The polycentric metropolis unpacked: concepts, trends and policy in the Randstad Holland

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Chapter 2

Randstad Holland: Multiple Faces of a Polycentric Role Model

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It has been slightly edited to fit the format of this book.
2.1 Introduction

The Randstad Holland is commonly portrayed as one of Europe’s most pronounced polycentric mega-city regions (MCRs). It combines a political capital, a financial capital, a cultural capital, first-class international gateway functions (the port of Rotterdam and Schiphol Airport) and a highly-skilled, cosmopolitan labour force. But these assets are not located in just one city as in London or Paris; they are distributed over a number of historically distinct cities in the western part of the Netherlands. Relationships between these cities date back centuries or more. Already in the 16th Century, for example, excellent water-borne transport connections fostered the development of a marked division of labour between them, the remnants of which can still be traced today (‘t Hart, 1994; Kloosterman and Lambregts, 2001). Since then, however, complexity has increased enormously. Successive rounds of (global) economic restructuring have radically reshaped the area and still continue to redefine the roles and perspectives of both individual cities and the Randstad region as a whole. At the same time, the advance of motorized transportation has been a boon to (individualized) mobility, increasing the freedom of location for households and firms alike. Patterns of linkages and interdependencies between and among the cities, towns and villages of the Randstad area have correspondingly become more complex. As a result the Randstad has become a complex, multi-layered mosaic of places, markets and flows, rife with implicit and explicit intra-regional interdependencies and hierarchies and connected to the rest of the world in intricate ways. It can be argued that currently business services industries play the key role in the ongoing reconfiguration of the region’s spatial appearance, its economic functioning and its incorporation in the global economy. After all, many service activities have recently been (and still are) among the fastest growing industries and are, moreover, subject to strong processes of globalization (UNCTAD, 2004). In this chapter we will explore the question: what does the functioning of the business services sector tell us about polycentricism in the Randstad and how do current policy frameworks relate to this?

2.2 The Randstad as a polycentric business services complex

The Randstad: key characteristics

The Randstad is the horseshoe-shaped urban configuration in the western part of The Netherlands. It roughly runs from Dordrecht and Rotterdam in the south, via The Hague and Leiden in the west to Amsterdam in the north and Utrecht and Amersfoort in the east. These cities surround a predominantly rural area called the ‘Green Heart’. The outer borders of the Randstad are not precisely defined (see Figure 2.1).

The Randstad measures about 70km by 75km (16 per cent of the Dutch land area) and houses about 6.6 million people (40 per cent of the Dutch population). They live in a large number of mainly medium-sized cities and an even lar-
ger number of smaller towns and villages. At the end of 2004, the region included 12 cities with more than 100,000 inhabitants and another 12 in the range 70,000–100,000. The most populous cities are Amsterdam (739,000), Rotterdam (596,000), The Hague (469,000) and Utrecht (275,000). In the Netherlands, these cities together are often referred to as the ‘Big 4’. The co-presence of so many individual smaller and larger cities in a relatively small area gives the Randstad its typical polycentric appearance.

Figure 2.1 Overview of the Randstad

The Randstad is also the country’s economic powerhouse. It is home to some 3.2 million jobs (45 per cent of Dutch employment), most of them in various kinds of services. In terms of spatial distribution, employment generally closely follows population (see Figure 2.2). The main population centres and their surroundings are also the main employment centres, with the possible exception of Schiphol airport, which has developed into a massive logistics and services centre of its own.

The Randstad’s global connections are effectively facilitated through the port of Rotterdam (Europe’s largest), Schiphol airport (Europe’s fourth largest), and the Amsterdam Internet Exchange (the largest in Europe after London).
A dense network of road and railway corridors connects the cities of the Randstad with each other and with other parts of the country and North West Europe at large. A high-speed train connection with Brussels and Paris is to open in 2009.

