

Groningen: central place and peripheral city.¹

Introduction

Throughout the ages the economic history of the city of Groningen shows one permanent factor, the functioning of Groningen as a central place for a relatively vast area. At the end of the 19th century, however, there was a turning point when Groningen was firmly connected to the Dutch urban network system. In this chapter the emphasis is placed on that crucial period. The connection broadened the base and scope of the Groningen economy. But in the long run it also contained serious threats. The rather peripheral situation of the city, which had been an advantage in creating strong central functions, now turned into a disadvantage within an integrated Dutch economy characterised, among other things, by concentration of production and migration of firms and people.

The accumulation of central functions

Groningen was mentioned for the first time in a document in 1040. In that year the 'villa Groninga' was donated by the German king to the bishop of Utrecht. But in fact it had already existed for ages then. Recent excavations have revealed, that already long before that date there was a small village at the end of the Hondsrug.² The Hondsrug is a ridge of sand in the north-east of the Netherlands which forms the eastern boundary of a sand plateau in the heart of what is now the province of Drenthe. East of the Hondsrug a large peat area was situated, while in the north there were lower areas consisting of different sorts of clay.

Two small rivers, originating in Drenthe, passed the village at some distance, the A in the west and the Hunze in the east. North of the village they joined and together they twisted to the sea. This upper course was called Reitdiep at some time or another.

In spite of the initial distance from waterways, the village was to become the absolute centre of a vast area at the expense of places which were situated on the water. Places like Appingedam, Bedum, Garrelsweer and Winsum in the beginning seemed to have the same opportunities to become important centres. In the middle of the eleventh century, for example, a toll and a mint were founded by the bishop of Bremen in Bedum and Garrelsweer. And mendicant orders es-

¹ From: Pim Kooij & Piet Pellenbarg (eds.) *Regional Capitals. Past, present,prospects* (Van Gorcum: Assen 1994) 37-63.

² J. Boersma et.al., *Groningen 1040* (Groningen 1990).

established themselves in Appingedam and Winsum.

Very soon however Groningen surpassed them all. This was due in the first place to its perfect situation. The villages in the clay area were mainly built on dwelling mounds as a protection against the sea. It took great efforts to enlarge them. For Groningen however there was plenty of room. Moreover Groningen was situated at the boundary of two different areas: the sands of Drenthe where rye was grown and the Groningen clay area which was at that time characterised by cattle breeding. So Groningen was predestined to become a market centre.

This market function was strengthened by the diversion of the A and the Hunze in the middle of the thirteenth century, so that they could function as canals and harbours for the city in *statu nascendi*. At that time the number of navigable waterways in the Groningen area was reduced by the construction of dikes, which had started in the eleventh century. This struck for instance Winsum, which lost its connection with the Reitdiep. Thanks to the embankments the area of arable land was considerably enlarged, which favoured the Groningen market. Still there was much rivalry with Appingedam, 25 kilometers to the northeast, mainly over the butter and cattle trade.

The rivalry between Groningen and Appingedam also had something to do with different rulers. In the eleventh century the eastern part of the later Province of Groningen was given to the bishop of Münster. The bishop of Bremen also had some possessions. But neither of the bishops was able to exert much influence. The bishop of Utrecht in particular tried to exercise his rights. He sent representatives to Groningen which marked the beginning of Groningen as an administrative centre. But the 'prefect', as his main representative was called, was frustrated by leading Groningen families who tried to gain recognition for Groningen as an independent 'Reichsstadt'.

At the end of the Middle Ages, Groningen nearly gained that position, not *de jure*, but *de facto*. The absence of a strong central power enabled the city government, which became more and more professional, to extend its influence outside the city. They did so by playing off the 'jonkers' against each other. Jonkers or 'hoofdelingen' were rich farmers, who tried to exert the same functions as noblemen in other provinces. In the areas east of Groningen, het Gorecht and het Oldambt, the city government succeeded in putting aside the jonkers and gaining complete jurisdiction. In the other regions the position of the jonkers remained relatively unchallenged, but they could not prohibit the establishment of the highest court in the town hall of Groningen.

Even more important was the location of the staple in Groningen, brought about by a law of 1473. All cereals produced in the Groningen areas had to be sold at the market of the city of Groningen. This obligation, later extended to other goods, was to remain in existence until the French occupation in 1795.

Little is known about the foreign trade of Groningen in the Middle Ages.³

³ H.P.H. Jansen, 'Sociaal-economische geschiedenis', in J.W. Formsma, *Historie van Groningen. