleges and Dutch innovative business together through networks and support points, such as the Dutch Education Support Office (NESO's), in the Netherlands and in the positioning countries;
- Stimulating talented foreign students to stay and work in the Netherlands;
- Taking a more pro-active role in the European discussion about issues related to high education and research and influencing European policy in the benefit of the Dutch higher education. The Dutch presidency, started in July 2004 is considered as one of the big opportunities to influence the European education and research-agenda.

Challenge 3: The increasing complexity of the society

The Netherlands faces, as other European countries, an ageing population. The forecast for 2010 is that almost 15% of the population will be 65 or older. The ageing of the population goes together with an enormous increase of societal costs, especially in the health care. In order to be able to carry higher societal costs in the future with a smaller working population, it is, according to the Lisbon Strategy, of high importance to increase the supply of high-educated people.

The ageing of the Dutch population and the social impacts of this on the Dutch society is just one of the social tendencies that make the Dutch society more complicated. Other tendencies that increase the complexity of the Dutch society are among others: individualization, immigration, Europeanization and globalization. The increased complexity of the Dutch society has translated to increased complex interdependences between social sectors.

¹³⁸ Ministry of Education, Culture and Sciences, 2004: 22-26, 43-46.

The challenges that the Dutch education faces as a result of (complex) changes in the Dutch society are among others¹³⁹:

- The behind lagging school results of immigrants; the forecast is that in 2010 12% of the Dutch population will have a non-European background;
- The changing meaning-frameworks (zingevingkaders) of the Dutch youth. This asks for education that is compatible with the rational intelligence (IQ) and emotional intelligence (EQ) of the youth;
- The proportion of high-educated people in the Dutch working population has increased in the last ten years (26%). However, the proportion of high-educated people is lower than some other countries such as France (35%), Belgium (36%) and the US (39%). The increased training level of the Dutch working population leads to the increasing need of people to distinguish themselves through additional trainings, extra specialization and excellence. This asks of the education system to offer new education possibilities above the formal high education;
- Consumers have become, as a result of individualization and increased prosperity, more critical and quality conscious. Consumer's wishes are more diverse and complex than before, also when it comes to education. Therefore, instead of standard offers, the Dutch education has to offer more than before tailor-made offers.

The policy solutions of the Dutch national government towards these education challenges can be categorized in two solution directions:

1. *Maximizing the participation in the higher education, and*
2. *Making the higher education more attractive.*

To maximize the participation in the higher education, the Dutch government has developed new policies aimed at groups whose participation is low in the higher education (such as children of immigrants and students with a handicap) and life long learning. In order to make the higher education more attractive and to make education to connect more on the needs of students, the government has started to take away obstacles in legislation in order to make it possible for education institutions to introduce individual learning routes (leertrajecten) and competence-aimed learning.

Challenge 4: The increasing need for a clear policy role and responsibility of the Dutch government

The three challenges that the Netherlands faces (transition to a knowledge-based economy, the increasing interest of Europe and globalization and the increasing complexity of the Dutch society) do not only ask for renewed policy in terms of content, but also for better and renewed governance in general. The increasing need for a clear policy role and policy responsibility of the Dutch national government and the wish of the Dutch national government to have a contemporary relation with higher education institutions

¹³⁹ Ministry of Education, Culture and Sciences, 2004: 26-30, 47-50.

has led to several new policy initiatives. These policy initiatives are, mainly, aimed at changing the way of steering, financing and supervising.

The search of the Dutch national government to new ways of steering in the education sector has led to several policy actions, among the most important are:

- The formulation of benchmark indicators in order to measure the policies of education institutions;
- The formulation of new objectives which are line with the challenges and Lisbon-ambitions;
- The introduction of performance-agreements; however, these agreements will not be linked to parameters in the financing model;
- The design of a monitoring system which gives insight in the extent to which education institutions are capable to attain new policy ambitions.

The Dutch government has already started to review the financing system of the higher education. The objective is to design an integrated financing system for universities and colleges (Hogescholen) in 2006. The new financing system has to be able to cope with the challenges that the higher education system faces. The main points of the new financing model are¹⁴⁰:

- A financing system that support a bachelor and master structure that is flexible and offers individual students tailor-made training routes;
- A financing system that is compatible with demand-steered education (vraaggestuurd onderwijs);
- A financing system that improves the accessibility, quality and efficiency of the higher education;
- A financing system that is more easily to implement in terms of simplicity.

