



A COMPACT GEOGRAPHY

OF THE NORTHERN NETHERLANDS

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In Boekvorm Uitgevers bv

Regional disparities

The structure of the labour market in the North shows some marked differences with the rest of the country. Although the service sector is now the largest and fastest growing sector also in this part of the country, the shares of agriculture, manufacturing and construction are still considerable and above those for the Netherlands as a whole. Average firm size is smaller in the North and due to low density of jobs there are hardly any positive agglomeration and cluster effects. In addition the participation rates in the North are lower, as is the average educational level, labour productivity, innovativeness and the regional wages. Due to the distance with the rest of the country the interaction between the regional labour market in the North of the Netherlands and the other regional labour markets in the Netherlands is limited. Although there is some commuting with the rest of the country, migration is the main adjustment mechanism with the other Dutch regional labour markets. Especially those with higher vocational levels of education and academics migrate to other regions, low and medium educated are geographically less mobile. If they migrate they move over shorter distances within the North. Although migration flows are substantial, net-migration is so small that this is not an important factor in reducing regional disparities. Taking all this together the North is a peripheral region with a substantially lower GDP per capita and a lower employment rate that keeps lagging behind.

Given the less prosperous regional economic situation

since World War II, it is not surprising that the North has been subject to regional policies for decades. The infrastructure in the North has benefited from regional policy initiatives and also investment premiums have had a positive impact on the development of the regional economy in the North. However, in spite of all regional policy measures, the regional disparities did not disappear. In 1997 it has been calculated that 43,000 additional jobs need to be created in order to make the employment rate (jobs per 1000 inhabitants in the age group 15-64) in the three Northern provinces equal to the national average. In the so-called Langman agreement an ambitious plan has been started to create this number of jobs. By the end of 2003 unemployment rates were still higher in the North than in other parts of the country. It is also clear that within the North there are substantial differences: especially the municipalities near the sea and the German border show rather high unemployment rates.

In the last decade there has been a substantial increase in the number of jobs both in the Netherlands as a whole and in the North. The growth rate of employment has even been slightly higher in the North than in the rest of the country but not enough to close the gap. Therefore, the question arises more and more if regional policy should be continued or not, because it might be impossible (or too expensive) to close the gap completely.

Education

Labour productivity and participation rates are both positively

correlated with education. This may suggest that a policy aiming to increase the level of education in the North should be advocated. The share of higher educated in the North is substantially lower than the national average. Within the North there are some marked differences between the provinces with regard to the educational level. The share of academics in the labour force in the province of Groningen of 10% is even higher than the national average of 9%, whereas in the provinces Fryslân and Drenthe this share is less than 5%. The high share in Groningen is due to the concentration of high skilled jobs in the city of Groningen where the only university of the North is located. The share of higher vocational educated is in both Fryslân and Groningen only slightly lower than the national average of 19%, but in Drenthe the share is only 15%. The share of the group with the lowest levels of general and vocational education hardly differs from the national average of 28% and, therefore, we can conclude that especially the share of the group with the medium level of education is in the North over-represented. This group is also over-represented in the group of unemployed.