At first glance, therefore, locational differences within the polycentric MCR of the Randstad seem to be eroded to the point of insignificance. Population and employment centres are almost evenly spread across the region; nearly every centre has access to the same infrastructure (both transport and communications) and is, moreover, located within one-hour travel time of Schiphol airport. Beneath this picture, however, there also exists a more fine-grained pattern of functional divisions and interdependencies. They can be illustrated, for instance, by taking a closer look at the Randstad’s business services complex.

![Figure 2.2 Distribution of population (l) and employment (r), based upon CBS data](image)

**Changing the focus to business services**

The Randstad stands out as The Netherlands’s most services-oriented region. At the end of 2002, 752,000 or 54 per cent of the country’s jobs in business services were located in the Randstad. Business services accounted for 24 per cent of total employment in this region compared to 16.5 per cent in the rest of The Netherlands (Central Bureau of Statistics (CBS) employment statistics). Within the Randstad, the Amsterdam and Utrecht regions are particularly important business services strongholds. Here, the business services’ share of local employment is almost 30 per cent.

The Randstad’s lead in business services over the rest of The Netherlands is not of recent date. As the country’s most urbanized region, the Randstad was the first region to undergo the transition from a predominantly industrial to a predominantly post-industrial or service economy. Its head start has since then diminished somewhat, but the latest figures show that the strongest job growth
in business services again occurs notably in the Amsterdam and Utrecht regions and in the area in between. Growth here is stronger than the national average and much stronger than in the southern half of the Randstad.

Within the Randstad, considerable differences exist as regards the services profiles of the different major cities (see Figure 2.3). Amsterdam, as the country’s long-standing trade and financial centre, stands out as the region’s prime services centre. It has by far the largest concentration of financial services in the country and also leads in law and advertising firms. The city’s large numbers of (Dutch) multi-nationals provide ample demand for advanced producer services (APS) of many kinds. On top of that, the city is also favourite with foreign services firms entering the Dutch market, a picture that was confirmed by a small research study carried out in 2004 (Lambregts and van der Werff, 2004). From a sample of 78 global business services firms with one or more offices in The Netherlands (taken from Taylor, 2004) almost three-quarters of the headquarters were located in Amsterdam or one of its surrounding municipalities (Amstelveen notably), with only a handful of offices left for Rotterdam, Utrecht and some smaller places in between (see Figure 2.4). This marked concentration of global business services headquarters in the Amsterdam area led the researchers to contend that, within the Randstad, the global city milieu to which global business services tend to be attracted (cf. Sassen, 2001) is very much monopolized by Amsterdam and its immediate surroundings.

The city of Utrecht and the eastern part of the Randstad are characterized by a strong presence of design (engineering) and management consultancy firms. Many of the large Dutch firms in these sectors have their headquarters in this area.

The economy of the southern part of the Randstad differs significantly from that of the northern and eastern parts. The Hague is first of all the seat of the national government and a wide range of related public and semi-public institutions. As such, it does attract its fair share of business services, but the sector at large is not as well developed as in the Amsterdam region. Accountants, design consultants (especially engineering) and law firms are quite well represented but for financial services, advanced logistics, advertising and management consultancy the reverse is true.

Rotterdam, in turn, still heavily depends on its port as far as the economy is concerned. After Haarlemmermeer (the municipality that hosts the national airport Schiphol) the city is home to the largest concentration of (advanced) logistics services in the Randstad. Accountancy is another well-represented sector in the city; several of the country’s largest accountancy firms have their headquarters in Rotterdam. The city is also renowned for its concentration of highly successful architecture firms (Kloosterman, 2004). Finance, advertising and management consultancy are among the sectors that are quite underrepresented in the Rotterdam area.
Figure 2.3 Business services jobs in selected Randstad centres

Figure 2.4 Dutch headquarters of global business services firms
In what sense is the Randstad a polycentric business services complex?
So while in terms of population and total employment distribution the Randstad appears as a rather undifferentiated polycentric conurbation – in effect a single urban field – the above analysis, however schematic and partial, shows that beneath this ‘unmistakable’ polycentric picture of the Randstad there exists a far more complex and multi-layered reality that is shaped by subtle divisions of labour and highly localized agglomerative forces. For every indicator demonstrating the ‘polycentric’ nature of the area there is another showing that the area also has more ‘monocentric’ characteristics. A comprehensive understanding of the area needs to take into account both its monocentric and its polycentric features, and be open to the ways in which they inter-relate. In the next section we will explore the latter issue in some more detail.

