Regulating urban office provision: a study of the ebb and flow of regimes of urbanisation in Amsterdam and Frankfurt am Main, 1945-2000

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5 AMSTERDAM 1968-1988

The Social Welfare City

5.1 Introduction

The previous chapter revealed how the first post-war regime of urbanisation in Amsterdam never reached full closure, and was disintegrating during the second half of the 1960s. The local class alliance had advocated an accumulation and urbanisation strategy that was based on residential expansion in greenfields, harbour related industrial expansion, and a *laissez faire* attitude towards the incremental change of the inner city into a CBD location. This latter attitude was maintained despite the planning of office developments in alternative urban areas during the 1960s. However, the demand for a new urbanisation and accumulation strategy was increasingly pronounced. From 1969 onwards, the call was made in the city chambers for a new vision on the future development of the city which integrated the wider urban region and would succeed the GEP of 1935 (Wallagh, 1994: 183).

Some of the primary vehicles generating the deconcentrated urban region, such as stable economic expansion from a central city core, were vulnerable to various types of change. In the first instance, the revolutionary shift in industrial paradigm rocked the foundation of the policies which had underpinned growth. Secondly, increasing opposition against expansion politics from ‘the neighbourhoods’ (‘no offices, but houses’) stymied new office developments. Thirdly, there was the gradual relocation of office activities from the city centre to more peripheral locations.

Based on these shifts, the logical expectation for the necessary reorientation of the regime of urbanisation in the period described in this chapter is that the accumulation strategy will be re-directed to the outgrowth of the service sector and its generated spin offs, being back offices in sub-centres (locations that were hierarchically subordinate to the CBD in the historic inner city), that will have to be supported by spatial plans on which CBD development can be based. Such clustered economic development will be accompanied by more intensive social development politics (social housing), in order to respond to claims from the electorate (see table 5.1).
Table 5.1, Set of hypotheses regarding the regime of urbanisation 1968-1988

<table>
<thead>
<tr>
<th>Points of departure</th>
<th>Expected regime of urbanisation</th>
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<tr>
<td><em>Market</em>: relative stagnation in industry, growth of the services economy (economic engine)</td>
<td>- <em>Market</em>: intensive growth financial cluster;</td>
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<tr>
<td>- growth air-transport cluster;</td>
<td>- <em>State</em>: national state led economic development politics – the end of corporatist style back</td>
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<td>- <em>State</em>: local dependence on national funding – growing influence of middle class and</td>
<td>room decision making – local struggle between electorate and economic interests – local service</td>
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<td>- <em>Space</em>: greenfields at the outskirts of the municipality and in the wider region –</td>
<td>sector based accumulation strategy;</td>
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<tr>
<td>expanding CBD.</td>
<td>- <em>Space</em>: planned CBD development – planned development of secondary service nodes for</td>
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<td>economic overspill – extension of main infrastructures – strategic investments in</td>
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<td>residential structures.</td>
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To summarise, this chapter will examine the processes of regulation and office planning that became established during the 1970s and 1980s. It goes on to analyse the diminishing power of Amsterdam’s industrial politics, the turn in local politics during the 1970s, the struggles about housing development and their role in urbanisation, and the simultaneous growth of the rental office market in more peripheral urban locations. Following this, the results of the economic crisis are discussed, as well as the political reactions to this crisis.

5.2 The fade out of industrial policies

For a number of reasons, rooted in the late 1960s, the national economic boom came to a halt in the 1970s. The macro-economic picture is of course relevant here. From 1970 onwards, industrial investment declined, with diminishing profit levels and the emergence of a worldwide recession. The disproportionately high level of industry in the world economy combined with the rationalisation of industrial production processes. These conditions generated growing unemployment, especially in the industrial and construction sectors. A few figures provide a local illustration: employment in the Amsterdam industry plummeted from 120,000 in 1950 to 53,000 in 1978 (Hilhorst et al., 1980). Whilst growth in tertiary sector employment partly counteracted this trend during the 1950s and 1960s, this sector also declined (from 230,000 to 213,000 employees from 1972 to 1982). Of course,
the tertiary sector did not supply work for those displaced from the industrial labour force. Ultimately, the first oil crisis made an end to the macro-compensation of service sector growth and the overall growth in employment halted. In 1974/1975 the economy was in a recession (Centraal Planbureau, 1976).

Second, until 1963 the guided wage policy had caused wages to lag behind average productivity increases. In 1954 the first round of wage increases above the increases of the costs of livelihood was centrally approved. This round of negotiations generated little conflict between employers and employees, but later rounds led to a cooling of relations between the ‘social partners’. This was a break with the climate of co-operation and harmony based on corporatism and pillarisation of the first after war years (De Vries, 1977: 169). Now that prosperity was rising, social relations polarised more and more. During the 1960s, every group wanted to get its even share of the growing pie. Indeed, wage earners considered that they had waited long enough and were finally entitled to their share of growing prosperity. Labour’s competitive position began to diminish after 1964 as a consequence of quickly rising wages, caused by the very tight labour market, combined with higher investments by companies and lower export prices in order to conquer foreign markets, and thus lower cost-effectiveness (Van Zanden & Griffiths, 1989: 215).

Third, with mechanisation, the coupling of industrial investment and employment had disappeared after 1964. In order to remain competitive and escape the trap of decreasing cost-effectiveness, industries began to replace labour with machines. Mergers, take-overs and increasing exports were the strategy of the day, all aiming to diversify and lower the costs of production by scale increases (ibid.: 216).

Thus, although the 1950s and 1960s seemingly were a period of homogenous and smooth economic development, de-industrialisation tendencies, inflation and decreasing cost-efficiency were symptoms of a deteriorating economic climate (ibid.: 215).

Although Amsterdam had never become an industrial city, this change in momentum had important consequences. The settling down of Mobil Oil in 1968 could not disguise the fact that Amsterdam, with all its plans for industrialisation in the harbour district, was hit severely by the macro-economic trends. The Regional Plan for the North Sea channel area by the Province of North Holland was the last plan that completely focused on industrialisation as the cornerstone of the
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prosperity of Amsterdam’s region. By the time that it was completed in 1968, key conditions in the sector had changed. The expected growth in chemical industries had not occurred in Amsterdam and many of the industrial sites that were developed before the plan was conceived remained vacant, especially after the first oil crisis, which can be perceived as the kiss of death for Amsterdam’s industrialisation plans. Not surprisingly, the plan had little influence. This was quite a change in momentum, because in the beginning of the 1960s the industrialisation based world economy had been boosting the national economies in the western world to unprecedented heights. As we saw in the previous chapter, this went hand in hand with the rise of complementing local modes of social and spatial regulation, and accumulation and urbanisation strategies.

The development of new industrial sites along the North Sea channel area ceased in 1972. However, politicians did not remove industrialisation as the cornerstone of Amsterdam’s economic future. The official reading was that the harbour did not have enough volume to facilitate all industries. So, stimulated by the communist CPN, whose electoral base consisted mainly of harbour workers, the so-called I 'oorhaven project commenced to raise the capacity of the port. This project ended in a compromise only in 1985, after a fierce battle between proponents (the city of Amsterdam) and adversaries (central state, province, non port related capital, Rotterdam port).

5.3 1968-1978: From economic expansion to social preservation

According to Wallagh (1994: 143) the year 1968 marks both the political and the physical culmination point of the politics of expansion. First, expansion politics were laid down in the Second Report on the Inner City, and further confirmed by an agreement in the City Council on the development of a ‘city railroad system’ (the metro). Moreover, as we saw above, the Province of North Holland issued the influential Regional Plan for the Amsterdam North Sea Channel Area. Second, actual developments pointed towards expansion: important big economic functions, such as the Conjectiecentrum and the Sint Lucas Hospital located along the western part of the ring motorway of the city in 1968.

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1 Although the beacons for the economic development of the complete region of Amsterdam were reset from industry towards services and trade, the economic structure of the North Sea Channel area to the north of Amsterdam remained mainly geared towards harbour related industries.
As was discussed in the previous chapter, the Second Report on the Inner City was a final outcome of the consensus “between leading economic interests and the political majority in the City Council on how to preserve the historical character of the inner-city while offering room for additional office space at central locations as well as better access to them” (Terhorst & Van de Ven, 1997: 305). It consisted of plans for a large subway system, and a large number of parking garages to the benefit of the CBD in the historic inner city. This compromise, supported by capital, albeit not wholeheartedly, was called the deconcentrated urban region: the CBD (a combination of main shopping centre, cultural centre and international headquarters) would be situated in the historic inner city, there would be an upgrading of surrounding inner city neighbourhoods, sub-centres for office development would be made available along the ring motorway that was under construction, and new towns were to be created that would be connected to the CBD by a subway system (Gemeente Amsterdam, 1968).

