

# Political and economic analysis: the netherlands



**Netherlands was known as Holland, capital of the country is Amsterdam.**

Netherlands is located in Western Europe. It lies between Belgium and Germany which border the North Sea. It is located at the junction of 3 rivers: the Rhine, Meuse and the Schelde.

Area: The country has a total area of 41, 256 square kilometers.

It includes of 33, 889 square kilometers of land and 7, 643 square kilometers of water. The coastline of Netherlands is 451 kilometers long.

Population: Netherlands is small and one of most densely populated in world with people living in urban areas. The population of Netherlands is estimated to be 16, 615, 275 calculated according to 2000.(refer to appendix fig. no. 1. 1)

The average life expectancy in the Netherlands for males is 75. 4 years and 81. 28 years for females. There are 2. 3 new immigrants of every 1000 citizens every year. The average population growth is calculated as 4. 91(81, 000 people).

Important cities: The important cities of Netherlands include: the Amsterdam, the Rotterdam, the Hague, the Utrecht. There are approx. 7-29 lakh inhabitants here. Refer to map in appendix(fig. no 1. 2)

Currency: euro

## **Political system of the Netherlands**

Netherlands has a government of constitutional monarchy. It is the 13th country following Laizzez-Faire type of economy in the world. Advantages of this type of system are:

It opposes the redistribution of wealth taking place...therefore ensures equality between classes prevailing in the country-upper or lower. This ideology secured the wealth of people and assured the misuse of their share would not taken place. It comprises of Monarch Queen Beatrix. The Queen appoints the chief of government i. e prime minister. The prime minister is elected as the leader for majority of parties of nation's Parliament's. The country's policies are regulated by the advisory committee known as Council Of States. The members of Council of states are appointed by the Queen on advice of the prime minister.

The legislative branch of the nation is called the States General. The States General has a bicameral legislative body. The bicarmel means it has 2 houses which incue-

First Chamber and the Second Chamber. The Second chamber initiates legislation and may provide in for amending bills proposed by the Council of Ministers. The Second chamber has strength of 150 members elected by general public for 4-year terms .

The First Chamber comprises of 75 members appointed by the 12 provincial legislaures for a term of 4 years. The last meeting of the following chamber was held in May, 2007.

The government also includes the Council of Ministers which implement the policies. The Monarch(Queen) and the council of ministers together are known as Crown. The ministers cannot be the part of State general opposite to the British political system.

The Council of State is an advisory body consisting of the members of their Crown-appointed and royal families appointed by the different departments of State like political, commercial, diplomatic etc.

Difference with respect to the American system:

In American system-the people vote for particular party and not an individual. It receives among 60% of votes. The representatives which are elected by the different legislatures of the nation's 12 regional governments, named as provinces.

Because of the proportional system of elections, even small parties have representation in States General. Thus, unlike the U. S, the government of the Netherlands has made up of a coalition of a number of small parties, and its policies are not ruled by 2 individual parties .

According to " Purple Coalition " led by the government Since 1998, gave rise to development of three parties: Labor, Liberal, and Democrats . All of them support capitalism ( Free market economy. It is based on principle of individual rights) .

Labor and Democrats Party are supportive to government efforts in order to establish the social and economic equality by organising the taxation for the middle-class. The Liberal Party works hard on independently formed political

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and economic freedom and on certain economic factors related to coalition parties . The main opposition party against the State General is the Christian Democratic Appeal or Christian Democrats. It was formed by merger of 3 religious parties which are generally the orthodox Dutch political groups . The latest major party developed was the Green Party which worked on the pro-environmental issues.

The State General does not play a major role in any of the nation's economic ventures. The role of the government is most important in 3 significant areas

1. Rules & regulations on economic activities & controlling the product safety and advertising.
2. It manages the inflation rates to keep up its Dutch products less expensive in the market for their consumers , value of its currency and the different supply needed by the nation.
3. The government needs to spend on taking care of the environmental factors and keep the country clean and green

During World War II- when Dutch was conquered by the Germans, it was badly affected in economic issues rather whole of nation was in loss, since the Dutch have decided to support the political cooperation in order to have no further conflicts in Europe. The Netherlands being a small country, it can best achieve their foreign and economic goals by working or taking support of international organisations such as: EU, EN etc

## **Factors of Production**

The 3 factors of production include: land, labour, capital,. They are the primary inputs required for the goods and services to be provided to the consumers. They have been classified as it becomes easy to identify the resources available for a nation. Depending on countries economy they should decide on what outputs to produce , how to produce them-by what techniques, and for whom the outputs should be produced.

### **1. LAND RESOURCES:**

The ' Land' refers to the natural resources: energy and non-energy. It consists of land used for farming or for underpinning houses. It includes energy resources – fuel used in for our cars and heat for homes and non-energy- copper& iron &sand.