2.3 Complicating the picture: connectivity and intra-firm linkages

Multi-level connectivity through office networks
Detailed quantitative study of the office networks and inter-office linkages of some 175 Randstad-based business services firms (Lambregts et al., 2005a) (see also Taylor et al., 2006, for details of the methodology) reinforces the multi-layered picture described above. In terms of connectivity it appears that overall regional interconnectivity in the Randstad is strong. This means that multiple cities (rather than just one or two) are relatively well connected, both with each other and with a range of other cities through the office networks of business services firms. The latter is especially true for Amsterdam and Rotterdam. Amsterdam is the city that is best connected at the regional level (i.e. within the Randstad) while Rotterdam, quite surprisingly, is the city that is best connected at the national level (Figure 2.5a, b). Utrecht and The Hague are reasonably well connected with other regional and national centres as well. The ‘connectivity gap’ between the four largest cities and the smaller centres of the Randstad at first sight seems major, but it is actually quite minor when viewed from a comparative perspective (see Taylor et al., 2006). Interestingly, of all the minor Randstad centres the most peripherally situated cities of Alkmaar and Amersfoort achieve the highest regional and national connectivity scores.

Thus while at the regional and national scales Amsterdam and Rotterdam compete closely for the status of ‘most connected’ city, the story is quite different at the European and global scales. Here, Amsterdam emerges as the country’s internationally best-connected city, with Rotterdam following at some distance (Figure 2.5c, d). Utrecht and The Hague are number three and four, again at some distance. Noteworthy is also that minor centres located in the vicinity of Schiphol airport (i.e. Amstelveen and Haarlemmermeer) gain some places in the European and global connectivity rankings compared to the regional and national rankings. Amsterdam’s clear lead in European and global connectedness without doubt has to do with its popularity as a place of settlement among global services providers (see above).
Figures 2.5a, b, c, d GaWC connectivity indices: office networks

Intra-regional linkages – again through office networks

The same quantitative analysis of office networks also produced an overview of the potential intra-regional linkages between the Randstad’s 12 major business services centres (Figure 2.6). The strongest linkages are between Amsterdam and Rotterdam (meaning that these are the pair of cities for which most firms find it necessary to have a simultaneous presence). Next are the connections between this pair of cities and The Hague and Utrecht. Alkmaar and Amersfoort maintain relatively strong connections with each of the four largest cities in the Randstad. The other minor centres are not particularly well linked to each other and/or the larger centres in the region. An exception is Haarlem, which maintains reasonably strong connections with Amsterdam. The ‘strength’ of all other linkages is less than 20 per cent of that of the strongest linkage: Amsterdam–Rotterdam.

Connected cities or divided markets?

The above findings give rise to different – in parts even paradoxical – interpretations. First, and less problematically, the connectivity scores presented suggest that whereas dominance in terms of connectivity at the regional and national levels is shared among four cities, a single city (i.e. Amsterdam) demonstrates outstanding quality if European and global levels are considered. This finding suggests the proposition that the Randstad is more polycentric as a regional system in its national context than as an MCR in the European and global contexts: a statement that supports the findings in the previous section.
Figure 2.6 Intra-regional linkages through office networks