This was in line with national and provincial urban policy, in which the ‘region’ was introduced in 1968. National planners mainly looked at the region as a hierarchically organised urban agglomeration (the so-called stadsgewest), organised around a principal city. Some smaller cities were labelled ‘growth poles’. The extra space needed for housing and some economic activity had to be provided there, to prevent urban sprawl around the main city and to preserve green open space in metropolitan areas.

*Expansion politics rebutted*

The Amsterdam local elections of 1970 brought with them an important change in the constellation of the City Council. For the first time, representatives of the new left fraction inside the PvdA entered the City Council, and the political course was reversed. Moreover, the progressive anti-establishment Kabouterpartij gained 11 percent of the votes. Quarrels over the distribution of aldermen amongst the political parties led to the exclusion of the liberal VVD from the council of Mayor and Aldermen. The new PvdA (23,5% of the votes) – CPN (communist party, 17,2%) – Christian Democratic Party (9,9%) City Council however, continued the policies of its predecessor.

Still, the draft for the Second Report on the Inner City fell between two stools. On the one hand the decision-making on the separate large projects (such as the metro line) that formed the basis of the new strategic vision was already in an advanced stadium, so that the report was seen as a bit ‘late in the day’. On the other hand urban renewal plans had stolen the limelight in 1969 when the preparations
for the First Report on Urban Renewal started. This urban renewal policy was both a response to alarming pleas to the City Council that stressed that continuing housing shortages called for public interference, and to the pleas by inhabitants, who were against drastic reconstruction of their neighbourhood, in favour of large-scale reconstruction. The 1969 struggles over the demolition and renewal of two thirds of the Jordaan neighbourhood are an illustrative example.

Urban renewal marked the start of a new kind of urban politics: the inhabitants of the city were more than ever before involved in the decision-making process. Residents enforced this bigger role in planning through protests against plans for Kattenburg, the Dapperbuurt and Bickerzeiland. The planned continuation of the Jodenbreestraat necessitated the widening of the Antoniebreestraat and a breakthrough at the Lastage. Both were questioned in the City Council in 1971 because it was expected that these measures would only heighten the traffic pressure on the inner city. A majority in the City Council shared these doubts, and the traffic breakthroughs were defeated early 1972, a decision that marked the end of the influence of the 1931 Scheme Plan on the future of the inner city of Amsterdam (Hessels et al., 1985: 77).

The subsequent battle over the plans for the Nieuwmarkt area resembled the protests against the Jordaan, Kattenburg and the Dapperbuurt. The inhabitants protested against the large-scale reconstruction works that were associated with the planned metro line. The proposals were one bridge too far for inhabitants of the neighbourhoods that were to be reconstructed, because of the massive displacements that this reconstruction would entail. The tension built up during the first half of the 1970s, and became even militant, culminating with the Nieuwmarkt riots in 1975 (Nieuwmarktrellen). The riots were primarily directed against the building of the subway, but of course, this subway was a symbol of the government’s vision on the future of the city, that protesters found too closely aligned with the needs of capital. It all ended in a withdrawal of the most radical plans and later in 1975 the decision by the City Council to withdraw reconstruction plans for an area which was initially destined to become an important economic space. Now the plans were reversed and based on residential functions, and the historic inner city was spared from further rigorous reconstruction.

The protests against the relocation politics were also toned down after the 1975 law on individual rent subsidy was passed through National government. As Lawson (2003: 181-183) argues, this law, which made subsidies available for any tenant of any type of dwelling, was the crown on the system of national housing policy, which aimed to ensure that the new social rental dwellings were accessible
for those households who had to rely on a low income. The discussions on this individual rent subsidy had been initiated after the relocation politics proved to be unfeasible without contributions to the households that were to be relocated: the new dwellings in the new towns and growth centres were simply too expensive. The individual rent subsidy, later introduced as a general arrangement in 1975, had functioned from 1970 onwards as a very restrictive arrangement for specific projects. It now boosted the social rental sector in The Netherlands, the planned suburbanisation of new towns and growth centres, as well as the policies of urban renewal.

A new structure plan

Obviously the very visible and practical issues surrounding the debate and implementation of urban renewal and traffic policy generated more public sentiment than the preparations of the more abstract structure plan did. So the discussions in the City Council mainly revolved around the issue of urban renewal and the demise of large-scale demolitions for economy and housing in favour of smaller scale reconstructions. Nevertheless, preparations for a new structure plan following on from the GEP commenced in 1971 amidst growing unease with the existing spatial economic plans for the city of Amsterdam.

The preparations – that progressed without much interference of other departments, or the City Council – were mainly carried out by the civil servants of the Department of Urban Development (Afdeling Stadstwikkeling) that resided under the authority of Alderman Lammers, who decided to ‘politicise’ urban development, leaning on the principles of his political party, the PvdA, in determining the strategic directions in the plan (Wallagh, 1994: 184). In 1974, the draft Structure Plan for Amsterdam was ready. It consisted of two parts (the third part on ‘employment’ did not reach completion). It reflected the altered political landscape, in which the new left had won the majority, and capital interests (especially their pleas for a better car-accessibility of the inner city) were considered with suspicion (De Hen, 1985: 86). Not surprisingly, planners refrained from viewing the inner city in economic terms, although their choice remained an inner city that was the core of the agglomeration and the Amsterdam city region. The battle by inhabitants organisations for a better urban living environment tipped the scales towards liveability interests. According to the draft plan, a multifunctional and varied historic inner city emerged as the new ideal (Hessels et al., 1985: 78). With regards to the economic role of the inner city, part A of the Structure plan emphasised the shift from industry towards service sector, and the scale increases
in both sectors, both trends having important consequences for the inner city as an economic location.

Conflicts between City Council and economic interests

The plea by organised capital (Chamber of Commerce, Amsterdam Industrial Society) to put the economic future of the inner city on the agenda (their main demand: improved accessibility), and, more importantly, to develop an integral vision for its further development was not heard by the City officials. So, the main clashes between the business society (Chamber of Commerce) and the City Council during the 1970s did not focus on the strategic over-all content of spatial policy, and the compromise that the structure plan wished to entail, but on parking issues and car accessibility (De Hen, 1985: 93).

The new local approach to urban development had important implications for both the existing plans on inner city economic development and for the whole question of spatial economic development in the urban region of Amsterdam. The Scheme Plan of 1931 had long been the basis of traffic breakthroughs in the inner city that formed the basis of urban economic development plans. In the new philosophy, support from the City Council for these traffic ‘breakthroughs’ evaporated. The most dramatic illustration of this was that auto mobility in the inner city lost its political priority in favour of public transport, which became visible for the first time in the draft Traffic Circulation Plan of 1972. The Chamber of Commerce argued that this measure would mean the kiss of death for the inner city (De Hen, 1985: 82), and it tried to avoid it at any cost.

After the 1974 City Council elections the political scene radically changed and the clashes were intensified. For the first time, a program-council was formed, which implied an accord between the governing coalition would guide future political course. This was a change with the past, when the political course of the City Council was a broader reflection of most political parties involved. The new program-council was extremely left wing, and consisted of PvdA (35,4% of the votes), PPR (a radical off-spring of the Christian Democratic Party, 6,3%), the radical socialist pacifist party (PSP) (4,2%) and Communist Party (CPN) (15,9%). This radicalisation in the City Council had already started in 1970, and had had its repercussions for the relations between economic interests and the political scene (see De Hen, 1985: 94-95), but reached its high point with the mentioned program-council, that only governed for two years until it fell apart in 1976.

The conflict on the construction of an inner city ring for public transport (binnenring) is an important example of these clashes. It starred the Chamber of
Commerce, acting as the agent for companies with an interest in the historic inner city, and the City Council, that was more in tune with the interests of residents. The inner city ring consists of the Sarphatistraat-Weteringschans-Marnixstraat route around the historic inner city (cf. figure 5.1). Treumann of the PvdA, who had been an adversary of the Metro, became the alderman in charge of traffic after the 1974 elections. His first proposal to the City Council was the plan-Binnenring. He suggested transforming these city streets in such a manner that it would provide free lanes for bicycles and trams. This also meant that the route would only be opened for a limited amount of motorised traffic. This was in line with the policy of tramline development from 1971 onwards, that had caused annoyance amongst business, who feared problems for motorised traffic, and thus congestion and accessibility problems. The Chamber of Commerce, after conducting a survey amongst affected companies, was strongly against the plans and decided to appeal to the council decision that was made in 1976. However, this appeal was not admitted, and only in 1978, after a new survey, did the chamber of commerce back down.