The increased need for a better and adequate way of steering, financing and supervising is of such extent that just adjusting the current legislation on components is not adequate enough. Therefore, the Dutch government wishes to introduce, in 2005, on basis of fundamental analyses with regard to steering, roles and responsibilities, accountability (rekenschap) and supervision, a new law for the higher education. The main points of this new law would be the following¹⁴¹:

- Where possible using the same legislation for high schools and universities;
- Increasing the use of general legislation instead of specific legislation;
- Forcing education institutions by law to establish a council of supervision;
- Improving external supervision; this supervision concerns the financial contributions from the state to the education institutions and the efficient use of these contributions;
- Diminishing administrative burdens;

¹⁴⁰ Ministry of Education, Culture and Sciences, 2004: 51-57.

¹⁴¹ Ministry of Education, Culture and Sciences, 2004: 55-56.

- Improving the legal position of the student through, for example, provision of information, transparency in complain procedures, co-decision etc..

Annex 3 Challenges of the Dutch vocational education in the light of the Lisbon Strategy

The accessibility of the vocational education

The discussion in the policy note Koers BVE (2000) about improving the accessibility of the Dutch lower and intermediate vocational education focuses on three issues: improving the supply of trainings, improving the policy aimed at specific (social) groups and improving the provision of information. The policy line of the Dutch Ministry of Education, Culture and Sciences concerning accessibility and these three issues is quite univocal. The Dutch Ministry wishes to improve the accessibility of the vocational education by giving accessibility a regional meaning. This means making vocational education institutions more accessible and attractive for more people in the region where an education institution is located.

Since the introduction of the policy notes Koers BVE (2000; 2004) the Ministry of Education, Culture and Sciences has given lower and intermediate vocational education institutions more policy autonomy to set their own priorities with regard to these issues by using lump sum financing as their main policy instrument.

The quality of the Dutch vocational education

In order to increase the supply of well skilled people for SMEs it is of major importance that students are well prepared by their vocational institution for their future job. High quality is essential. The Dutch government is convinced that the quality of the Dutch vocational education at the lower and intermediate level could only be improved if the education institutions receive sufficient feeding by their environment, in particular by business and local governments. Therefore, the Dutch government has chosen to improve the quality of the Dutch vocational education by bringing education institutions, business (SMEs) and local governments together and to force them to improve the co-operation between them¹⁴².

The Dutch Ministry of Education, Culture and Sciences wishes to improve the quality of the Dutch vocational education along the following ways¹⁴³:

- Improving the content of the vocational education at the lower and intermediate level so that the education and the skills of students satisfy the needs of business for specific knowledge and skills (kwalificatiestructuur);

¹⁴² Ministry of Education, Culture and Sciences, 2000: 49-56.

¹⁴³ Ministry of Education, Culture and Sciences, 2000: 29-47.

- Improving the quality of exams by giving the responsibility for exams back to the education institutions;
- Improving work-learning routes (werk-leer trajecten/ beroepspraktijkvorming) through stimulating partnership between education institutions and learning enterprises (leerbedrijven);
- Improving the quality care; vocational education institutions will not longer assess on their own their quality, but they have to do it in interaction with others, such as business, students/clients, local government and learning enterprises;
- Improving the supervision on the lower and intermediate vocational education institutions by the Ministry of Education, Culture and Sciences.

Self-steering, responsibility and regional co-operation

In order to improve the accessibility and the quality of the Dutch lower and intermediate vocational education, the Dutch Ministry of Education, Culture and Sciences introduced a new way of steering of the vocational education sector. The main point of this new way of steering is giving the relevant stakeholders in the vocational education sector more policy autonomy to steer themselves. By doing this, stakeholders are given more responsibility and the Ministry itself has been put more on distance. The responsibility of the Ministry is both making sure that the stakeholders fulfil their role adequately and assessing the performances of the establishment (bestel) instead of steering the vocational education sector self. The ideal strength proportion in the new way of steering is one where the stakeholders keep each other in balance and where the stakeholders stimulate each other to maximum performances. In this respect, the main instrument that the Ministry uses is deregulation.

Regions have become an important part of the lower and intermediate vocational education policy in the last four years. Regional co-operation between lower and intermediate vocational education institutions and the regional environment (business, local government, students/clients, higher vocational education institutions etc.) are decisive whether improvement of accessibility and quality can be achieved. Therefore, the Ministry of Education, Culture and Sciences allows lower and intermediate vocational education institutions to decide for themselves how to give their regional co-operation with other stakeholders form and content. The main policy instruments that the Ministry of Education, Culture and Sciences uses with regard to regional co-operation is, again, allowing stakeholders more autonomy and deregulation¹⁴⁴.