More caution is needed however in interpreting the meaning of the intra-regional networks analysis and this requires a complementary qualitative interview methodology, to be discussed in detail in the next section. The outcomes of the quantitative analysis suggest that a dense and well-spread network of business services flows exists between the main business services centres of the Randstad. The layout of the network also differs significantly from the commuting networks analysed in the project (see Hall et al., 2006). This analysis showed that the strongest commuting linkages are predominantly defined at the level of individual city regions (for example those of Amsterdam, Rotterdam and The Hague) and that ‘pan-Randstad’ commuting is (still) a rather modest phenomenon. Figure 2.6, on the other hand, suggests that the opposite is true for business services flows. Here, the strongest linkages typically occur between the four largest cities and not so much between the largest cities and their surrounding subcentres. But caution is definitely necessary here. Interview evidence indicates that the dense network of intraregional linkages found is above all the result of many business services firms apparently finding it necessary to have offices simultaneously in Amsterdam and Rotterdam and often in a number of other cities as well. Most clustering has more to do with sharing locational needs than with functional relations. It is tempting to focus on the (supposedly) frequent and meaningful forms of interaction between the offices and hence to conceive the region as a ‘polycentric system of business services centres’, the cities of which are more or less closely tied to one another through (intra-firm) business services flows. This is,
however, but one possible interpretation of the patterns found here. Whereas the regional concentrations of APS sectors suggest the existence of functional linkages, these are in practice generally very limited apart from in the case of advertising. A second one is that many firms do not find it feasible to serve the entire Randstad region from a single office. Their clients are spread across the Randstad but cannot be ‘serviced’ from a single, strategically chosen location. As such, the region may be polycentric in the sense that markets are dispersed and that several economic centres of gravity coexist, but it does not function simultaneously as a polycentric system (or region) in the sense that, for example, one centre can easily be served from another. In this interpretation, the Randstad is made up of several (at least four) largely separate business markets. It is also this interpretation that helps us to make sense of the relatively strong ‘links’ that were found between the comparatively peripheral cities of Alkmaar and Amersfoort on the one hand and the four largest cities on the other. While seemingly many firms consider it feasible to serve smaller centres such as Zaanstad, Almere, Amstelveen and Haarlemmermeer from their offices in Amsterdam, the cities of Alkmaar and Amersfoort are located so far away from the main centres as to justify the opening of additional offices. Presumably, these cities, like the four largest ones, constitute ‘business markets’ of their own.

So altogether, the outcomes of the connectivity analysis on the one hand confirm the idea of the Randstad being ‘polycentric’ in more than one way while on the other they add complexity to the picture by suggesting that the Randstad may not be as coherent an entity as presumed, and rather should be understood as a loose collection of smaller regions instead. In the next section, this suggestion will be explored in more detail.

2.4 Business services markets in the Randstad

Within the Netherlands, the Randstad is without doubt the region where most of the business and corporate decision-making takes place, including the bulk of internationally oriented business. While it is not an absolute requirement to be actually based in the area in order to serve this rich and diversified business market (as is proved by companies that successfully acquire business in the Randstad from places such as Arnhem and Tilburg), most of the larger and growth-seeking Dutch APS firms feel the need to have a presence here. Next to an abundance of business opportunities, the Randstad also constitutes an extensive pool of highly qualified labour. By strategically choosing its location, a firm can give itself direct access to more than a million potential employees with a university or college degree. The Randstad’s northern and eastern parts may be slightly better endowed in this respect than the southern part (Marlet and van Woerkens, 2003). For only a few business services industries are labour markets more locally defined. Examples include advertising agencies and specific financial services, which basically rely on the Amsterdam region for labour (that is, if they want to attract the most talented of people).
The fact that a large percentage of global business services find it necessary or attractive to have a presence in Amsterdam and/or the wider Randstad area (see above) also confirms the idea that from a global perspective the Randstad represents an attractive market for business services firms. Interviews with high-ranking managers of 64 Randstad-based business services firms (for a full report see Lambregts et al., 2005b) generally confirmed and even reinforced this picture. Many Dutch-based branches of internationally networked firms were reported to do relatively well compared to branches of the same firms in other countries. Quite often they are either significantly larger than could be expected on the basis of the small size of the Dutch economy, or they play an active role in the management of the networks of which they are a part. Reasons for this (as mentioned by interviewees) include: the traditional outward/international orientation of the Dutch economy and its entrepreneurs; the fact that The Netherlands are for many other countries an acceptable (i.e. because of its small size, not very threatening) entity to which to allot executive tasks; and – last but not least – the fact that the Randstad or Dutch services market is well developed, not least because it is the headquarters of a relatively large number of multi-national corporations that give rise to a comparatively large and (because of their often complex and globalized operations) sophisticated demand for business services.

The same interviews, however, also produced the insight that the Randstad is not considered to be a ‘single’ market by each and every firm. There appears to be a crucial dividing line between services firms with a client orientation towards small and medium size enterprises (SMEs) on the one hand and firms predominantly servicing large and multi-national corporations (MNCs) on the other. For both categories, the Randstad offers a rich pallet of business opportunities and an attractive pool of potential employees, but for neither does the region necessarily coincide with the spatial scope of their operations. For the vast majority of SME-oriented service providers the Randstad is simply too large. The spatial scope of their markets is usually more limited, in part because they depend so strongly on presence and visibility in local networks for the acquisition of business. To take full advantage of the Randstad’s business potential, such firms therefore need offices in various cities across the region as it is, for example, virtually impossible to operate successfully on the Amsterdam SME market from Rotterdam and vice versa.

Alternatively, for MNC-oriented services providers, business does not stop at the edges of the Randstad. They consider the whole of The Netherlands as their ‘hunting ground’. Quite a number of them are capable of serving the whole country from a single, often Randstad-based office that only occasionally is complemented by a subsidiary office, for example in Eindhoven. While face-to-face contacts do form a crucial part of their day-to-day operations (just as for SME-oriented firms), their ability to acquire new business usually does not depend strongly on ‘local visibility’. Most of the MNC-serving business firms rank among the ‘big names’ in their fields and will be invited to pitch for a job based upon their reputations and previous experiences rather than on local visibility.
Firms that service both SMEs and MNCs often maintain an extended network of regional offices for their SME-oriented operations while attending to their MNC clients from a single (headquarters) office in the Randstad.

So from a business services perspective, the ‘nature’ of the Randstad is again diffuse rather than unanimous. For some the Randstad consists of several separate or partly overlapping geographical markets while for others the area just constitutes the ‘centre court’ of a larger entity: the entire Dutch market for business services. Because of its distinct concentration of business opportunities (and qualified labour supply) the Randstad gets (international) recognition as ‘a market’, but in practice its boundaries are as fluid as can be.

2.5 Governance and policy

The multi-form picture emerging from the above directly resembles the region’s institutional and policy context. From an administrative and institutional perspective, just as from a functional perspective, the region is every inch as much a multi-layered patchwork; and spatial policies for the Randstad also continue to waver between taking the region as a functionally integrated system or a loose collection of subsystems. The country’s fifth official planning memorandum, issued in 2004, changes little in that (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieu, 2004).

The Dutch administrative structure basically consists of three different tiers: the national, the provincial and the municipal. As regards spatial planning, national government provides the overall policy framework (long-term goals, general strategies) while executive planning powers tend to be in the hands of the municipalities. A key responsibility of the provinces (12 in total) is to ensure a minimum level of coordination between local development initiatives and to check whether they are consistent with ongoing national policy directives. This structure has been in place for more than 150 years, with tasks and responsibilities (in the field of spatial planning) occasionally shifting back and forth between tiers. The latest trend is predominantly one towards (further) decentralization of powers.

