Broadening the regional horizon: Region Deals and the quest for regional wellbeing in the Netherlands



DOI reference: 10.1080/13673882.2024.12466422

By Joks Janssen, Tilburg University & Het PON-Telos, Wouter Marchand, Planbureau Fryslân, Marijn Molema, University of Groningen & Planbureau Fryslân, & John Dagevos, Memorial University of Newfoundland.*

**corresponding author: Marijn Molema (email)*

Introduction

In most European countries, regional policy is a strong and institutionalised branch of the welfare state. Its significance, however, shifts over time. Currently, the activity is high on the political agenda. The heightened debate about 'left behind places' or 'places that don't matter', fuels the political awareness for regional inequality, and processes of uneven development, across Europe (Rodriguez-Pose, 2018; Martin et al., 2021). Debates in the United Kingdom, for example, revolve around the question of whether 'the north' of England will ever revive again, while in Germany, there is anxiety about the populist vote in eastern regions. Notwithstanding the smaller size of the country and less territorial tension compared to its bigger neighbours, the Netherlands is no exception to this trend.

The biggest controversy in Dutch regional politics is about the contrast between, on the one hand, a densely populated, urbanized and economically prosperous Randstad region and, on the other hand, some peripheral regions in the south, east and north of the country. After a period in which regional policy was mainly focused on stimulating urban agglomeration economics and thus 'making stronger what is already strong', the discourse on regional development is shifting toward a more equitable distribution of welfare. As a result, Dutch peripheral regions have made a comeback on the national agenda. The concept of 'regional well-being' plays an important role here, as does the policy of so-called Region Deals that the Dutch national government has been deploying since 2017.

In this contribution, we reflect on the efforts to stimulate regional well-being across the Netherlands. After a brief reflection on the renewed focus on regions and regional development, we focus on the policy efforts to improve regional well-being by means of the Region Deals. We will show that Region Deals have broadened the horizon of regional development beyond GDP-oriented policy (see Hoekstra, 2019), thereby stimulating and emancipating the development of peripheral and rural regions. Although the Deals are a step forward in the way the development of these regions is looked at, we argue that a more balanced distribution of welfare in the Netherlands requires a structural adjustment of current policy in at least two interconnected respects. A more structural and long-term investment impetus is needed, together with a stronger plan-making capacity in the region itself.

Broadening the regional horizon

From the late 1980s onward, Dutch central government has focused its regional policy on maximizing national welfare by means of strengthening the core urban regions in the Netherlands. By enabling and stimulating the economic growth of a select number of thriving regions, most notably Amsterdam, Utrecht, Rotterdam and – more recently – Eindhoven, the contribution of these regions to the national economy would be maximised. It was believed that regions that economically lagged behind would also (and almost automatically) profit from the accelerating economy of urban core agglomerations through the 'trickle down' mechanism. From 2010 onward, however, this neoliberal policy paradigm and its policy fixation on urban regions has slowly but gradually been contested.

First, it became (empirically) clear that a regional policy focused on only urban core regions did not counter but deepened the uneven regional development of the Netherlands (De Groot, 2019). Second, the challenges and issues peripheral regions deal with, such as demographic decline, the lack of public services and agricultural transformation, often deviate from those of urban core regions and call for a specific and regionally tailored approach (Janssen & Dagevos, 2022). Third and final, the increased national challenges on housing, energy transition, and climate adaptation, combined with a lack of space, made the national government realize that all regions need to meet these challenges (Molema, 2023).

The need for a more balanced regional policy was furthermore emphasized by successive (provincial and national) elections, in which regional discontent in peripheral regions came to the surface. The sentiment of regions being overlooked by the national government became a topic in the public debate, and the interest in the specifics of regional problems was highlighted by scientific reports and the national media (Van den Berg & Kok, 2021; De Voogd & Cuperus, 2021).

Apart from that, yet intersecting with the above is the shifting notion of 'development' beyond GDP. Partly as a reaction to the financial crisis of 2008 and following international examples, like the famous Stiglitz-Sen-Fitoussi report (2009) on the measurement of economic performance and social progress, a special committee of the Dutch parliament called for a broader understanding and

measurement of prosperity (Grashoff et al., 2016). Based on the recommendations of this committee, new monitoring systems were set up to measure the well-being of the Netherlands, also on a regional level (CBS, 2018). These systems offered peripheral regions in particular a language to think differently about their own qualities, beyond the one-sided focus on economic performance.

One example of such regional 're-branding' is Friesland's northern, peripheral region. This rural province is characterized by a sprawl of small- and middle-sized towns with relatively weak ties to a provincial capital, lower educational levels and a pre-dominantly blue-collar economy (Planbureau Fryslân, 2020). As a result, the region lags behind on rankings concerning regional income, economic performance and innovation. In a beyond-GDP framework, however, the focus shifts from economy per se to spatial, ecological and social aspects of well-being. The limited coherence between high levels of social trust and life-satisfaction on the one hand, and the disadvantageous economic parameters on the other, were labelled as the 'Frisian Paradox'.

The paradox lies in the fact that despite its relative economic underperformance, Friesland's residents experience the greatest well-being compared to other Dutch provinces. This gave reason to look at economic development and regional well-being when considering development opportunities in the periphery of the Netherlands.[1] Consequently, there are two important ways in which the regional horizon has been broadened in recent years. One being a tendency that all regions are included in policy making. Another being that regional development encompasses economic as well as social and ecological indicators.

Region Deals and the emancipation of the periphery

One of the most interesting and promising policy instruments embodying this broadened perspective are the so-called Region Deals. These Deals were set up by the then third coalition cabinet of Prime Minister Rutte (2017-2022), and are continued by Rutte IV (2022-2024), as well as by the current Cabinet Schoof (2024-). Fuelled by the above-mentioned discussion on uneven development and the promotion of regional well-being, the political parties that formed the coalition of Rutte III wanted to break with decades of conventional policymaking for regional economic development.

To overcome the growing urban and rural disparities and create more well-being across the country, Rutte-III reserved a total of 950 mln Euro for Region Deals. The idea behind the associated programme was to encourage a more inclusive and sustainable regional development. New and unfixed regional coalitions with public-private partnerships between decentral governments and local organizations were stimulated by means of a competitive framework. All regions were challenged to come up with plans that would promote regional well-being. In several tendered rounds, they could gain funding by the national government. Co-funding of the Deals by the regions themselves was obligatory. Special teams of officials (so-called 'dealmakers') were appointed to act as liaisons between central government and the regions. Furthermore, a knowledge programme and several governance labs were set up to learn and adapt the policy during its execution (PBL, 2019).

By doing so, the Region Deals programme has created an experimental space for a new form of regional development. It is a space, in which all regions can participate, and new conceptualisations of regional development (beyond GDP) can grow and flourish. This immediately brought about several changes in the way national government related to and interacted with its peripheral and more rural regions. First, the Region Deal programme has helped to overcome the negative sentiments that existed particularly in peripheral regions. Regional actors there could step out of the policy shadow of decades of agglomeration economics and felt that they were seen again by the 'The Hague'. The first positive aspect is thus of symbolic value. Both the broad invitation to all regions to come up with plans as well as the proactive attitude of 'The Hague' seeking contact with regions through dealmakers, cultivated a feeling of goodwill in peripheral regions that felt relatively isolated before.

Second, the possibility of getting funding for regional plans created momentum in peripheral and rural regions. A lot of municipalities and provinces started collaborating with private companies and local organizations to develop new regional visons and plans. The national government's invitation to focus investment on regional well-being left it to the regions to address their own opportunities and problems. That provides scope to promote not only projects that focus on economic strengthening of regions, but also on, for example, health, biodiversity and liveability of local communities. The Region Deals that have been awarded so far show a host of new initiatives beyond traditional, economic

projects. Furthermore, whereas in the 20th and early decades of the 21st century, many municipalities in peripheral regions took a wait-and-see attitude (the state decided on their future after all), they now became more responsible for planning themselves and acted accordingly.

A third positive effect is that many peripheral regions started to look again at their strength and potentials. The well-being perspective stimulated regional self-awareness. In the old, economic thinking, these regions often dangled at the bottom of the lists of regional GDP. The economic prosperity of the urban core regions in provinces like Utrecht, North and South Holland and North Brabant contrasted sharply with the lagging employment and business activity of the more peripheral provinces of Friesland, Groningen, Zeeland and Limburg. This strengthened the (self-)image of being left behind and peripheral 'backwardness'. As the Frisian Paradox shows, shifting focus from GDP to regional well-being made it possible to highlight the often-overlooked strengths of these provinces.

The complicated quest for regional well-being

Through the Region Deals programme the Dutch discourse on regional development has arguably changed. It has opened the possibility for regions to move beyond GDP. Although the focus of most regions still is on strengthening their economic performance, new vistas on 'development' have been formulated through projects that support regional well-being. Furthermore, the programme has specifically repositioned peripheral and regions in the debate on the future of the Netherlands. However, the question remains to what extent the Region Deals help to overcome and/or counter regional inequality in the Netherlands?

A critical evaluation of the Region Deals programme by Van Vulpen (2023), shows that peripheral regions have not yet benefited extra from the investment impulse. On the contrary, it is the urban core regions that have, up until now, received the most funding. This is due to a series of causes. The main one being that regional redistribution was not a primary policy goal, another that the current architecture of the Region Deal programme, with its competitive system and short investment cycles, favours these thriving regions. This architecture is still partly rooted in neoliberal thinking and stimulates competition between regions for national funding, thereby hindering structural and long term investment in regions that

lag behind. Accordingly, a recently published and highly influential report of three advisory councils, entitled “Every region counts!”, makes a plea for long-term regional development (Rli, RVS & ROB, 2023). To avoid Matthew effects, they argue that a more balanced investment agenda is needed. One that avoids unintended favouritism and promotes regional justice.