¹⁴⁴ Ministry of Education, Culture and Sciences, 2000: 61-74.

Appendix 4 Challenges regarding research and innovation in the light of the Lisbon Strategy

The European Commission believes that the Netherlands faces a relatively slow growing economic growth rate. That would be, according to the European Commission, mainly, the result of the low public and private investments in R&D and, therefore, the insufficient innovation by business. However, the development and improvement of (new) products, services and processes would be the future of tomorrow.

The Dutch national government endorses this statement of the European Commission and has, therefore, renewed the Dutch innovation policy, including towards social-cultural issues. More and better innovation, in order to bring about economic growth, would require a crack with the past. The government concluded that avoiding risks is unfortunately still part of the Dutch knowledge climate. The lack of a knowledge climate where guts, risk taking and entrepreneurship-sense is appreciated has led to the situation that the Netherlands does not profit, economically, sufficiently of the knowledge that is generated in this country. In order to attain more and better innovation, the Dutch national government works towards a culture where creative minds can excel and where excellent knowledge is applied and economically exploited.

The main point of the Dutch innovation policy is improving the exploitation of knowledge by business. In other words, innovation has to come from business. The role of the government is creating a climate where innovation is encouraged, but also rewarded. At present, the main problems that the Netherlands faces with respect to innovation are¹⁴⁵:

- An unattractive innovation climate;
- Insufficient innovation by business;
- Insufficient focus and mass in research.

The Dutch government has set the following policy lines to make the Netherlands an interesting country to innovate in and to innovate with and to treat the innovation problems¹⁴⁶:

1. Intensifying the law WBSO to stimulate R&D by business¹⁴⁷;
2. Stimulating R&D co-operation between enterprises and between enterprises and knowledge institutions;

¹⁴⁵ Ministry of Economic Affairs, 2003: 15-16.

¹⁴⁶ Ministry of Economic Affairs, 2003: 5-6, 19-20.

¹⁴⁷ The WBSO is a fiscal scheme with which the government stimulates R&D by business.

3. Treatment of shortage of knowledge-workers (technicians and researchers in particular) through:
 - Making technical trainings more attractive, through for example involving business in education;
 - Improving the image of technicians and researchers in society;
 - Improving the labour environment and labour conditions for knowledge workers;
 - Improving mobility between knowledge institutions and education;
 - Attracting more knowledge workers from other countries, improving the position in ‘the battle for brains’.

Additional ways along which the Dutch national government wishes to stimulate the Dutch business to be more innovative and to attract more foreign innovative enterprises to the Netherlands is by¹⁴⁸:

1. Stimulating new innovative (business) activity through:
 - The installation of the Innovation Platform which assists starters with innovative entrepreneurship, among others, through provision of information;
 - Creating a culture where entrepreneurship is appreciated and rewarded.
2. Using the potential of SMEs for innovative behaviour by SMEs through:
 - Stimulating networks between SMEs and between SMEs, education institutions and research institutions;
3. Bringing knowledge-intensive activities of foreign business to the Netherlands through:
 - Improving the international position of the Netherlands;
 - Organizing missions to other countries and the creation of international networks;
 - Focusing on knowledge intensive sectors.

Finally, the Dutch national governments has set, at the same time, new policy lines with regard to attain focus and mass of research in strategic innovation areas. These new policy lines are¹⁴⁹:

1. Creating an environment where business and knowledge institutions are willing to develop together new knowledge and to exploit this knowledge through co-financing of experiments of knowledge institutions and business;
2. Stimulating multi annual co-operation between business and knowledge institutions. Practical policy measures in this context are:
 - The creation of public-private research networks,
 - The introduction of financial incentives for co-operation between business and knowledge institutions.
3. Connecting with international knowledge-clusters (international R&D co-operation) and better knowledge circulation through:

¹⁴⁸ Ministry of Economic Affairs, 2003: 7-8, 21-22.

¹⁴⁹ Ministry of Economic Affairs, 2003: 9-13, 23-27.

- Involvement of Dutch technicians and researchers in the development of the European Framework for Research and Development,
 - International alliances of top research institutions.
4. Consistency in (innovation) policy through renewing the innovation policy as a whole and not only on specific components.

Annex 5	Challenges regarding the labour market and the social security in the light of the Lisbon Strategy
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The Dutch national government wishes to strengthen the socio-economic structure of the Dutch economy in order to deliver sustainable economic growth. The way along which she wishes to attain this objective is by increasing the employment rate. In the Dutch NAP 2004, the Dutch national government discusses how she would like to increase the employment rate under people who have the right age and who are able to work.

Active and preventative measures for the unemployed and inactive

A very important element of the government's policy is and will be the combat against youth unemployment and long-term unemployment under adults. With a view to prevent long-term unemployment wherever possible, all adults newly registered as unemployed who are obliged to accept work, and who are unable to find a job through their own efforts, are made an offer within 12 months aimed at getting them back to work or into a social activation programme. Young people will be made an offer within six months. The Dutch government is searching for ways to develop a comprehensive approach, which will be implemented by the municipalities, which are responsible for the reintegration of social assistance claimants, non-benefit claimants and recipients of surviving dependants' benefit (Anw), and by the Employee Insurance Schemes Implementing Body (UWV), which is responsible for the reintegration of people receiving unemployment benefit

Practical measures which the government has taken, since 2004, in this context are¹⁵⁰:

- Extra funding to local authorities to counsel clients;
- The UWV, in consultation with the Ministry of Social Affairs and Employment, has included in its annual plan an aim concerning the level of outflow: 85% of unemployed people with poor job prospects must be referred to a reintegration agency within four weeks of their assessment interview at the CWI; at least 95% of the clients claiming unemployment benefit must be offered a reintegration programme within 12 months of the date they began receiving benefit and half of the programmes must lead to a job with a contract for six months or more;
- Signing covenants with employers, CWIs and education organizations to combat youth unemployment;

¹⁵⁰ Ministry of Social Affairs and Employment, 2003: 8-10.

- Extension of existing tax incentive to encourage employers to give unemployed workers aged 23 and over training to help them obtain basic qualifications with tax incentives to encourage employers to give unemployed workers under the age of 23 trainings.

Job creation and entrepreneurship

The government is seeking to increase the number of entrepreneurs and to improve the business climate by means of its entrepreneurship policy. The key mean here is the removal of obstacles. Entrepreneurship contributes, in the opinion of the government, to both sustainable economic growth and employment. There has been a lot of activity in the past few years in the area of entrepreneurship, but there are still relatively fewer entrepreneurs in the Netherlands than in neighboring countries. The task of boosting the numbers is therefore still essential. The government takes therefore the following policy actions¹⁵¹:

- Removing the obstacles for new businesses and making it easier for people to set up a business more quickly;
- Tackling conflicting regulations;
- Facilitating changes of ownership; in the next few years many family businesses will be faced with the question of who is to take over, or the prospect of a change of ownership; careful handling of these operations will prevent unnecessary termination of business activities and the concomitant loss of capital.

Adaptability and mobility in the labour market

Most of the policy measures that the Netherlands takes in her employment policy are aimed at improving the adaptability of and the mobility in the labour market. Most of the measures that are taken in this area are through employment legislation, working hours, leave entitlement, work and care, transfer of pension rights, mobility, working conditions, security and safety and immigration¹⁵².

Development of human capital and lifelong learning

The Dutch government strives to increase the level of education of the labour force, both at the lower end (to basic qualification level) and at the upper end (increase in number of people with higher qualifications). The Dutch government wishes, in this context, for example, to increase the participation in lifelong learning because of the constantly changing labour demands. Education and trainings allow individuals to acquire new knowledge and skills during their working life. The Dutch policy with regard to developing human capital and lifelong learning focuses on¹⁵³:

- Boosting the vocational education;
- Introducing new innovation schemes, the aim of these innovation schemes is to enhance innovation in vocational education by stimulating joint regional or sectoral projects in the education and business sectors;

¹⁵¹ Ministry of Social Affairs and Employment, 2003: 10-11.

¹⁵² Ministry of Social Affairs and Employment, 2003:10-15.

¹⁵³ Ministry of Social Affairs and Employment, 2003: 15-17.

- Improving dual systems combining training and employment; courses combining training and employment are of particular importance to people who need training to ensure they find work, and stay in work, such as ethnic minorities (including people on integration programmes), early school leavers and women wishing to return to work. They allow people to obtain basic or more advanced qualifications, or learn the Dutch language, while they are working;
- Involving the social partners in the determination of the content and funding of staff trainings.