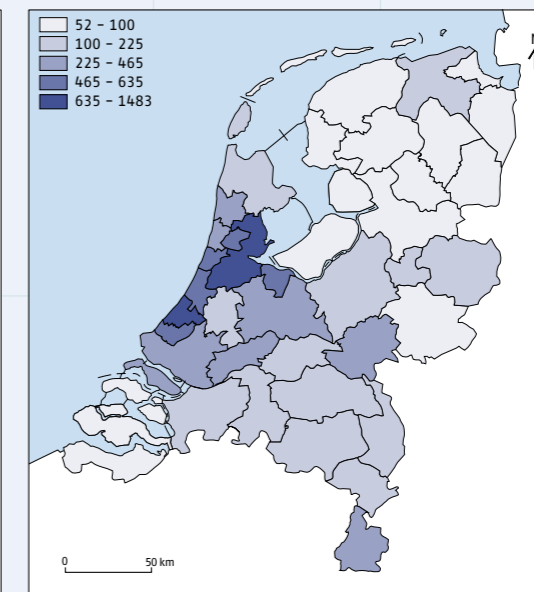
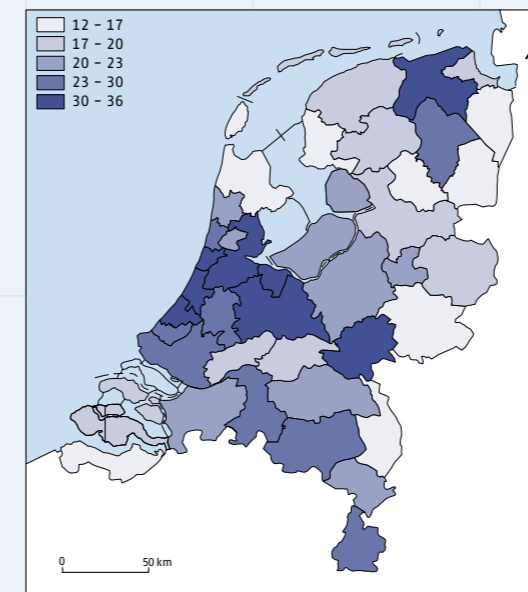
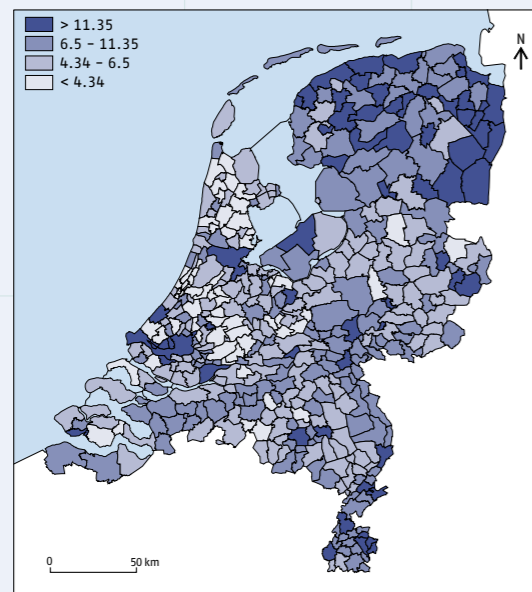
Interestingly, both the share of the group with the lowest level of education (45%) and the share of academics (4%) are in the North smaller than nationwide (50% and 5%, respectively). However, these figures also show that in absolute numbers the unemployment problem of the low-skilled is much larger than that among academics. Employment perspectives for this group worsen over time, because the number of low

skilled jobs in the industrial sector declines more and more. In order to be competitive on the world market firms need to implement new innovative techniques and this will require higher skilled labour. In this case a policy aiming to diminish the share of workers with the lowest level of education via formal education or via on-the-job-training might be advocated.

Brain-drain?

In this context an interesting fact is that the majority of the graduates of the University of Groningen and the students that finished higher vocational education leave the North. Should this brain-drain of those with higher vocational education and academics should be stopped. Results from a survey among the university graduates showed that after one or two years 58% worked outside the North. The share of unemployed among the graduates from Groningen is higher, but wages are only 2% lower and the search duration up to the first job is slightly shorter. Interestingly, for the Groningen graduates in the period October 1997 – October 1998 a higher share (66%) found a job outside the North in 1999, but on average they earned 6% less than the graduates from the other universities. Unemployment among this cohort is in 1999 slightly lower than national, but the search duration for the first job is two weeks longer. When we compare the results of the two points in time we can conclude that in line with the general labour market trend, unemployment has gone up, but surprisingly the share of Groningen graduates employed in the

UNEMPLOYMENT BY MUNICIPALITY, IN PERCENTAGES OF THE LABOUR FORCE, DECEMBER 2003.



LEFT: AVERAGE SHARE OF HIGHER EDUCATED (ACADEMIC AND HIGHER VOCATIONAL LEVEL) IN THE EMPLOYED LABOUR FORCE OVER THE PERIOD 1990-2001.