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2 See De Hen, 1985: 93-100 for a more detailed account of the struggles described here.
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Pacification of conflicts
As was described in previous sections, in the early 1970s the tension between inhabitants and economic interests heightened, especially concerning traffic policy, and inner city (re)development issues on which capital felt ignored by policymakers. In order to make the problems a negotiable matter amongst the companies of Amsterdam, the Chamber of Commerce asked university professor Lamboooy to write an advice paper called ‘Prosperity for Amsterdam’ (Welvaart voor Amsterdam, 1975). In this influential paper, Lamboooy criticised Amsterdam’s economic policies because of their alleged failure to use the strengths of the local economy, which he identified in SME’s and airport related business. He also stood up for the importance of producer services, offices and for instance tourism as carriers of the urban economy. On the other hand, he gave the signal to entrepreneurs in Amsterdam that the city would never be an important industrial node.

This discussion paper came at the right time, because contrary to earlier decades, when the chambers of commerce and the City Council jointly published many reports, the organisations of capital were now searching for urbanisation models to put up against those of the politicians (De Hen, 1985: 104). The first follow up report in that tradition appeared in the same year. The inner city capital lobby (mostly retailers) lamented the urban economic policies that could not stop the degeneration of the inner city, caused by capital flight. Their 1975 report ‘Amsterdam, mind your heart’ (Amsterdam, denk om je hart, 1974) was a reaction to the plan Binnenring, and proposed the building of parking garages, as well as the drafting of a master plan for the car-accessibility of the inner city.

Although the recommendations were taken seriously by the politicians, and the first parking garage in the inner city was quickly pushed through, the draft of the final part of the structure plan (part C on employment), which saw the light in 1978 (Gemeente Amsterdam, 1978), refrained from the idea that the inner city should be stimulated as the CBD of the Netherlands by all means. So, the urban policies of the 1970s ended like they began, with economic interests being dismissed in favour of residential interests. A suitable compromise towards economic interests was found by allowing businesses and developers to develop offices and other company settlements at open spaces along the ring motorway around Amsterdam. This was never laid down in operational policies, but was a matter of ad hoc bargaining.
5.4 The southbound drift of the office district

The growth of the market for rental offices

In the mean time, dynamics in the financial sector and their implications for functional and physical change in the existing urban fabric that had set in during the 1960s now began to dominate urban planning and development politics. From 1968 onwards, when it became clear that no costly improvements in the car-accessibility of the historic inner city would be made, the diminishing accessibility of the central city became a more important push factor for banks and other office holding activities to leave the inner city (Grit & Korteweg, 1971; Perlstein & Schreuder, 1980; Lamboooy & Van Geuns, 1985).

Alongside the aforementioned conversion of the residential Museum district into an office location through the development of offices inside existing buildings (Lamboooy & Van Geuns, 1985), which was aggravated in the 1968-1985 period, new offices on a larger scale were also realised, especially in Amsterdam Buitenveldert and Amstelveen. When discussing the 1970s, Brouwer (1994) mentions massive office building in the large Dutch cities. Already in the 1960s an unprecedented wave of office construction had taken place in Amsterdam as a forerunner of these developments, and especially striking is the fact that more peripheral locations received many of the new investments in offices.

So, the collapse of industrial development and the diffusion of the financial sector from the historic inner city outwards undermined the centrality of this part of Amsterdam. In response, strategic planning for office development became an important priority for Amsterdam. The controversy associated with the Narwal project in 1970/1971, as described in the previous chapter, was an indication of the change permeating the office development scene in Amsterdam. Moreover, the fundamental change on the market for office provision, namely the discovery of the rental office by investors that started to build on their own risk, and for a profit (Brouwer, 1994), cannot be overlooked. This was the result of a period of unprecedented change in both the user market for office real estate and the financial market, where funds started to grow and real estate investment gained momentum.

Firstly, the office was discovered as an investment category in the portfolios of institutional investors. Conditions influencing the Dutch financial markets had radically changed since the war. The extended welfare state implied considerable

1 In 1968, 493 buildings in the district were used for office purposes, whereas in 1985 this had grown to 683 (Lamboooy & Van Geuns, 1985: 21).
expansion of pension arrangements, and the related rapid increase of the financial reserves of pension funds, important suppliers of services for old age and surviving relatives. This growth of pension funds was stimulated by legislation and went hand in hand with the growth of private life insurance companies, and their growing asset pools. The latter profited enormously from the spectacular rise of real income and individual and collective contracting, combined with the increasing popularity of life insurance. During this period of rapid expansion of the pension and insurance sector, insurance companies and pension funds were the managers of ever growing asset pools. Of course there were rules for the way in which these assets should be managed. For the insurance branch, these rules were set by the Insurance Chamber (Verzekeringkamer). The investment behaviour of pension funds was regulated in the Pension and Savings Fund Act (Pensioen en Spaarfondsenwet) of 1954. This law carried important implications for the investment behaviour of Dutch pension funds. Investments had to be made in The Netherlands, and the risk had to be spread, so that a certain amount of investments in the portfolio had to be made in other categories than stock, such as commercial real estate. This law also included the rather vague directive that investments made by pension funds had to be solid. Initially this directive of ‘solid’ was interpreted as investments in assets with fixed rents.

From the 1960’s onwards, the share of business assets such as real estate and stock in the investments of pension funds grew. Because of the rules set by the Verzekeringkamer and the Pension and Savings Fund Act, the investments in real estate were much higher in the pension fund sector than in the insurance branch. From 1960 onwards capital available for investment grew rapidly, especially after the first scale increases in the insurance branch in the 1960s. Although the headquarters of large institutional investors were generally not located in

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1 First, the Emergency Act Old Age Pensions (Noodwet Onderdomsvoorziening) was enacted in 1947. In 1956 this act was replaced by the General Old Age Act (Algemene ouderdomswet, AOW), which was the first Dutch national insurance that was based on compulsory premium payments. Every inhabitant of the Netherlands was insured, regardless of income and social position, which put a great accent on the solidarity between the rich and the poor. During the heydays of the Dutch economic growth the system was continuously improved through raising the allowances and decreasing the restricting regulations.

2 In 1949, the law on compulsory participation in a company pension fund (Wet betreffende verplichte deelneming in een bedrijfspensioenfonds, BPF) was issued. This enabled the minister to enforce participation in a pension fund for all employers and employees in a certain branch of industry.

3 Firstly, in 1963, the number one and two at that time, Nationale Levensverzekering Bank and De Nederlanden merged, and became Nationale Nederlanden. Not much later AME! was formed out of various life- and damage-insurance companies. After a second wave of mergers and take-overs in the second half of the 1960s, out of which Lomia, Delta Lloyd, Angaagroep and AGO were formed.
Amsterdam, the main argument is that the Dutch financial markets received an enormous boost during the period of welfare state expansion, which lead to their growing role in office investment.

Planning for the urban periphery: the urban extension plans and office development

In the Structure Plan for Amsterdam South and South East that was discussed in the previous chapter, an agreement was made between Amstelveen and Amsterdam. The cities labelled their plans for the development of Amstelveen as an overspill-location for inhabitants of Amsterdam. This resulted in a quick and large new supply of dwellings in Amstelveen, and a related growth of inhabitants, that only stopped in 1978 (the number of inhabitants grew from about 54,000 in 1965 to 73,000 in 1973). The structure plan also reserved space for supra-local office locations in Amstelveen, of which Kronenburg, close to Buitenveldert, was the biggest. Kronenburg, the first suburban office park in the Netherlands was built in the period from 1970 onwards. It was no big success: the location of Kronenburg initially appealed to companies that needed accommodating and it took until 1978 before the rental offices were filled with other tenants (Brouwer, 1994: 168).

The plans for Buitenveldert were less aimed at large scale office development, but made room for some office concentrations as well, primarily situated at the shopping centre Gelderlandplein (Perlstein & Schreuder, 1980: 32-34). After Amstelveen brought Kronenburg on the market, and the rental office gradually found its place in the office market, in 1974 an institutional investor took the initiative to develop a large-scale office location in the municipality of Diemen, bordering on the eastern lobe of Amsterdam. Anticipating a continuing growth in the service sector, leading to higher demand for offices, the investor considered Diemen as a favourable location due to its location being close to large infrastructure (motorways, the new metro-line) as well as living areas. The building of his project started in 1977, at a moment that another project developer had already sold 30,000 square meters of floor space to companies that wanted to own their own premises, and that had been looking around in the Amsterdam area for quite some time. The rental offices on the other hand were never completely leased to tenants because the investor had overestimated the demand for rental offices (Brouwer, 1994: 169-170).

The introduction of the rental office in the Amsterdam real estate market had significant consequences, since this brought with it the fact that the development cycle became more pronounced. In 1974, the plans that had been in
development in Amsterdam, including Amstelveen and Diemen, led to an unprecedented over supply of office space, which made the total direct available floor space peak at almost 350,000 square meters in the Amsterdam agglomeration. However, users absorbed only 111,000 square meters. Because of this oversupply, there were not many new plans in the subsequent years (Brouwer, 1994).

