SUMMARY: IMMIGRANT BUSINESS IN THE HAGUE, POLICY AND PRACTICE

Introduction

One of the challenges facing the city of The Hague in the 1980s and 1990s was its socio-economic problems. The Municipality’s main task was to combat the socio-economic divide in the city. In cooperation with the other major cities in the Netherlands, The Hague wished to conclude agreements with the central government on physical, social and economic measures to be taken. A comprehensive approach to these issues was regarded as an important condition for reinforcing the major cities’ socio-economic structure and combating social disadvantages, which resulted in the Major City Policy (MCP) in 1995. This policy announced policy intervention strategies for promoting the economic climate and urban economy, the start-up of new businesses, and economic participation. These policy intervention strategies focused on immigrant entrepreneurs and on districts and neighbourhoods whose residents included a large proportion of ethnic minority population groups, and where there was an accumulation of socio-economic problems.

This study examines the policy intervention strategies aimed at stimulating the economic climate, as well as entrepreneurship in general and immigrant businesses in particular. There are a number of options open to government authorities with respect to intervention in the market. Engelen (2000 and 2001) distinguishes seven dimensions which determine the scope of potential market competitors and the conditions under which transactions can be effected, and which help us to understand why specific groups and individuals operate as entrepreneurs on certain markets. In this study, I have focused on intervention strategies in three market dimensions: subjects, locations and objects.

“Subjects” refers to entrepreneurs, government authorities and institutions involved in entrepreneurship, “locations” refers to the location of the business activities and their spatial scope, and “objects” refers to the products that are manufactured and traded. With respect to the “market subjects” dimension, I concentrated on start-up policy in The Hague, taking StaBij foundation as one of my objects of research. With respect to
the “locations” dimension, I carried out research into mixed functions (“functiemenging”) in neighbourhoods with a large proportion of ethnic minority residents. When doing this, I focused on two measures: business centres as breeding grounds for start-up businesses and dual land use (“dubbelgrondgebruik”) in ethnic minority districts, which are used as living and working space. And with respect to the “market objects” dimension, I carried out research into multicultural tourism, taking City Mondial and the Chinatown and Avenue Culinaire sub-projects as my case study.

The main and subsidiary questions in this study were as follows.

1. What policy measures have government authorities - particularly the Municipality of The Hague - taken since 1995 to stimulate the economic climate and economic participation, more specifically in the field of (immigrant) entrepreneurship?
   Subsidiary questions:
   a. What measures have the authorities taken to foster the level and the quality of (start-up) businesses? (*Market subjects*).
   b. What measures have the authorities taken to stimulate entrepreneurship in districts with a large immigrant population? (*Market locations*).
   c. What measures have the authorities taken to stimulate multicultural tourism? (*Market objects*)?

2. What assumptions and expectations do the authorities base these policy measures on?

3. Have the measures achieved the desired results?

4. What alternatives have been proposed in the policy in order to achieve better policy results?

When conducting my research, I decided to approach the matter by reconstructing and analysing the Municipality of The Hague’s urban-economic policy programme, and to describe my results using Fischer’s stratified evaluation model (1980 and 1995). This evaluation model can be used to evaluate policy at two levels: a first-order and a second-order evaluation. The first-order evaluation is subdivided into a further two levels, the lower of which is *technical verification*. This level focuses on the question of whether the policy results can be proven empirically. The higher level is
contextual discourse\textsuperscript{284}, which concentrates on the question of whether other and better policy alternatives are available. The second-order evaluation is also subdivided into two levels, the lower of which is system discourse.\textsuperscript{285} This level deals with the question of whether the instruments or measures selected support the advocated social order. The higher level is rational choice.\textsuperscript{286} At this level, policy is viewed in the light of the social order advocated by policy actors. In actual fact, rational choice refers to the concept behind the policy. I have described the policy on the basis of two ideal-typical arguments at rational choice level: the welfare economic argument\textsuperscript{287} and the social structure argument. Briefly summarised, the welfare economic argument\textsuperscript{288} is basically as follows. The government merely plays a (re)allocating role, does not actively encourage social results, the focus is on citizens’ personal freedom vis-à-vis the government, does concern itself with costs and benefits issues, legal and procedural equality is more important than socio-economic equality; that is the reason why no distinction according to target groups is made. The social structure argument essentially boils down to the following. The government plays a (re)allocating role, actively influences policy results, makes a distinction according to socially disadvantaged target groups and districts, does not primarily concern itself with costs and benefits issues, and socio-economic equality and justice are considered more important than legal and procedural equality.