Increasing the labour supply and active ageing

The government has set down in its coalition agreement a number of important policy measures to increase the employment rate, particularly measures relating to voluntary early retirement/pre-pension, invalidity benefit, unemployment benefit and social assistance. The main policy actions of the Netherlands with regard to increasing the labour supply and active ageing are in the area of¹⁵⁴:

- Voluntary early retirement and pre-pension; voluntary early retirement and pre-pension schemes will, as of 1 January 2005, no longer receive favorable tax treatment, this to make it financially less attractive to retire early;
- Disability benefits (WAO); employer and the employee bear more responsibility. Since 2004, employers and employees will be, for the first two years of illness, jointly responsible for attempting to ensure the person concerned returns to the labour market. The Ministry of Social Affairs and Employment has also concluded agreements on performance with the UWV benefits agency: 85% of invalidity benefit claimants must have been registered with a reintegration agency within four weeks of the initial integration report being drawn up, at least 90% of clients on invalidity benefit must be on a reintegration programme or back in work within twelve months of claiming benefit for the first time, and 40% of programmes must lead to an employment contract for at least six months;
- Unemployment benefit (WW); since 2004 people are only eligible for unemployment benefit if they have worked for at least 39 weeks out of the preceding 52-week period, and for four out of the past five years.

Gender equality

In the Netherlands, the employment rate among women has increased substantially in the past few years. At the moment government policy in this area focuses mainly on pay differentials, mobility to more senior positions, childcare and options for combining work and family. The following can be reported with regard to the Dutch policy concerning gender equality¹⁵⁵.

- Equal pay; the Netherlands is working actively together with the social partners to combat unfair pay differentials. The installation of the Equal Treatment Commission and the periodical assessment of pay systems of individual companies whether they comply with the principle of equal pay are two important instruments in this context;
- Developing in collaboration with the social partners and system owners, an assessment tool to assess the gender neutrality of job evaluation systems;

¹⁵⁴ Ministry of Social Affairs and Employment, 2003: 17-19.

- Providing employees and employers information about gender equality;
- Better and affordable childcare;
- Developing possibilities for women to return to work.

Integrating people at disadvantage in the labour market

The aim of the Dutch policy concerning the integration of people at disadvantage in the labour market is to increase the effective labour supply from groups that have a low labour force participation rate. The basic principle is to remove the obstacles hindering certain groups and create job opportunities. The fight of the Dutch government against discrimination of people at disadvantage in the labour market gets mainly form in the extending of current legislation and the extending of power of the Equal Treatment Commission in her investigation of received complaints¹⁵⁶.

Enhancing work attractiveness

An important part of the Dutch strategy to encourage the participation of people in the labour market and to encourage people's participation in trainings is tackling the poverty trap¹⁵⁷. Poverty traps can have a negative impact on the decision to accept work (*unemployment trap*) or to invest in improving one's upward mobility in the labour market (*mobility trap*). The main priorities of the Netherlands with regard to enhancing work attractiveness are aimed at¹⁵⁸:

- Improving the transparency of the benefit system by an increased use of tax based measures instead of supplying subsidies;
- Better co-ordination of national and local income support.

Addressing regional employment disparities

The responsibility for regional labour market policy lies, in the opinion of the Dutch government, in the hands of regional players. These are, as it happens, better placed than the central government to know what is needed to ensure that the local and regional labour markets function effectively. To stimulate joint actions by important labour market players on regional and local level, the Dutch government tries to keep the dialogue between the stakeholders through existing networks alive¹⁵⁹.

A part from the wish to improve the labour market and social security system, the Dutch national government wishes also to increase the labour rate by attaining social cohesion. Therefore she has conducted policy that is explicitly aimed at combating social exclusion. The Dutch social cohesion policy is based on four principles¹⁶⁰:

¹⁵⁵ Ministry of Social Affairs and Employment, 2003: 19-21.

¹⁵⁶ Ministry of Social Affairs and Employment, 2003: 21-26.

¹⁵⁷ A poverty trap exists when an increase in gross income (as a result of accepting a job or getting a pay rise) has little or no effect on net disposable income.

¹⁵⁸ Ministry of Social Affairs and Employment, 2003: 26-27.

¹⁵⁹ Ministry of Social Affairs and Employment, 2003: 28-29.

¹⁶⁰ Ministry of Social Affairs and Employment, 2003: 9-21.

1. Promotion of *social participation* in the form of paid employment or - where people are very remote from the labour market - by means of social activation;
2. Guaranteeing *security of income* for people who are not able to support themselves independently;
3. Promotion of *accessibility of provisions* in the areas of housing, education, care, public transport, legal assistance, integration and care for the homeless;
4. Encouraging *active input* by and close co-operation between all *stakeholders* in combating social exclusion and poverty.

Principle 1: Social participation

The Dutch government is convinced that for people who are able to work, paid employment offers the best means of escaping from social exclusion and poverty: it provides income, social contacts, independence and opportunities for development. Therefore, the government has set her priority on the following policy measurements¹⁶¹:

- Investments in the economy: ensuring the sustainability of government finances and investing in the economic structure would promote growth in employment and productivity. Concrete measures in this context include:
 1. Making the tax system employment-friendly;
 2. A large number of policy measures aimed at strengthening the economic structure (investments in education, knowledge, competitiveness, innovation, accessibility and mobility in the Randstad).
- Encouraging participation in employment through:
 1. Social activation policy, from providing incentives in the tax and benefit system to extending the comprehensive approach aimed at the existing ranks of long-term unemployed;
 2. Promoting the participation of specific groups in employment through investments in policy aimed at increasing the participation of specific groups;
 3. Promoting permanent employment with the help of financial incentives, strengthening preventive measures and more effective benefits access selection;
- Improving the operation of the reintegration market through reviewing the social security system and a more efficient implementation of the reintegration policy.
- Investments in trainings and the vocational education. Concrete measures: investments in the quality of work, the quality of trainings and the quality of recruitment policies;
- Modernization of pay policies; more and better result-pay systems that are linked to developments in the economy;
- Modernization of labour relations, among the measures are: greater diversity in combinations of work, learning, care and leisure time and better access to childcare facilities;

¹⁶¹ Ministry of Social Affairs and Employment, 2003: 25-26.

- Improving social activation programmes for the people who are very remote from the labour market and there is no prospect of them leaving the benefit system by improving the development and implementation of activation policy.

Principle 2: Income guarantee

The income policy of the Dutch government has a twofold character. On the one hand, the income policy is aimed at enabling households, which are forced to rely on a minimum income, to participate in the general increase in prosperity (maintaining the purchasing power of people on a minimum income). On the other hand, the Dutch income policy is aimed, at the same time, at activating people (maintaining employment). The Dutch government believes in this income policy and intends, therefore, to continue pursuing this policy. Most new policy measurements, represented in the NAP/Inclusion 2003-2005, are (technical) financial measurements aimed at the further increasing of the activating effect of social security by increasing the improvement in income on acceptance of work (reducing the poverty trap)¹⁶².

Principle 3: Accessibility of provisions

In addition to policies with regard to work and income, provisions in the field of housing, education, care, public transport, legal assistance, integration and care for the homeless are of equal importance to combat the risks of social exclusion and poverty. In order to provide support in these areas, the Dutch government introduced the following policy measurements for the period 2003-2005¹⁶³:

- Creation of affordable housing for the less well-off;
- Combating learning disadvantages through early identification, cure and prevention. Central elements of this policy are better implementation of intensive programmes, better guidance into pre-school provisions, offering intensive language and general development programmes and mainstreaming school activities with care for children outside school hours;
- Combating premature school leaving. Concrete policy actions in this context are: increasing the budget for policy aimed at reducing the number of premature school-leavers and forcing schools to report on a regular bases about premature school-leavers;
- Guaranteeing accessibility of education for less well-off (parents of) pupils through improving the student finance system;
- Promoting the accessibility of care for ethnic minorities through interculturalisation of care, promotion of knowledge exchange and encouragement of the interculturalisation of management;
- Reversing the rising trend in socio-economically induced health differences through better co-ordination of prevention and care;
- Promoting accessibility of public transport by accessibility measures relating to stations, platforms, bus stops, time tables, ticket offices and automatic ticket machines;

¹⁶² Ministry of Social Affairs and Employment, 2003:27-29.

¹⁶³ Ministry of Social Affairs and Employment, 2003: 29-36.

- Improving provisions for old comers and newcomers. Practical measurements are among others: offering dual programmes which seek to combine the integration programme and vocational training or employment and tailor-made education programmes;
- Better access to legal assistance through: carrying out experiments, providing financial support for projects and granting incentive subsidies for market initiatives;
- Improving the provisions for the homeless by structural monitoring on sheltering the homeless, providing support to local authorities in structuring their policy on shelters and mental health, introduction of targeted payments system and signing covenants with important stakeholders;

Principal 4: Active contribution and close co-operation between stakeholders

In order to ensure the success of tackling social exclusion and poverty the government encourages partnership between stakeholders. In this respect, the government will take the following policy measurements¹⁶⁴:

- Setting up government subsidized networks;
- Signing covenants;
- Involving stakeholders in policymaking concerning social exclusion and poverty;
- Stimulating social responsibility of business.

¹⁶⁴ Ministry of Social Affairs and Employment, 2003: 36-37.

Annex 6	SWOT Analysis region Randstad Holland
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Strengths	Weaknesses	Opportunities	Threats
Market			
<ul style="list-style-type: none"> - Open market - Central located in Northwest Europe 	<ul style="list-style-type: none"> - Small home market - Fragmented regional markets - Relatively high cost levels - Relatively low productivity rate 	<ul style="list-style-type: none"> - Bigger Internal Market after the enlargement - Integration regional markets 	<ul style="list-style-type: none"> - Shifting in the direction of East and South Europe
Tax and Regulation			
<ul style="list-style-type: none"> - Fiscal climate for international activity 	<ul style="list-style-type: none"> - Complicated and inconsistent regulation in particular with regard to environment and spatial planning 	<ul style="list-style-type: none"> - More flexibility spatial planning 	<ul style="list-style-type: none"> - Disappearance of fiscal advantages - Increase of regulation
Airport			
<ul style="list-style-type: none"> - Situation with regard to transatlantic routes - Frequent direct destinations - Compact airport 	<ul style="list-style-type: none"> - Limited space to grow on the long term - Limited Metropolitan market 	<ul style="list-style-type: none"> - More coherent metropolitan establishment climate - HSL 	<ul style="list-style-type: none"> - International competition - Limited accessibility
Harbour			
<ul style="list-style-type: none"> - Position Rijnmond harbour - Situation - Petrochemical complex - Hinterland connection by sea - Processing harbours ANZK 	<ul style="list-style-type: none"> - Limited added value for region itself - Accent 'transito Rijnmond' 	<ul style="list-style-type: none"> - Growth world trade - Growth container transport - Betuwelijn - Value added logistics - Growth logistical complexes 	<ul style="list-style-type: none"> - Rise of Antwerp and Hamburg - Costs level - Silt up hinterland connections - Access to IJmond
Sites			
<ul style="list-style-type: none"> - Broad scale of segments 	<ul style="list-style-type: none"> - Dissipation of the supply - Limited supply of wet terrains and terrains for heavy industry - Insufficient quality/high prices 	<ul style="list-style-type: none"> - Bigger EU market - Liberalization 	<ul style="list-style-type: none"> - NIMBY- attitude - Insufficient extension possibilities - Connectivity
Office locations			
<ul style="list-style-type: none"> - Broad supply - Sufficient capacity 	<ul style="list-style-type: none"> - Dissipation of the supply - Insufficient top segment 	<ul style="list-style-type: none"> - Strong position of Randstad for régie and creative activities - Good telecom infrastructure on nodal points - HSL 	<ul style="list-style-type: none"> - Increasing international competition - Oversupply in middle segment
Road Infrastructure			
<ul style="list-style-type: none"> - Relatively connecting road infrastructure with a high transport value 	<ul style="list-style-type: none"> - Strong entanglement main net with other nets - Congestions around cities 	<ul style="list-style-type: none"> - 'Modal shift' 	<ul style="list-style-type: none"> - Congestion routes - Behind laying investments compared to international competitors
Public Transport Infrastructure			

- Relatively connecting road infrastructure	- Fragmented - Not much transparency - Low frequencies - Insufficient reliability	- Increasing demand and potential transport value	- Insufficient capacity and quality - Behind laying investments compared to international competitors
Telecom infrastructure			
- Strong position in the international network	- Staying behind by competitors - Strong developed backbone	- Further development of new communication applications - Innovation - Implementation EU regulation	- Competition - Resistance established parties - Monopoly
Knowledge infrastructure			
- Strong international position of knowledge institutions - Broad variation when it comes to disciplines	- Relatively low R&D and not many medium large enterprises - Lack of knowledge diffusion to SMEs	- Stronger and coherent interaction through better connections between agglomerations - Broadband - Strengthening relation knowledge institutions and business	- Relatively low proceed to higher education - High percentage dropouts - Departure of knowledge workers
Labour market			
- Relatively young population - Variety - International orientation	- Behind laying supply of knowledge workers - Geographic fragmentation	- More flexibility	- Behind laying education levels - Behind laying productivity
Housing market			
- Variation in rural environments	- Insufficient supply in higher segments - Relatively small houses and high prices	- Utilization high-grade of urban and rural environment - Adequate regulation	- Not well functioning market - High transaction costs - Slow implementation