After 1978 (when only 8,000 sq/m was taken into production, but absorption rose to 124,000 sq/m) office production in the Amsterdam area exploded again: the number of available square meters increased with 50% in three years. In 1983, the maximum was reached and office space in Amsterdam region was almost 400,000 square meters, which was two times the amount of 1978 (Brouwer, 1994). Although the number of square meters sold and rented staid relatively high, supply quickly began to exceed demand during this period and vacancy levels rose. Especially after the take-up of square meters stagnated in 1982, and vacancies increased to 350,000 square meters (6%) a year later (Wagemakers, 1991). As a consequence, institutional investors became more wary, even distrustful of office developments (Brouwer, 1994).
5.5 1978-1985: economic crisis and beyond

The new college of Aldermen that was elected in 1978 (PvdA – CPN – CDA) had the difficult task of guiding Amsterdam through the growing recession. In the second half of the 1970s, the Dutch economy showed the first signs of downfall and even crisis when the recession persisted after the second oil crisis of 1978-1979. In the early 1980s, unemployment grew once again and the Dutch national accumulation – regulation settlement on both the national and the urban scale was unable to adapt and failed to supply mechanisms to emerge from this structural crisis (Visser & Hemerijck, 1997).

This settlement, as was said in the previous chapters, was founded on a wage structure based on male breadwinners and low female participation on the labour market, extensive welfare compensations and thus high gross wages per worker. All these features, that had a decisive influence on the precise form and dynamic of economic growth Dutch style in the golden age of capitalism, now came under great pressure during the period of economic downfall and steadily rising unemployment (see also Terhorst & Van de Ven, 1997: 312-313).

Obviously, this crisis had its influence on urban politics in Amsterdam. Indeed, the structural crisis was felt mostly in the big cities, concentrating social problems and their consequences there. In the early 1980s deep economic recession was imminent. Nationally, unemployment had risen to 13 percent, while broad unemployment, which includes all those people that are unavailable for work (because of for instance disability pensions, early retirement, people on social assistance et cetera) cumulated to 28 percent of the labour force (Visser, 1998: 269-270). Between 1980 and 1982, 200,000 jobs disappeared in The Netherlands, and unemployment rose to 800,000. Amsterdam was hit hard by this crisis: the shipbuilding industry disappeared when ADM closed its doors, Ford motor company closed its van-factory, automation and computerisation in the financial services sector led to further job losses. By 1985 almost a quarter of the working population of Amsterdam was unemployed (Tamboer, 2002).

During the crisis, the phrase ‘Dutch disease’ was used to describe the national welfare policies which had become very costly. It was alleged that the structural problems faced by the Netherlands were attributable to the failure of welfare state arrangements, and thus part of the solution would lie in rolling back the presence of the government as a central player in the social order (Den Hoed et al. 1983: 30).
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_Urban politics keep their backs turned towards the economy_

The 1978 elections had made the social democratic PvdA the biggest political party again. It was even bigger than after the 1974 elections. Because of the bad memory of the 1974-1976 leftist council, the CDA was invited to join. The new City Council’s program, during the period 1978-1982, was the preservation of the urban character of Amsterdam, to be characterised by mixed functions, small scale and high densities. The Council preferred building locations inside the urban fabric, and easing halt to the deconcentration policy, and urban renewal based on conservation and restoration.

Yet, the friction between capital and government resurfaced when the new City Council detailed its urbanisation policy based on the political course that was set out in the program. Capital had accepted the ‘freezing’ of the spatial fabric of the inner city (Terhorst & Van de Ven, 2002), but only because the draft structure plan part C (on employment) and the actualisation of the traffic circulation plan (both published in 1978) gave the impression that government was trying hard to restore the mutual trust. New struggles arose when Alderman Van der Vlis, an exponent of the new left within the PvdA, began to develop the new urban policy which involved the proposal not to develop any more parking garages in the city centre. Disappointed again by government’s unwillingness to invest in the car accessibility to the inner city, businesses began to raise their opposition and within a year after the mutual peace offering in 1978, conflicts re-appeared on the issue of traffic policy (De Hen, 1986: 109-112).

The policymaking on the basis of the program accord was more than ever dominated by housing policy (Wallagh, 1994: 229), which was also central to national urbanisation policy. Alderman Schaefer, in charge of local housing policies, revived urban renewal policy and Van der Vlis made spatial development policy instrumental to these housing needs. The Structure Plan part C, which was finally accepted by the City Council in June 1981, included statements about general urbanisation strategies, rather than broad economic plans. Moreover, in these statements, it deviated from the parts A and B of the Structure Plan, of which it was supposed to be a mere economic elaboration. This reflected the changing political scene that called for a fresh new structure plan, rather than merely an elaboration of the 1974 plan.

The vision on the spatial economic structure of Amsterdam that was propagated in Structure Plan part C dated back to the draft for the Second Report on the Inner City of 1968. The main intention was to concentrate economic functions in the inner city and in the secondary centres. In Structure Plan part C
some of the initial secondary centres were now re-zoned for residential purposes, and the remaining centres should be more mixed use than was initially proposed. In his years as a councillor (until 1978) Van der Vlis had already proposed the re-zoning of 352 hectares of land reserved for economic purposes to the building of 30,000 to 50,000 dwellings. In the 1978 preliminary draft of Structure Plan part C his proposal was not endorsed, but now that he was an Alderman in charge of reworking the Preliminary draft into the final plan, the power of Van der Vlis over these issues had grown, and he gave his department the task to study the re-zoning of working areas into living areas (Gemeente Amsterdam, 1981b). Needless to say, businesses were unpleasantly surprised by the possible re-zoning of industrial sites into sites for housing. Indeed, the re-zoning of the new business sites Venserpolder and Amstel III was fiercely contested by the Chamber of Commerce (De Hen, 1985: 106). Alderman Heerma of Economic Affairs (CDA) supported capital on this issue, because he was afraid that especially the re-zoning of Amstel III could become an obstacle for harmonious relations between government and capital. He therefore advised the Council to reconsider this re-zoning, a suggestion that was followed by a majority in the council, much to the relief of capital, and the re-zoning was taken out of the final Structure plan part C (Gemeente Amsterdam, 1981a). In the eyes of Wallagh (1994: 234), this was a first indication that after 15 years, economic motives regained some importance in urban development policy, alongside housing issues. However, alderman Heerma had to fight hard to win this political battle, as growing unemployment, largely due to the closure of industrial companies, had been creating unease amongst urban policy-makers within the City Council for some time.

'Strengths have to be exploited'

In the early 1980s there was much confusion on how to turn around the crisis and make room for future economic growth. Initially, the city engaged in ad hoc rescue operations and employment measures. Rescue operations entailed the efforts to save the ADM-shipyard in order to maintain at least one last ship-repair company in Amsterdam. It was a time in which company mergers combined with concentration of the remaining activities in the Rotterdam harbour hollowed out Amsterdam’s position. Other important ad hoc employment measure was taken on the basis of the Action Plan on Employment of 1981, which proposed the speeding-up of large building projects. This was the first step towards a real estate based accumulation strategy, born from the defensive desire for quick employment measures to aid the construction sector, rather than a positive, future oriented plan.
One of the most important real estate projects that emerged from this was the World Trade Centre at the southern ring motorway (De Hen, 1986: 122).

With growing unemployment and a gradually deteriorating economic base, the Amsterdam City Council realised that something had to change in its attitude towards economic development. Thus, in 1982, the City Council established the tripartite "Andriessen Committee," with the assignment to prepare a report on the Amsterdam economy. This report with the name ‘Strengths have to be exploited’ was the first onset for an urbanisation strategy that included office development. It discussed the need for office space at strategic locations in the city centre, such as the Leidscheplein and Central Station. The general discussion spinning out of the report was dominated by the fact that industrialisation was put on the political agenda once again. In line with the discussions at the national level, where the WRR (1980) and the SER (1982) had proposed similar futures for the Dutch industry at the height (1982/1983) of the economic crisis, the report of the Andriessen Committee suggested industries that should form the backbone of the industrial fabric of the region: ICT, Biotech and off shore. Not surprisingly in the light of the composition of the committee, the report echoed some of the recommendations of the discussion paper ‘Prosperity for Amsterdam’, written by Lamboooy in 1975 and discussed in the previous chapter, but also of the report ‘Chances for Amsterdam’, written for the Amsterdam Industrial Society (Hilhorst et al., 1980), and the document Amsterdam – industrial perspective for city and region by the Amsterdam Chamber of Commerce (Kamer van Koophandel en Fabrieken voor Amsterdam, 1984). Amsterdam, the Andriessen committee argued, should focus on the strong industrial sectors, and be active in acquisition, city promotion, and land development.