\textit{Policy discourses: second-order evaluation}

This study demonstrates that welfare economic arguments and social structure arguments battled for supremacy in political debates on major policy memorandums. The outcome of these battles was not always predictable. In the debate on immigrant entrepreneurship and women’s entrepreneurship, welfare economic arguments were more emphatically formulated at national level than in the Municipality of The Hague. The Municipality’s policy was more often implicit with respect to welfare economic arguments. The difference between the central government and the Municipality in their substantive political debates in respect of this issue may be related to the fact that due to electoral reasons, Parliament is regarded to a far greater extent as a platform for a more prominent propagation of party ideology than the

\textsuperscript{284} Contextual discourse or situational validation/objectives.
\textsuperscript{285} System discourse or societal vindication/goals.
\textsuperscript{286} Ideological discourse or social choice/values.
\textsuperscript{287} Welfare economic argument.
\textsuperscript{288} Social structure argument.
municipal council. Moreover, more publicity was given to these debates as a result of attention from the media. We may conclude from the policy documents that - viewed in the light of welfare economic arguments and social structure arguments - party-political ideologies strongly conflicted with one another during the policy preparations. This was especially the case when drawing up national policy, although compromises were reached when implementing the policy and discussing the policy results. Consensus was achieved with respect to combating socio-economic disadvantages, and if generic measures did not achieve the desired results, temporary measures were taken in which a distinction was made according to target groups and socially disadvantaged districts. Pragmatism eventually won the day, and this was especially true of the Municipality. Pragmatic policy choices played a major role as far as municipalities were concerned, because they were able to see the effects of the policy much sooner and more directly, and sought realistic solutions to these.

**Policy results: first-order evaluation**

**Market subjects: the first case study**

More than 2,100 people registered with the StaBij foundation between 1997 and 2003: this works out at an average of 350 people a year. A total of 315 prospective entrepreneurs started up a business, while a further 14 entered paid employment. This means that StaBij achieved its annual target of assisting 60 prospective entrepreneurs. The number of immigrants who received social security benefits and started up a business was about 10 a year. The results of research carried out into the implementation of the Social Assistance (Self-Employed Persons) Decree in The Hague clearly showed that as a means of reintegration, this decree was not a realistic option for many benefit recipients, or for unemployed immigrants either. In fact, local authorities were also aware of this, and maintained a modest target for assisting unemployed persons in starting up their own businesses (Bruins & Vroonhof 2004; EIM 2004a; EIM 2004b).

This research revealed that only 0.5% of benefit recipients gave up their social security benefits in order to start their own businesses. Although this percentage increased slightly, this increase was too small to justify the central government’s optimism that the Social Assistance (Self-Employed Persons) Decree was able to
make a serious contribution to unemployed persons’ economic participation and re-integration, particularly in the case of unemployed immigrants. Discouragement of applicants with less potential to succeed and providing 329 selected persons with intensive guidance resulted in an average drop-out percentage of 6%; this was 5% with respect to indigenous starters. No results were known regarding the drop-out percentage for projects in The Hague before StaBij was founded. However, the percentages stated do show that this project was a success if we compare them with the national average drop-out percentage in the starting year, which was between 14% and 23% (Van den Tillaart 2001).

*Market locations: the second case study*

With respect to the mixed functions issue, I investigated the following two measures: business centres and dual land use. As far as the business centres were concerned, I examined three locations only: De Schildt, Diemers and OAC Laakhage. With respect to dual land use, I focused on three streets in the Centrum district, i.e. De Heemstraat, Hobbemastraat and Vaillantlaan; these streets are situated in the most ethnic part of The Hague. Since the implementation of mixed functions in the city of The Hague has not yet been completed, the results of this subsidiary research are merely indicative of the effects on developments in immigrant entrepreneurship.

It emerged from this research that the policy directed towards business centres, which was intended to provide a breeding ground for starters, and dual land use in urban restructuring districts, had a positive effect on the development of immigrant entrepreneurship. It transpired that almost two-thirds of the entrepreneurs in the three business centres that I investigated were first-generation immigrants. This proportion was at least 15% higher if we were to include members of the second generation who were not registered as such in the Chamber of Commerce Trade Register (Van den Tillaart 2001). This means that immigrant entrepreneurs made good use of the availability of business centres as a location for starting up a business.

If we look at the “life course” of the businesses in the business centres that I investigated, we see that 39% of all entrepreneurs (N=122) who had registered with the Chamber of Commerce up to May 2004 were still actively engaged in their businesses precisely five years later. The survival percentage in these buildings
decreased in due course, and more or less followed the national trend in which increasingly fewer active businesses eventually remained (EIM 2004a and EIM 2004b).

In the three streets I investigated in the Schildersbuurt district where dual land use applied, it emerged that 90% of the entrepreneurs were immigrants. These businesses had recently been established there, which evidently meant that in this case, mixed functions in the shape of dual land use in restructuring districts provided opportunities for immigrant entrepreneurship. It was clear that the presence of the immigrant population in this district influenced this percentage; immigrants with resources obtained from their own communities had succeeded in starting up these businesses there. And this also demonstrates the resilience of these districts, which usually had a reputation of being deprived districts with a poor social image.

**Market objects: the third case study**

With respect to the “market objects” dimension, this study focused on multicultural tourism in ethnic city districts. Multicultural tourism refers in this instance to the trade in ethnic-cultural products – both tangible and intangible - in a physically recognisable multicultural urban landscape. The measures I investigated in this respect were City Mondial, with Chinatown and Avenue Culinaire as sub-projects. My decision to conduct research into multicultural tourism was related to the Municipality of The Hague’s ambition to give an additional economic impetus to districts with a high percentage of immigrants.

While the visitors to the City Mondial district numbered one thousand in 1998, this had increased to approximately 110,000 by mid-2005. Commercial activities had picked up, and the amount of money spent by visitors had increased. However, Avenue Culinaire’s performance continued to lag behind expectations. This was due to these expectations being too great, high rent prices, stringent requirements for the opening of businesses, little support among the entrepreneurs, and specific requirements regarding product quality. There were 25 Chinese entrepreneurs with businesses in the Chinatown district in the mid-1990s, but this number had more than doubled (59) by 2005. The number of businesses in the entire Chinatown district and the adjoining streets increased by about 60% between 1998 and 2005, which meant
that Chinatown had a favourable effect on the shopping streets surrounding it. Before Chinatown was set up, non-Chinese entrepreneurs took the view that no excessive concentration of Chinese businesses should be established in the streets which were designated as Chinatown. They assumed a maximum of 80% of Chinese businesses; this eventually turned out to be 86% (51 businesses) in the three streets that were specifically earmarked as the Chinatown district. This high percentage has not resulted in an excessively Chinese atmosphere. The Municipality of The Hague’s ambition to create a Chinatown that was different from all other Chinatowns has not yet become reality. The Hague’s policy concerning illuminated advertising and advertisements on the outside of buildings, street trade and displaying products for sale, and the fact that the erection of the Chinese gateways was postponed until the end of 2009, obstructed the realisation of the same type of Chinatown as those in the other major cities. The Chinese gateways were officially opened in 2010. The City Mondial project commenced in 1996, and was institutionalised as a foundation in 2000. From that time on, City Mondial became part of generic tourist policy to an increasing extent, and has now been built permanently into The Hague’s promotional policy. A certain degree of hesitancy could still be discerned up to 1998, and this was even described as “reservation mentality”.

However, the broad support in political circles finally put an end to this negative image: 60% of visitors said in a survey (City Mondial 2004a, 2004b, 2006) that they would definitely visit this district again, although city residents, tourists and entrepreneurs avoided the district in the 1980s and 1990s because it was considered “uninhabitable”. This negative image of the district has meanwhile been banished as far as these visitors are concerned.
Finally

When the results of the three policy measures I investigated are juxtaposed against the development of small and medium-sized businesses in The Hague, strong growth in entrepreneurship in general and ethnic minority businesses in particular can be discerned. The arrival of a new generation of entrepreneurs is mainly due to the explosive increase in the number of immigrant entrepreneurs. In that sense, the three policy measures investigated on the market dimensions subject, location and object seem to meet the set targets – apart from Avenue Culinaire. However, they do not sufficiently explain the strong quantitative development of (immigrant) entrepreneurship.

The background behind the policy of assisting unemployed persons (market subjects) in starting up their own businesses was the high level of unemployment among immigrants. This policy conceals an explicit, “classic welfare philosophy”, namely that disadvantage can be resolved with additional policy support and that, vice versa, policy must be aimed at solving social problems. With a labour market policy aimed at promoting the participation of unemployed immigrants in particular in entrepreneurship, the Municipality of The Hague has tried to put this into practice. Within the set targets, this has been successful. However, this does not explain the strong growth of entrepreneurship, even at the bottom of the entrepreneurial market. With respect to the “market subjects” dimension, by implementing a determent policy, StaBij prevented the launch of more start-up businesses. However, the businesses that did start were of a better quality.

With respect to the “market locations” dimension, in general there has not been a “classic welfare approach”. In the framework of the restructuring and based on the idea of mixed functions, in deprived districts new business premises are being constructed in residential areas to stimulate (immigrant) entrepreneurship. The presence of a large immigrant population in these mixed functions locations has also contributed to the growth of immigrant entrepreneurship. Elements of a “classic welfare policy” can only be observed in the example of business centres. This policy has resulted in the subsidising of business premises to keep rents low for starters who tend to be socially disadvantaged. Nevertheless, the mixed functions policy in the
period investigated did not make a major contribution to the strong growth of (immigrant) entrepreneurship.

With respect to the “market objects” dimension, the Municipality of The Hague used the multicultural tourism instrument to improve the image of ethnic minorities and socially and economically disadvantaged districts. The Municipality consciously developed an intensive city marketing programme aimed at stimulating immigrant entrepreneurship by “branding” districts with a high percentage of immigrants as areas where multicultural tourism could make a positive contribution to the image and their economic potential. The development of City Mondial and Chinatown has been successful within the set targets. However, multicultural tourism has also had a limited impact on the generic, quantitative development of small and medium-sized businesses. Within the “market objects” dimension and the case investigated, in general there was no question of a “classic welfare policy”. The only welfare component in this approach is the aim to improve the social image of districts with a high percentage of immigrants. In the main, an economic vision has been developed about the “branding” of ethnic city districts in broader economic terms, apparent from the fact that the marketing of multicultural tourism is anchored in a generic tourist policy.

In the political debates concerning immigrant entrepreneurship, welfare economic and social structure arguments battle for supremacy. This battle is more explicit at national level than in The Hague. This battle for supremacy varies per market dimension and many actors do not appear to be totally consistent. A good example of this is that with respect to assisting starters such as women entrepreneurs (subjects), the VVD party in the Municipality of The Hague takes the generic policy as its starting point. However, where it concerns the development of multicultural tourism (market object) in Chinatown, it uses the social structure argument to solve socio-economic problems in districts with a high percentage of immigrants with a multicultural tourist policy. Also with respect to the “market locations” dimension, the generic policy is propagated. For instance, the VVD is against competition falsification. In practice, this should mean that rent prices in multi-tenant commercial buildings in districts with a high percentage of immigrants may not be different from buildings in other areas of the city (welfare economic argument). However, in order to
maintain the affordability and high occupancy level of multi-tenant commercial buildings, subsidised rents are permitted. This development illustrates that both ideal-typical arguments are used alternately and even at the same time. With respect to a certain market dimension, policy actors allow the social structure argument to prevail, and in other dimensions the welfare economic argument. In the implementation of the policy, welfare economic and social structure arguments merge and compromises are agreed.

When I consider the strong growth of immigrant entrepreneurship in the Netherlands and in the Municipality of The Hague, I conclude that none of the measures investigated have made a significant contribution to the major developments in small and medium-sized businesses. The market mainly did that itself. The ideas behind welfare economic arguments have turned out to be more correct than social structure arguments, even if the measures inspired by such ideas have contributed very little. The strong growth of immigrant entrepreneurship takes place in districts where you would not expect it. The measures taken seemingly have a different impact than the growth of immigrant entrepreneurship. They have positively changed ideas about immigrant entrepreneurship and districts with a high percentage of immigrants and given immigrants more faith in their own opportunities.

In this study, I have shown that economic-welfare arguments and social-structure arguments battle for supremacy at policy discourse level, and the outcome of these battles is not always predictable. Although policy has accumulated during the past three decades, and immigrant entrepreneurs are regularly labelled as persons in need of help in this policy, the number of immigrant entrepreneurs in The Hague has nevertheless trebled during the past thirty years. Most of the immigrant entrepreneurs establish their businesses in districts with a high percentage of ethnic minorities. This serves to demonstrate the resilience of such districts, despite the fact that these very same districts are regularly confronted with social disadvantages and a negative socio-economic image. This resilience is partly due to the fact that immigrants are not merely passive onlookers; they themselves take full advantage of the opportunities.

Dreef (2004:256) also concludes in her study into the political and administrative developments regarding textile workshops in Amsterdam in the period 1980-1997 that in the empirical reality various combinations of arguments occur. In their appeal for a specific solution direction, policy makers often follow a welfare economic and a social structure argument at the same time.
offered on the commercial market. In 2005, 30% of businesses in the Municipality of The Hague were owned by immigrants.