RIGHT: AVERAGE JOB DENSITY PER KM² LAND SURFACE OVER THE PERIOD 1990-2001, PER 1000.

North has gone up and this has not resulted in lower pay. This may indicate that the brain-drain decreased because employers in the North increased the job opportunities for academics from the North in this period. There is in the North hardly competition from graduates of other universities: only about 1% of them worked in the North in both 1999 and 2003. Before drawing conclusions it is good to know that there is substantial variation in out-migration rates, unemployment, search duration and wages obtained between graduates from the various disciplines. Detailed figures from the most recent survey show that of the graduates in economics, business administration and law about 70% leave the region, but in 1999 this was more than 80%. In disciplines like medicine, psychology, spatial sciences and science between 50 and 60% worked in the region in 1999, whereas this share was also substantially lower in 1999. This implies that especially the graduates from disciplines that do not generate technical innovations leave the region. Their knowledge can be useful in achieving organisational innovations, but this knowledge will only be useful for the regions if there are job openings requiring this type of knowledge. When we compare the results for 1999 and 2003 it seems plausible that for these graduates employment opportunities indeed improved in recent years.

Policy

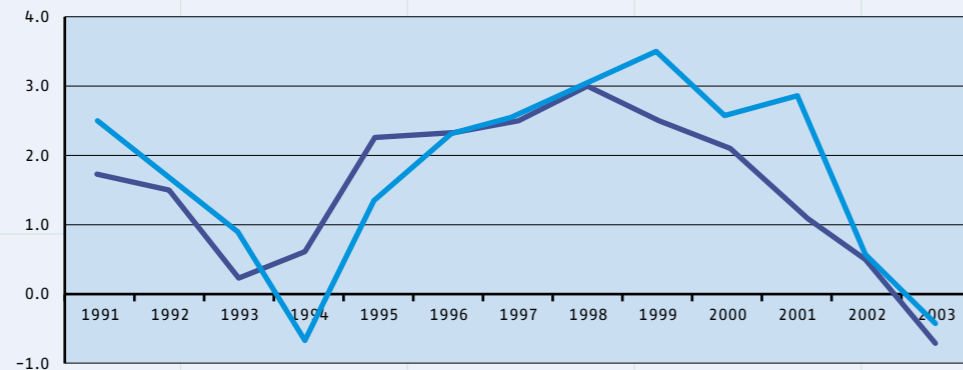
Recent empirical evidence suggests that causality may run mainly from employment growth to education and not vice-versa.

Experience from the beginning of the nineties in the North has also learned that a high stock of academics available for the labour market does not enhance regional development. The results of the survey discussed before also suggest that if there are suitable jobs in the North more graduates will stay in the North or will return later. Stopping the brain-drain seems only a good recipe if particular vacancies in the North remain unfilled. Otherwise the only effect will be an increase in unemployment of academics and then out-migration of higher educated might be a preferred option.

From the foregoing we may conclude that an increase in education of workers with the lowest level of education via formal education or via on-the-job-training might be a successful way to reduce unemployment and to make the application of new techniques easier. Also at the medium vocational level additional schooling can be useful. Stimulating the number of students at the university can also boost the regional economy mainly via consumption effects as long as the graduates for whom no jobs are available in the region migrate to other regions. Improving labour productivity depends more on active entrepreneurship able to adopt and implement existing new ideas than on the number of academics that stay in the region. ■

ANNUAL EMPLOYMENT GROWTH IN THE NORTH AND IN THE NETHERLANDS 1991-2003.

THE NORTH
THE NETHERLANDS



SOCIAL HISTORY: THE ROLE OF THE LABOUR UNIONS

TEUN JAN ZANEN

Relative early industrial development in the Northern Netherlands based upon local raw materials and agricultural resources received a number of major setbacks at the end of the nineteenth century and was suffered disproportionately from the Interbellum economic crisis. Discontent was expressed locally through both revolutionary socialist and social democratic institutions, notably the trade unions. The national government has reacted to this at different times with indifference, palliatives and regional policy initiatives with varying success.

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