The Chamber of Commerce was not at all impressed by the report. It found it too technical, and unrewarding on the point of a number of policy issues that had caused major frictions between capital and society for a long time already, such as traffic issues and the settlement climate of the city. Therefore the Chamber of Commerce decided to voice its priorities in combination with a number of points for action (ranging from more priority for a safe city, a balanced traffic policy and better public relations to further development of the industrial sector, more focused acquisition, and better vocational training). Since these priorities and action points did not directly address the issues raised by the Andriessen Committee, the

* Representatives of employers (Andriessen & Claus), unions (Schermer en Kroon), and university research (Heerje, Lamboooy) were present in the committee.
City Council was somewhat irritated by the chamber’s reaction (De Hen, 1985: 126-127).

Nonetheless, the report was the first contribution to the struggle which to lead to a more strategic approach towards economic development policies. The content of future economic policy was not the main problem. Although capital and city government were continually struggling over economic development issues, and the office market went through important changes, generally most agencies involved agreed on the need for more active, strengths oriented economic development policies. After the freezing of the historic inner city in 1978, the relocation of economic functions from the inner city outward had become a real flight, especially towards locations in Southeast and West (Sloterdijk), whereas the hesitant gentrification of the inner city (especially the Jordaan) that had set in during the 1973-1980 period, disappeared. The vacated offices remained empty or under-utilised, and the decay of the inner city was visible everywhere: squatters became a large group, graffiti entered the public spaces, street crime grew, and so forth.

Office boom and peripheralisation
The City Council indicated its wish to steer and phase office development more in part C of the structure plan. This was a reaction to rapid office developments since the late 1970s boom. Until 1982/1983, the expansion of existing office users had guided new office provision. As was argued before, from 1968 onwards, the first recipient of many office-holding activities was Amsterdam south, especially the Museum district. Despite intentions by the City Council to slow down office development in this district, office development, mostly medium sized conversions of existing buildings, continued until 1985 (Lambooij & Van Geuns, 1985).

Larger offices found their locations in Amsterdam Southeast, where construction exploded, and to a lesser extent also in Amsterdam Buitenveldert (Lambooij & Van Geuns, 1985). Although office construction for reasons of mere expansion still existed, generally, the new construction aimed to compete with existing offices by providing more quality at a more advantageous price. In this situation, more construction than was strictly necessary took place, especially at the new large-scale locations in Amsterdam Southeast, that had been in development already since 1980 (Holendrecht centre) and 1981 (Atlas building). Initially these offices remained vacant. It was only after the upturn in demand in 1983 that Zuidoost had its breakthrough, and the offices were filled. This upturn was mostly due to
companies relocating from the inner city. An example being the ongoing concentration in the banking business, where the Amro Bank decided to focus its activities in three main buildings (one in the headquarter at Rembrandtplein, two in newly developed sub-centres in the Amsterdam periphery, the first of these in Southeast, 55,000 square meters) and the NMB (pre successor of ING Bank) that decided to build a second headquarter in Amsterdam Southeast (on delivery, this became the main headquarter, with an annex in nearby Diemen). Subsequently, and more important for the restoring of investors' trust in rental offices in Amsterdam Southeast was Fokker's decision in 1984 to settle down its headquarters in the Atlas building. In first instance the plan was to rent 20,000 square meters, but soon it became clear that more space was needed, so that an additional 22,000 square meters were rented. Finally, in 1985 another expansion tripled the space originally demanded. Together with the 25,000 square meters rented by IBM, this demand for rental office floor space was unexpected, and restored the trust of developers and investors in Amsterdam Southeast (Brouwer, 1994). The abundance of new space for office users at locations at the urban fringe that were brought on the market to compete with existing offices, caused more companies to leave the inner city. As a result, the number of people employed in offices in the inner city fell from 150,000 in 1970 to less then 60,000 in 1985 (Lambooy et al., 1985: 20). All these peripheral developments automatically forced a reorientation of the vision on the inner city. Although 40 percent of new companies in the quickly growing

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8 The total take up of office space doubled from 1983 (79,000 sq/m) to 1984 (148,500), and grew yearly until 1989 (452,250). In the 1984-1986 period, take up was highest in Amsterdam Southeast (a total of 199,750 sq/m was taken up in Southeast during these three years). In subsequent years the locations that witnessed the highest take up levels were Amsterdam West (195,750 sq/m in 1988-189), Amstelveen (118,500) and Hoofddorp (91,250).
Table 5.2, Offices in Amsterdam, 1987

<table>
<thead>
<tr>
<th>Location</th>
<th>Stock 1987</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amsterdam Centre</td>
<td>725,000</td>
<td>20%</td>
</tr>
<tr>
<td>Amsterdam West</td>
<td>775,000</td>
<td>22%</td>
</tr>
<tr>
<td>Amsterdam Southeast</td>
<td>400,000</td>
<td>11%</td>
</tr>
<tr>
<td>Amsterdam South</td>
<td>500,000</td>
<td>14%</td>
</tr>
<tr>
<td>Amsterdam Buitenveldert</td>
<td>200,000</td>
<td>6%</td>
</tr>
<tr>
<td>Diemen</td>
<td>230,000</td>
<td>6%</td>
</tr>
<tr>
<td>Amstelveen</td>
<td>300,000</td>
<td>8%</td>
</tr>
<tr>
<td>Hoofddorp</td>
<td>60,000</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>410,000</td>
<td>11%</td>
</tr>
<tr>
<td>Total</td>
<td>3,600,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Source: Boer Haring Hoof*

information technology sector were established in the inner city (Lambooey et al., 1985: 21), its role as undisputed and unchallenged office CBD had faded. Especially since 59 percent of the total office stock being located along the ring motorway and the A2 to Utrecht (see table 5.2). The companies in information technology were usually not bigger than 10 employees, and big companies were leaving the inner city. In this period, the departure of office holding companies from the inner city was also caused by a second motive: housing was simply more lucrative in the inner city, and other functions were being pushed out by gentrifiers (Van de Ven, Combe & Westzaan, 1991).

5.6 1985-1988: persistent urban problems and the onset for growth politics

When the world economy recovered in 1984, Amsterdam's situation deteriorated. In the city, a culture of unemployment had risen, with over half the unemployed

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7 The national economic recovery was partly orchestrated through national guidance and policy change. Visser (1998: 274) distinguishes three macro-economic policy shifts. First, there was the adoption of wage moderation policies in 1982 on a voluntary basis, in order to increase the worldwide competitiveness of Dutch firms and products. Second, the social security system was reformed, in order to contain costs and thus to reduce the enormous deficit in government spending (10 percent in 1982) through a policy of strict fiscal austerity. Third, labour market policies were shifted towards activating the younger long-term unemployed. During the 1980s, this so-called polder model had quick success, so much even that Visser and Hemerick (1997) asked the question if we could speak of a 'Dutch miracle'. However, a side effect of the preceding tradition of fiscal centralisation and a top-heavy central state bureaucracy was that part of the burden of the new fiscal austerity was transferred to municipalities. However, in line with the
Regulating Urban Office Provision

under the age of 30. Due to the steady deconcentration of population and employment, the city of Amsterdam, just like the other big cities in The Netherlands, accommodated a disproportionate share of (immigrant) families, unemployed youngsters and poorly qualified unemployed (Lambooy, 1984). This selective depopulation of the city did not only lead to an enormous rise of unemployment, but also to a growing mismatch between demanded qualities on the regional labour market and the qualities possessed by Amsterdam’s residents.

Moreover, the gulf between the city and its surroundings widened due to the continuous loss of inhabitants. Although the inner city had regained some popularity amongst gentrifiers in the 1970s (Cortie & Van de Ven, 1981; Cortie et al., 1982), this process was halted during the 1980s. During the first half of the 1980s, 10,000s inhabitants left Amsterdam to live in a suburban location that could live up to their desired housing conditions. All these trends caused the widening of the income gap between the central cities in The Netherlands, and their surrounding municipalities (a process that had been developing from the late 1950s onwards) (Dieleman & Wallet, 2003; WRR, 1990). In the same time, the functional ties between the city and its surroundings intensified, especially regarding the commuter traffic, but also regarding cultural and leisure activities, making interjurisdictional externalities an issue on the national policy agenda.

On this topic, reports and plans quickly followed each other in this period. In 1982, after the publication of the report Towards a City Province Amsterdam, the issue of administrative reform was put high on the Amsterdam political agenda. The problem signalled by the report was that Amsterdam was too big to address typically detailed local issues, but too small too tackle the big city problems of large scale unemployment, housing shortages, public transport and concentration of ethnic minorities in old city districts. Creative solutions for reterritorialisation of the local state were discussed, such as the possibility of city provinces around the large cities (cf. Dijkink, 1995). However, this discussion was long and laborious, and did not lead to radical institutional reform.