The Randstad, which is presently divided between about 175 municipalities and four provinces, is one of the regional constructs that fit uneasily in the three-tier structure (others include the functional urban regions around the major cities). Calls for the establishment of a fully fledged metropolitan authority for the Randstad have been made on several occasions. However, such a large-scale reconstruction of the ‘House of Thorbecke’ as it is called in The Netherlands, has over the years proved a mission impossible and probably will continue to be so for a while. Nevertheless, in order to address the emerging reality of a ‘regional world’ refuge has been taken in alternative (some would say second-best) solutions such as the scaling up of the local level (e.g. by way of merging municipalities) and the promotion of inter-municipal and, albeit to a lesser extent, inter-provincial cooperation.
In effect, fragmentation is therefore still the key word in any description of the administrative landscape of the Randstad, although admittedly, local and regional actors increasingly seem to open up to different forms of cooperation in order to get things done – or at least discussed. The most prominent example is the by now formal cooperative platform called Regio Randstad. In this administrative platform, the origins of which date back to the early 1990s, the four Randstad provinces, the four largest cities and their respective city regions undertake joint activities that are in the interest of the (international) competitive position and quality of life of the Randstad. It is also the discussion partner of the national government as far as issues relating to the Randstad at large are concerned. Its mission is largely compatible with that of the Vereniging Deltametropool (or Deltametropolis Association), a rather diverse and active Randstad-based think tank and interest group that strongly promotes a metropolitan development perspective for the Randstad area. Next to these, the region is home to many smaller and often more informal platforms for cooperation. Examples include the ‘Administrative Platform for the South-wing’, the ‘North-wing Conference’ and the ‘Administrative Platform for the Green Heart’. Not all platforms and arrangements work equally smoothly or achieve continuous success, but many are proving to be quite resilient and they are excellent vehicles for building trust and developing a common understanding of regions’ spatial development problems and challenges.

This development comes at a time when Dutch spatial policy-making is imbued with a widespread sense of urgency to get the faltering economy up and running again. Pressure is even high enough to have spurred the four ministries that produce spatially relevant policies to coordinate their activities and strategies, which is not a foregone conclusion in Dutch policy-making. The extent to which this joint approach will make itself felt when the broad policy strategies outlined in the various White Papers are further refined and implemented remains to be seen. Experience shows that the walls between policy departments tend to crumble only very slowly, but one never knows.

In terms of content, current spatial, economic and transport policies at different levels generally seem to be based on a sound understanding of the conditions and dynamics on the ground. Of course, interpretations and interests between and among departments and administrative tiers do differ to some degree, and also the solutions and strategies that are proposed in consequence are not always fully compatible, but on the whole there have been less unanimous times in Dutch spatial planning. Perhaps the most interesting difference in point of view is that between the national government and the united Randstad authorities. While both share the opinion that it is notably the Randstad – as the motor of the Dutch of economy – that should be enabled to strengthen its international competitive position and hence to get the Dutch economy moving again, they advocate different spatial development strategies for the region. Whereas the national government assumes that the Randstad is best helped by strengthening its constituent parts (i.e. the North-wing, the South-wing and the Utrecht region)
the Randstad authorities would rather ensure that the constituent parts come to function as one so as to make better use of the metropolitan potential that they consider to be inherent in the region.

POLYNET research findings for the Randstad tend to provide support for both views. Analysis of travel-to-work patterns pointed out that the lion’s share of commuting indeed remains confined to the level of individual city regions and the Randstad wings. And from the interviews with business services firms it has become clear that for a substantial share of the firms — that is above all the category of business services firms catering to SMEs — the same city regions and ‘wings’ function as their main areas of operations as well. However, the analyses also indicate that for another category of issues the Randstad may indeed form a more meaningful level for analysis and policy-making. For business services firms that service MNCs, the entire Randstad constitutes a market. Even though many such firms for a variety of reasons prefer to be located in the Amsterdam region, it is the business potential offered by the Randstad as a whole that attracts them to the area (if they come from abroad) and that enables them to prosper and eventually become European or global players of their own (if they originate from the area itself). It is findings like these that support the call for promoting market integration through travel time reduction, as made by the Regio Randstad, and the claim made by the Vereniging Deltametropool that an integrated, metropolitan approach is vital to secure the survival and further strengthening of the Randstad’s high-level international functions.

Notes
1 Johan Rudolf Thorbecke (1798–1872) was a celebrated 19th Century Dutch politician who, in 1848, almost single-handedly drafted a revision of the Dutch constitution based on a ‘three-level’ system of power (state, province, municipality) which has survived and is known as the ‘House of Thorbecke’. The Randstad covers all of the province of South Holland and much of North Holland, Utrecht (the province) and the new reclaimed polder province of Flevoland.

References