Source: *Economic Strategy Randstad, 2004.*

Annex 7 Projects and measurements regarding attractiveness			
Projects and measurements	State	Provinces	Municipalities
X = Main responsibility			
Xx = joint responsibility			
Airports, seaports and hinterland connections			
1.1 Faster decision making and quick construction of the Rotterdam Maasvlakte seaport extension.	X		Xx
1.2 Preparations for Amsterdam Airport Schiphol's expansion for commercial traffic.	X	Xx	Xx
1.3 Utilisation of Rotterdam Airport for European commercial traffic and holiday flights. Improving the accessibility to the airport and space for further development.	Xx	X	Xx
1.4 Accessibility main ports: doubling of the N201 national trunk road with a connection to the A4 motorway.		X	
1.5 Accessibility main ports: increasing the A15 motorway capacity (Maasvlakte-Vaanplein)	X		
1.6 Construction of second major sea sluice at IJmuiden in order to make it possible for big ships to enter the harbours of Amsterdam	X	Xx	Xx
1.7 Upgrading of Amsterdam/Schiphol-Utrecht-German border route to high-speed link quality (HSL)	X		
1.8 Connecting The Hague and Rotterdam to the high-link speed network	X		
1.9 Flow-through of main road connections from the main ports (Improving the connection between hinterland and agglomerations) (A1, A2, A4, A6, A9, A12/20, A13, A15, A16 and A29)	X		Xx

Urbanization directives

2.1 Priority for building in and around major conurbations (agglomerations) and cities.	X	Xx	Xx
2.2 Construction and restructuring of sites (Wijkermeer, Lage Weide, Zuidplas, Almere A6/A27).		Xx	X
2.3 Completion of two major urbanization- projects: Almere and Rotterdam-Zoetermeer-Gouda area.	X	Xx	Xx
2.4 Balanced structuring of residential environments in conurbations and overspill towns.			X

Interconnections between centres and regional connections

3.1 Drafting of Master plan for regional traffic system ,with halving of journey times between economic centres (four major cities and main sea and airports) ; that will have to include among others 1.9, 3.3 and 3.4.	X	X	X
3.2 No further additions of junctions on main road network.	X	X	
3.3 Doubling of rail infrastructure between the four major cities and the main sea and airports.	X		
3.4 Solutions for lack of links in the motorways Delft-Schiedam, A4-Zuid, A6-A9, A13-A16 and A4-A44.	X		
3.5 More efficient utilisation and strengthening of financial support as a consequence of road charging.	X		Xx

Business location development

4.1 Construction of top locations of international level: Zuidas Amsterdam. Realization key projects Centre of Rotterdam, Centre of The Hague and Utrecht railway station area.	X		Xx
4.2 Reservation and construction of industrial	X	Xx	Xx

estates.

4.3 Reservation of space for urban transformations and restructuring of industrial estates.	X	X	X
4.4 Construction of science parks (Leiden-West, Technopolis Delft, Utrecht Uithof, Amsterdam Watergraafsmeer.		Xx	X
4.5 Ensuring there is sufficient space for creative industry (such as incubators and starting entrepreneurs).	Xx		X
4.6 Development space and accessibility for the green house and agricultural business concentrations (Westland, Aalsmeer, Bollenstreek and Boskoop).	Xx	X	X
Knowledge infrastructure and labour market			
5.1 Increasing supply of knowledge workers, in particular knowledge workers with a technical background, decreasing dropouts, in particular in the vocational education.	X		X
5.2 Improve possibilities for attracting knowledge workers.	X		
5.3 Improve functioning of the housing market.	X		X
5.4 Increase economic spin- off from research.	X	X	X
5.5 Connect homes, institutions and companies to fibre-optics network (broadband).	Xx		X
Joint Communication			
6.1 Joint profiling of Randstad Holland.		X	Xx
6.2 Retain existing foreign companies and large companies.			X

Source: Economic Strategy Randstad 2004.