The City Council of Amsterdam was now forced to stop selective population decline. In the early 1980s the compact city policy was introduced by Rotterdam (quickly followed by the other cities of the ‘big four’). All four cities faced the same post war urban policies, the central cities were protected from being hit too hard (Terhorst & Van de Ven, 1995: 351).

10 In 1985, over 40% of the people working in Amsterdam were commuting into the city. Increasingly, the commuters exist of people with families, whereas local workers are mainly one-person households.
problems (Terhorst & Van de Ven, 1995: 352). Together with the adaptation of their physical planning policies, the big four cities attempted (and succeeded) to alter the distribution of national grants for municipalities towards their favour. Soon they received support from national and provincial government. It had become obvious that the big cities were the main concentration points of structural unemployment, and suburbanisation was blamed for this. According to local politicians, suburbanisation had to be reversed, by politics of inner city densification on the many locations in the city that were vacated by stagnating industries. The policy was slowly working its way up to other tiers of government.

In 1983, the year of Structure Plan part C, in which the Amsterdam City Council advocated the compact city approach, the Province of North Holland produced the Provincial Economic Plan. In it, the Province announced the end of the deconcentration policy in favour of the strengthening the city of Amsterdam and the North Sea Channel Area. The province argued that the city of Amsterdam should perform as a regional centre, which should be further strengthened.

From then on, the compact city policy, which built on densification within the city boundaries, became a success in its own terms of stopping population decline. After a period of continuous loss of inhabitants between 1960 (866,000 inhabitants) and 1984 (676,000 inhabitants), the trend was reversed during the period 1985-1994 (724,000 inhabitants in 1994).

However, the policy did not boost economic performance in Amsterdam during this period. The dominance of residential development, especially the urban provision of large quantities of social housing, and the lack of a more coherent attack on unemployment caused unemployment to rise after 1984, against the (inter) national trend of economic recovery: the Amsterdam economy lagged behind, and the unemployment percentage (ratio unemployed/inhabitants) continued to grow until 1987 (Van der Vegt et al., 1998: 126). This was highly detrimental to the city’s social structure, particularly as the type of labour offered in the newly developing economy did not match the group of unemployed in the city, which was over 20 percent (Terhorst & Van de Ven, 1997: 318).

Towards a new Structure Plan

Despite the reports and plans that were produced in the mid 1980s, the change towards a pro growth mentality was not realised in the Municipal budget nor the Amsterdam Structure Plan of 1986. The development of this latter plan commenced simultaneously with the writing of Structure Plan part C. Structure Plan part C should therefore be seen as instrumental to the wish of the City
Council to come to a new integral structure plan, rather than a mere sector plan on economic development.

Alderman Van der Vlis wanted to put his mark on spatial policy because he believed that urbanisation had changed from being a matter of urban development through large scale urban extensions into a matter of ordering, redirecting and intervening in existing urban fabric. He argued that urban planning had become an undertaking that affected many, so that the City Council should function as an intermediate, and that the old days of rational bureaucratic planning by technocrats from the civil service were over (Wallagh, 1994: 242-243). Therefore, the Structure plan was developed in line within the frames set by the Program Accord 1978-1982. It was all the more surprising in this light that the draft Structure Plan of 1982 still paid little attention to the existing city, and focused on urban extensions. This was mainly due to the dominance of housing development as a carrier of the plan. The Draft Plan was heavily criticised in the City Council on these points. The new Program Accord 1982-1986 was the basis of the further development of the concept of Compact City to an integral policy instrument.

Due to the rapid developments on the office development scene, and the realisation that the impact of office development on the economic and urban structure of Amsterdam was increasing, the final version of the Structure Plan was preceded by the preparation of the first Office Memorandum (Kantorennota). This Memorandum (Dienst Ruimtelijke Ordening, 1984) was an evaluation and further specification of the Structure Plan part C from 1981 and aimed to make recommendations about the development and phasing of office locations in Amsterdam (Teunissen & Wagemakers, 1984). One of the main drivers behind the update was the fact that the inner city did not develop according to earlier plans. Thus, one of the main recommendations in the Office Memorandum was to develop an active inner city policy in order to (a) bring the declining employment to a halt and (b) combat vacancies.

Based upon a vision of accessibility derived from public transport, the Memorandum argued for the inner city as a central node. The additional centres that were already proposed in the 1981 plan resurfaced as well as additional centres where office development spontaneously developed. Especially Sloterdijk, Amsterdam Southeast and Buikslootermeerplein in the north were prioritised, whereas Station Zuid, where the World Trade Centre had just been developed, and Amstel Station were not considered as preferential secondary locations. Finally, the further transition of houses into offices in the museum district was considered harmful to this district and proposals were made to combat this process.
The recommendations of the Office Memorandum echo in the New Structure Plan that was published in 1985 (Gemeente Amsterdam, 1985). Although it was strategic and integral, the new Structure Plan, ‘The city in the centre’ (De stad centraal), did not offer a spectacular new way forward. The structure plan proposed a compact city approach, because, as indicated before, the gradual loss of centrality was problematic from the viewpoint of local politicians. They adhered to the core-periphery model of urban development, and perceived the loss of centrality of the inner city as one of the city’s main problems, because it threatened the balanced functional mix for the urban core. This ideology of a balanced functional mix for the core of the Amsterdam urban region had been undisputed since the late 1960s. The underpinnings for the ideology were strongly rooted, and mostly inspired by a “vague concept of urban atmosphere” and “public sentiment”. Moreover, private (capital) support relied mainly on vested capital interests, wary of depreciation of their investments (Van de Ven, Combé & Westzaan, 1991: 34).

Dwelling on this model of urban development, the central aim of the local government was to create a strong central city within a concentrated city region. The aim was formulated to concentrate living and working as much as possible in the vicinity of urban services. The main concern in the structure plan was to resolve the enormous lack of space for housing. The spatial perspective for economic development also gave priority to compact city development. Emphasis was placed on the inner city as a multifunctional top location (with at least 80,000 jobs), and additional specialised concentrations for large-scale establishments for the tertiary and collective sector along the ring way. Further, Amsterdam Southeast was officially designated for large scale office development for the first time.

*The hesitant resurfacing of economic motives in urban development*

In the years following the 1985 Structure Plan and 1984 Office Memorandum, the transition towards a more pro growth and supply side policy was gradually made, although pro growth politics in this period were largely symbolic (advertising, city marketing), and as mentioned above, the city budget remained dominated by social policy expenditures. Evidence for this include strategies to boost the image of the city of Amsterdam through a two-year campaign with the title ‘Amsterdam has got it’ (Amsterdam heeft it), Amsterdam’s nomination as ‘Cultural Capital of Europe’ in 1988, and lobbying for the Olympic Games of 1992. Other initiatives were more interventionist, such as a pilot trip to Tokyo in 1983, revitalisation of acquisition policy and the re-establishment of the joint corporation for the acquisition of foreign companies: Amsterdam Promotion. The corporation included
representatives of the chamber of commerce, the economic development department of the city of Amsterdam, the World Trade Centre, Schiphol Airport, Dutch Telecom (PTT) and representatives from Amsterdam accountancy and legal firms.

Debates on urban competitiveness were not only central in local discussions on the future of the city. The 1988 Fourth National Report on Physical Planning gave cities (in spite of their poor performance in the recent past) a driving role in economic growth. Amsterdam was designated as an urban node holding an important international position, and should accordingly develop an alluring business climate based on the catchwords ‘internationalisation’, ‘economic perspective’ and ‘capitalising on strengths’ (cf. Wallagh, 1994: 300). This was quite a break with the past, in which the larger cities had acted as mere providers of national welfare state services. Now, the national state, especially the Treasury Department and the Department of Economic Affairs, advocated more active involvement of municipalities in their economic well-being. It also abandoned the policy of protecting non-competitive industries and subsidising backward regions, that was common during most of the post-war period (Terhorst & Van de Ven, 1995: 353). More than ever before, the Fourth Memorandum on Physical Planning of 1988 emphasised economic growth based on unequal distribution of physical developments.

In the same period, the temporary slump in the office market ended. In the period of 1979-1983, the take-up of square meters never surpassed 95,000, but after that period the take up levels rose quickly, surpassing 200,000 square meters in 1986, 1987 and 1988 (Brouwer, 1994: 137).

As mentioned earlier, the locations on the city's fringe, such as Amsterdam South East, where space was still available in abundance, provided the Amsterdam office market with most new development opportunities. In the period 1982-1988 this location boomed and 60 percent of the new office stock was built there (Wagemaker, 1991). The only unfavourable peripheral area was Diemen, where offices proved to be less rewarding for investors.\(^\text{11}\) However, in the end of the 1980s the production of office space in Amsterdam reached unprecedented heights, reaching an annual average of 255,000 square meters between 1987 and 1991.