Partly related to the above, is the observation that urban core regions can more easily come up with good plans because they are often better organised and more powerful in terms of regional governance. For peripheral regions, it is arguably more difficult to develop the same organizational power. They are at a disadvantage when it comes to a critical mass of people, knowledge institutions and business that is needed to build strong, regional governance organizations, networks and agendas (Janssen & Dagevos, 2022). An example illustrating this, is the Region Deal for northeast Friesland. This sparsely populated region showed the earlier mentioned Frisian paradox to an even stronger extend than the province as a whole. That is, metrics on economic performance lagged even further regarding income and educational levels. Simultaneously though, social capital in terms of participation and trust, regional identity and life-satisfaction were typically high.

In preparing a Region Deal, regional actors discussed regional strengths and weaknesses, highlighting economic sectors that were considered important, such as metal, construction and agriculture. The Deal for northeast Friesland consequently focused on matching regional labour potential to these sectors as well as stimulating innovation and co-operation between businesses. However, the case of northeast Friesland is exemplary of many peripheral regions struggling with the organizational, knowledge-based and plan making capacity (Groenleer et al., 2022). As a result, much energy was therefore spent on organizing the administrative co-operation, in which municipalities would work together with actors from education and business. Eventually, a regional Triple-Helix board was set up to support cooperation between different actors, distribute funds and oversee the coherence of the Deal programme in its entirety. Arguably, like many other peripheral region, northeast Friesland paid the penalty of being a pioneer, losing precious time and energy on governance issues, adding to a particularly slow start.

Conclusion: the need for institutional reform

How can regional well-being in the Netherlands be promoted and a more balanced distribution of welfare achieved? As we have argued, the Region Deals programme is an interesting and positive policy response to this question. But regarding the specific challenges of uneven development, it is a rather (too) limited answer. One important component of a more complete and satisfactory answer lies in a policy that exchanges competitiveness and short-cycle investments for a system of regional justice and long-term financial commitment. Another is about adequately equipping peripheral regions to recognise and acknowledge their own strengths and to build on them from there. This means that not only a modification of the Region Deal policy is necessary, but also an investment in regional plan-making capacity.

References

CBS (2018). *Monitor Brede Welvaart*. Den Haag: Centraal Bureau voor de Statistiek.

De Groot, H. (2019). Groei en krimp. Uitdagingen voor governance en solidariteit, in: *Land in samenhang. Krimp en regionale kansengelijkheid*, Den Haag: BZK, pp. 30-49.

De Voogd, J., Cuperus, R. (2021), Atlas van Afgehaakt Nederland. Over buitenstaanders en gevestigden. Den Haag: Min BZK.

Grashoff, R. et al (2016). *Parlementair onderzoek Breed welvaartsbegrip*. Den Haag: Tweede Kamer.

Groenleer, Martijn, Ralph Kohlmann, Laurens de Kok, Erik Stam, Jan Peter van der Toren & Hans van der Werff (2022). *Eindrapportage Regio Deal Lab Governance.* Tilburg: Tilburg University.

Hoekstra, R. (2019). *Replacing GDP by 2030: Towards a common language for the well-being and sustainability community*. London: Cambridge University Press

Janssen, J. & J. Dagevos (2019). Wat is er aan de rand? Het kwetsbare

ontwikkelingsperspectief van perifere regio's, in: *Brede welvaart, grote opgaven*, Den Haag: ROB, pp. 84-95.

Martin, R., Gardiner, B., Pike, A., Sunley, P. & P. Tyler (2021). *Levelling up Left Behind Places. The Scale and Nature of the Economic and Policy Challenge*, London: Routledge.

Molema, M. (2023). *Zwaaien, roepen, springen. Naar een land waarin elke regio telt*. Amsterdam: Van Gennep.

PBL (2019). *Brede welvaart en regionale ontwikkelingen*. Den Haag: PBL.

Planbureau Fryslân (2021). Brede Welvaart in Fryslân. Eerste duiding van de CBS-monitor. Leeuwarden: Planbureau Fryslân.

Rli, RVS & ROB (2023). *Elke regio telt! Een nieuwe aanpak van verschillen tussen regio's.* Den Haag: Rli, RVS & ROB.

Rodríguez-Pose, A. (2020), The Rise of Populism and the Revenge of the Places That Don't Matter. LSE Public Policy Review, 1(1), p.4. DOI: http://doi.org/10.31389/lseppr.4

Stiglitz, J., Sen, A. & J.P. Fitoussi (2009). *The Measurement of Economic Performance and Social Progress Revisited. S*ciences Po publications 2009-33, Sciences Po.

Van den Berg, C. & A. Kok (2021). *Regionaal maatschappelijk onbehagen. Naar een rechtsstatelijk antwoord op perifeer ressentiment*. Groningen: Rijksuniversiteit Groningen.

Van Vulpen, B. (2023). The 'right' policy for regional development: seeking spatial justice in the Dutch case of the region deals, *European Planning Studies*, vol. 32, 9, pp. 1823-1841.

[1] The paradox even prompted the regional government of Friesland to put 'Happiness on number one' in their 2019 coalition agreement: "The realisation that humans 'do not live by bread alone' is not new, but we will make it the starting point of our effort over the coming years." (Province of Fryslan, 2019: 7).