The Natural resources include: Natural gas, petroleum, fertile soil

The major crops grown in Netherlands are grains, potatoes, livestock, fruits etc . The nation is popular for growing many cereals like wheat , barley, oats, rye, millets, buck wheat, soya beans etc. It is popularly known for the cereal production. Netherlands uses the land for harvesting and production of different crops. This business continues for a long period of time and has gained high rates in global markets.

Crops and livestock provide exports and help to maintain the country's economy.

Netherlands is also the largest producer of natural gas. They own large number of gas reserves in the North Sea, where t on-shore wells, and much

of the production takes place along the on-shore wells. Netherlands is about 2/3rd of its production; the rest is exported therefore it stands as the best exporter for natural gas in world compared to other countries. Construction is also a part of the land resource which accounts for around 6% of GDP, it includes the different infrastructure assignments in different areas of the country.

## 2 . LABOUR RESOURCES

“ Labour” consist of the human time spent in production-working in automobile factories, teaching the school, baking the pizzas etc. There are different occupations of people which are very important as it is a necessity for the development of country’s advanced industrial economy.

Netherlands include many industries which include labour in high demand.

The industries which require are popularly agriculture and fishing (refer appendix fig. no. 1. 3).

The government has introduced newly techno based industries for the employment to take place-biotechnology, aerospace industry and microelectronics. There are many immigrants who come and wish to work here in different companies

There are large number of part-time workers and lot number of people who have seasonal jobs. Dutch workers are given the constitutional right to join Unions. The Union includes the military, political workers too. The widespread efforts put in by the worker is around 36 hrs per week. They include all working members of the military, police, and civil service

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departments. Child labour is forbidden by the law, no one below 18yrs of age is allowed to work. Telecommunicating (work from home) he has become popular especially among ladies of the country. The labour force of the country is approx. 7. 1 million. The labour force by occupation is 2% occupied in agriculture and 18% taken in industry.

### 3. CAPITAL RESOURCES

The capital resources form the durable goods of an economy , produced in order to produce yet other goods. Capital goods include machines, roads, computers, hammers, trucks, steel mills automobiles, buildings etc.

The Dutch manufacturing unit has its monopoly in industries like: chemical production pharma industry, metals and electronics, food processing, and tobacco. Over the past years, the chemical industry has declined whereas the metals and food industry has gain profits around 8-10% . The country has developed in different industries as food, tobacco, machinery etc.

One of the multinational corporation Philips is the best Electronics manufacturing company . This company manufactures different lights, electronic appliances, conductors, transmitters and different varieties of the communication systems. Around millions of people are employed in different semiconductor producing industry for which Netherlands is extremely popular for. There are many other MNC's among which Philips ranks 9th in manufacturing semiconductors.

The other sector where Netherlands excels in capital resource is textile manufacturing and ship repair. Netherlands is the world's seventh-largest



producer of ships. This industry provides around 10, 000 people with employment . The people residing on western coast and work in sip areas. Many of the finished goods and raw materials are made here. The Netherlands is one who imports materials like metals, chemicals etc. for running the factories and keep up with the demand of the consumers .(refer appendix fig no. 1. 4)

The Dutch chemical industry are major manufacturers of the synthetic rubber, plastic etc.. The major chemical companies in Netherlands include Shell, Akzo Nobel, and DSM.

As the nation has small geographic size and highly dense country which also gives rise to new sector of economy i. e real estate which is highly valuable. The agriculture and fisheries department include for around 2% of GDP.

## **CONCLUSION AND FINDINGS**

Netherlands is a small democratic country which is densely populated. There are approx. 7 lakh inhabitants. Netherlands is not an independent country , it is governed by Queen Beatrix.

Netherlands being a small economic country is excellent in shipping and electronic industries. It has a good labour force and due to small geographic size, the land resources are usefully consumed and the demands of the nation are fulfilled. There are many no. of immigrants wishing to work in Netherlands. The GDP is around 2% in fisheries and agriculture.

Studying the demographics, political system and the factors of production of the country we can conclude that Netherlands belongs to low economist

country but it is developing very fast to achieve the goals. The population growth rate has increased by 10% in last 10 years. The country ensures employment to all the people of the country in various sectors. There is redistribution of wealth therefore maintains equality in economic issues among the various classes prevailing in the country. Netherlands has a monarchy based government in which the Crown decides for the welfare of the mock and different parties-liberal, labour, democrats look into different public issues. The country offers a good educational system and scholarships in order to motivate the students from different countries to reside in here. It is one of the most secular country and the belongs to free market economy country. Netherlands is one of the densely populated among Dutch countries. The inflation takes place at low rates. The country was largely affected during the recession in 2009, now it has made up for its losses. Netherlands imports a lot of raw materials for the chemical industries and exports various crops, cereals, fruits, livestock etc.