\(^\text{11}\) Vacancies never ended (firstly, in 1982, the level was 25,000 square meters, in 1989 still 11,000 square meters were vacant), although the price per square meter was lowered from 235 guilders (Brouwer, 1994)
The end of the regime

Despite the more growth oriented jargon and the more serious approach to economic development planning that revealed itself in the designation of spaces in the city for economic development, the transition to economic development policy was not made until the foundations of social housing policy had crumbled.

After years of cutbacks in special grants for social housing, the national government issued a fundamental reform of the social housing sector. This system was criticised for being too complicated and inconsistent (Van der Schaar, 1987; Salet, 1987; see also Terhorst & Van de Ven, 1995), and most importantly: it was a big financial burden for national government. In addition, it was argued that “the government had started to cover too many risks and initiatives in the private sector”, while “the relationship between government and landlords had become too intense” (Salet, 1999: 552). So, national government wanted to diminish its role in central housing provision, and the system change (Ministerie van VROM, 1989) that was carried out entailed the liberalisation of the financing of social housing construction and rent setting by housing associations (Lawson, 2003: 184).

The new system laid more responsibility for housing provision with the housing associations that were urged to become more self-sufficient and operate on private markets. Moreover, the number of social dwellings was quickly toned down. All in all, this diminished the direct grip of municipalities over the development of dwellings, which had been the backbone of the compact city approach, and the urban development strategy from 1974 onwards, and forced them to look for new directions for urban development.

5.7 Analysis: urbanisation and economic crisis

The Dutch National Fordist settlement that had guided the Dutch economy through the ‘golden age of capitalism’ reached its demise in the 1970s and the existing regime of urbanisation definitely lost its grounding. The regulatory state of flux was aggravated after the worldwide recession that began after the oil crises. Especially the second oil crisis of 1978 was the onset for overall economic and associated social problems, from which the city of Amsterdam, with its specific social balance, got more than its even share.

In the 1970s the ‘deconcentrated urban region’, with a central city CBD, met with so much opposition that it was rejected as the spatial regulatory foothold, so the accumulation strategy that built on that compromise was smothered. However
Regulating Urban Office Provision

Table 5.3, The regime of urbanisation 1968-1988

<table>
<thead>
<tr>
<th>Expected regime of urbanisation</th>
<th>Realised regime of urbanisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market: intensive growth financial cluster;</td>
<td>Market: Stagnation financial cluster (hesitant recovery) - final collapse harbour related industry</td>
</tr>
<tr>
<td>State: national state led economic development politics – local struggle between electorate and economic interests – local service sector based accumulation strategy;</td>
<td>State: national state led social development politics – local struggle between electorate and economic interests – local housing based social development strategy</td>
</tr>
<tr>
<td>Space: planned CBD development – planned development of secondary service nodes for economic overspill – extension of main infrastructures – strategic investments in residential structures.</td>
<td>Space: undermining central city CBD - planned development of secondary service nodes for economic decentralisation – extension of peripheral infrastructures – all-encompassing investments in housing and urban renewal projects in the existing city</td>
</tr>
</tbody>
</table>

contrary to expectations that the accumulation strategy would be adjusted towards the growth sectors in the city of Amsterdam, and that a new spatial project for capital accumulation would be the central stake of urban politics, a no-growth-coalition for the inner city became dominant. The choice was made for preservation of the historic inner city, at the cost of inner city CBD development. This frustrated inner city capital, although the spatial infrastructure for a new round of capital accumulation based on service sector activities was available in scattered new peripheral urban spaces. So, capital was pushed out of its preferred location, and social motives dominated urban policymaking. In the mean time, the social situation in the city was not very promising as local unemployment continued to grow rapidly. In the early 1980s, development activity in the office market increased once again, following a brief decline in the late 1970s. A new boom in office development occurred in the urban periphery, where rental offices had become popular amongst small scale office users.

The local structure of office provision

As depicted in the previous chapter, investors in real estate had already arrived on the office provision scene in Amsterdam during the 1960s. However, the development at Bickerseiland, where project developer Gau projekted and realised his lucrative vision of ‘little Manhattan’, was an exceptional case rather than an illustrative example of office provision in Amsterdam during the 1960s. Nevertheless, demand for accessible sites for office development increased
particularly with the enlarging scale of financial companies. Once the end-users, the dominant agents in the structure of provision, set their eyes on locations outside the cramped and increasingly inflexible structure of the inner city, the spatial reach of the structure of office provision grew. This became apparent by gradual 'officification' of areas south of the inner city, especially in the Museum district. However, during this initial colonisation the structure of building provision remained fundamentally the same. The same main players were in the same economic roles, and the nature of the relations between these agents did not change. A financial institution, in need of a new premise, voiced its intention (or bought out the existing owner of the piece of real estate) to take up residence in an existing piece of real estate outside the inner city, or to develop its own office on that spot. Such development often entailed receiving a necessary exception from the zoning plan and a donation into the 'Dwelling-Withdrawal Fund' (Woningonttrekkingsfonds), as most plots of land in Amsterdam's southern district were designated for residential purposes.

During the 1970s, another structure of office provision quickly arose alongside the existing one. Urban planners envisioned Kronenburg, the first, planned, large-scale, supra-local suburban office location in the Netherlands. This development promised to accommodate the overspill of back-office activities, relieve tension from the inner city and invite new types of agents on to the development scene, and thus new types of economic relations and mechanisms. The complicated planning deliberations in the existing urban fabric had long scared away investors. Indeed, Gaus' problematic development at Bickersiland did not heighten enthusiasm amongst investors for inner city office development. With the inner city 'closed' for office development by the City Council since the 1970s, investors leapt towards the straightforward, uncomplicated and undisputed office locations available in greenfield locations. This new market led to the establishment of different structures of provision; with the exception of banks, office users became office renters and 'middle men' (real estate brokers) came in as intermediaries between office owners and office users. Specifically, in these new social structures of office provision, investment in office real estate became somewhat detached from immediate office demand and shifted towards speculated demands and potential yields. Thus, not only in Amstelveen, but also in Buitenveldert and Diemen the new structure of office provision found spaces of speculative accumulation.

The new offices, in the office parks of suburban municipalities Amstelveen and Diemen, were mainly geared towards smaller companies, renting parts of the
building. Although many investors were very eager to leap into the new office locations in Amstelveen, Diemen, and to a lesser extent also Buitenveldert, smaller scale users did not follow with the same enthusiasm. With an oversupply of offices, many premises in suburban locations remained totally or partially vacant for many years, seriously damaging the office park concept. Nevertheless, despite the disappointing results obtained by investors in rental offices on the locations Diemen and Kronenburg, the popularity of the office as an investment object kept growing after a short dip in the late 1970s.

In the time of economic downfall of the early 1980s, an office development boom period started. Since the inner city of Amsterdam remained ‘frozen’ to large office development, major inner city banks that needed room for big, modern offices looked to the Greenfield sites in the southern suburbs. In order to receive some of the southbound drift of office-investments, Amsterdam designated various greenfields along the ring motorway for future office development. The most successful area in these years was Amsterdam Southeast (Amstel 3), that was suburban, and favourably located in terms of accessibility, expansion possibilities, and position in relation to international transport networks, the airport, service clusters, qualified labour and cultural facilities. The local government’s land department did the pioneering work, together with the NMB bank that decided to set up one of its main offices there. This all made the road towards development less complicated and uncertain for investors, whose trust in the location grew substantially. So, after the development dip of the late 1970s/early 1980s, a development boom occurred, led investors and project developers who produced rental offices.

Sociospatial regulation, planning processes and the struggles over spatial imaginaries

Obviously, these new processes in office development cannot be isolated from the wider ones of accumulation and regulation. During the period described in this chapter, increasing national guidance of societal processes carried the national mode of regulation. The phase of corporatist, pillarised social and spatial regulation had come to end by the mid-1960s, and capital-labour relations had become obsolete (including the pivotal guided wages policy). Moreover, the competitive position of the Dutch economy started to deteriorate during the 1970s, causing frictions on the platform of the state: organised capital and labour struggled over the way forward, causing backlog in the collective bargaining over wages and competitiveness. Moreover, discussions about the growing fiscal burden of welfare state arrangements, such as the extensive Social Housing program, on central state

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budgets arose. When the economic recession deepened, there was the cautious development of neo-liberal policies which guided the national economy hesitantly towards some recovery, with the gradual decline in unemployment as the most visible result.

The regulatory arrangements at the national scale were interrelated in many ways with processes of social and spatial regulation at the local scale. Especially after 1964, when wage constraints loosened, real incomes began to rise rapidly amongst workers for the first time since the War. The metropolitan housing market became regionalised in such a way that all suburban municipalities received private sector dwellings, while the city of Amsterdam was predominantly filled with social housing. The nationally orchestrated urbanisation policy of 'concentrated deconcentration' caused a massive flight of inhabitants from the central city to suburban locations and associated increase in car commuter traffic. Further, the city of Amsterdam accommodated a growing share of migrant families from less developed countries and teenage dependents of low skilled workers, all vulnerable to unemployment during unfavourable times.

These processes caused a gradual change in the social relations in economic and urban development in the city and region of Amsterdam. The vested economic interests in for instance the historic inner city and the harbour saw their economic and social base crumble, and slowly lost their hegemonic position in the local regulatory framework: the local growth coalition fell apart when the new left, with its orientation towards social housing conquered the city hall. In the fragmented social scene that resulted, many-sided struggles over urbanisation and accumulation politics were fought out. Different than before, urban planning was made subject to party politics and discussions in the City Council, which, together with the strongly orchestrated national housing system, opened a window of opportunity for preservation-oriented forces to push forward their vision on compact urbanisation and inner city preservation and urban renewal politics.

As was argued in the previous chapter, planners at the Department of Public Works in Amsterdam were accustomed to having an important say in matters of urban development, but left office planning and provision to the banks. These institutions were the users and financiers of new offices, and were very much inclined to develop new and bigger property in the inner city. Thus, with little intervention from urban planners, the development of the inner city into a CBD was incrementally realised. However, the new policy of urban renewal and preservation not only closed off the inner city to radical and large-scale new
Regulating Urban Office Provision

Table 5.3 Urban change in Amsterdam – some indicators

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1989</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhabitants</td>
<td>857,635</td>
<td>694,990</td>
</tr>
<tr>
<td>Dwellings</td>
<td>282,117</td>
<td>332,853</td>
</tr>
<tr>
<td>Employment</td>
<td>347,698</td>
<td>317,919</td>
</tr>
<tr>
<td>- tertiary sector (1)</td>
<td>234,967</td>
<td>272,374</td>
</tr>
<tr>
<td>Air Traffic (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- travellers</td>
<td>5,337,399</td>
<td>16,470,983</td>
</tr>
<tr>
<td>- freight (tons)</td>
<td>172,333</td>
<td>604,458</td>
</tr>
</tbody>
</table>

(1) Air traffic: 1989 = 1990, source: O+S, various years

developments, it simultaneously ended the battle for better accessibility for motorised vehicles and additional parking facilities.

Not surprisingly, those who had invested in real property in the inner city and wanted to protect their investments were at ease with this new political status quo. The chamber of commerce, acting on behalf of especially retail commercial interests in the inner city, kept promoting the importance of accessibility and parking for the viability of the inner city. Their view had no success; the political scene remained deaf to the demands of its former economic partners, who became increasingly frustrated by the City’s political stance regarding urbanisation.

The still growing network of companies in the financial cluster was less concerned with the closing off of the inner city. For users seeking bigger premises (scale enlargements in the banking sector were still going on in the early 1980s) those locations were available in office parks in the urban periphery. Many people were now working in the new offices located in southerly suburban locations, which required good transport connections.

Outside the historic inner city, planners adopted a laissez faire attitude towards office development. Indeed, in these areas the local regulatory landscape had been dominated by housing issues and economic development policy was absent. This economic policy vacuum could not be disguised by the publication of structure plan part C, on economic development. It said that the ongoing outward drift alarmed planners, but the fact that the inner city remained the strongest employment district reassured them that it could still be developed into – or rescued as – the CBD for the metropolitan region. However, there was no rethinking of the concept of CBD, despite the fact that (a) everything was done to ensure the preservation of the historic inner city, its cultural heritage and its social structure, and (b) urban planners prevented the development of large motorways, parking facilities and new large-scale office space in the inner city, generally
considered to be the main components of a CBD. In other words: although the value of a CBD for the city remained undisputed, and no other location than the inner city was indicated, all activities and choices made by urban planners prevented its development. The real question, how to plan for the increasing space demand of the financial sector, and how to integrate its further development in a widely shared regime of urbanisation, was pushed further into the future.

Thus, the service and knowledge based regime of accumulation remained very much decoupled from the local regulation-accumulation settlement. The labour market and capital institutions at the level of the national state developed regulatory arrangements that guided the Dutch economy out of the crisis by stimulating supply and demand in the new regime of accumulation. However, Amsterdam was trapped by the negative effects of the old regime of accumulation and directed its limited local economic policies to stimulate employment for blue-collar workers. The city of Amsterdam found it difficult to connect to the path of national recovery, local politicians merely attempted to influence the national regulatory forms and mechanisms in order to be compensated through institutional adaptations in the fiscal structure, which gave no impetus for economic recovery. Neither national nor the local efforts were able to reduce unemployment. The main local and regional employment clusters, that were increasingly leaving Amsterdam, were offering white-collar, knowledge based production employment opportunities, which were primarily taken up by ‘outsiders’.

The demise of the deconcentrated urban region, as the guide for urbanisation, was complete with the recession that aggravated the differences between the city and its surroundings. Instead of looking for room for urban extension in new towns, which was the custom in earlier decades, the city was now convinced of the abundance of room for residential and economic development inside the boundaries of the city. Also, contrary to the policy of urban renewal that had guided urban development decisions in the 1970s, the new compact city approach was geared towards new development, instead of preserving what was already there.

After a decade of local densification policies, the national government joined the city of Amsterdam (and the other three big cities for that matter) in its desire to strengthen the central city. However, this intention was stymied by the collapse of gentrification processes that had begun in the 1970s. An unprecedented decay of the inner city historic centre set in during the first half of the 1980s. In order to turn these and other detrimental trends around, the Fourth Memorandum on National Spatial Policy designated the central areas of all Dutch cities as the
spearheads of growth, and channelled investments to these cities: a form of spatial selectivity in support of the main cities. However, these investments for housing, public works, education, culture et cetera were only ‘leverage’ for market lead economic growth (Terhorst & Van de Ven, 1995: 354). These city improvements aimed to assist local planners and politicians to entice capital back to the central city.

5.8 Conclusion: The regime of urbanisation during the period of accumulation change

The regime of urbanisation that arose during the 1970s after the vision of the deconcentrated urban region lost hegemony, could not lead Amsterdam into a prosperous economic future. The social welfare (housing) based regime of urbanisation, the ‘freezing’ of the inner city for large scale demolition or redevelopment put a stop to the process of inner city CBD enlargements without explicitly zoning it as a non-economic area. It caused both indirect struggles by capital to save some of the CBD qualities of the historic inner city (accessibility issues), and ‘voting with their feet’: the relocation of businesses in financial services to the south of the city and to suburban office locations. Although in the draft Structure Plan part C the City Council relinquished its vision that CBD development should be limited to the geographical centre of the metropolitan area, it was merely a short-term defensive measure by politicians, who saw that the diffusion of economic activity indicated that relevant economic spaces were sprouting elsewhere, shifting the delicate balances of metropolitan centrality, but who still adhered to centre oriented urban development, in which the central city dominated urban development.

The social housing based regime of accumulation, that advocated the freezing of the inner city and urban overspill to suburban growth centres and new towns, was politically legitimate because of the economic boom of the previous period. The new regime was barely installed before an economic crisis severely affected the city of Amsterdam and its public and private facilities. This recession, made worse by the policy of overspill, further aggravated the differences between the city and its surroundings. An answer for pending local fiscal crisis was found in an adaptation of housing policy: the policy of urban renewal and deconcentration that had guided urban development decisions in the 1970s was replaced by a compact city approach, that was geared towards new housing development in the
central city. It was only when the housing system was drastically reorganised that the local government was forced to reorient its urbanisation strategy.

The political spatial framework was an expression of the core-periphery model supported by national and local government. Yet this vision fundamentally diverged from the urban imaginary of private developers. Nevertheless, this divergence did not lead to open struggles, as the plans for urban development were ill-defined and did not obstruct the actual expression of the spatial fix preferred by capital. Although the structure plan voiced the need for central city CBD development, and development plans and partnerships backed these intentions, it also offered room for development at the urban edge.

So, while the ring-motorway office parks were considered secondary centres in the urban land use plans, the actual development of several of them, mainly Amsterdam South and Southeast, indicated the spatial shift from the CBD towards the southern ring motorway. In the mean time, a new regime of urbanisation, that is, a period of prolonged stability in the configuration of social relations that define urban development, had not come into existence. The absence of struggles on the
local state platform in recent years had just shifted attention away from the fact that
the competing urban imaginaries of capital and the political majority fundamentally
opposed each other. The new question was if there would be new struggles over
competing urban and spatial imaginaries, and whether these would finally lead to a
new regime of urbanisation.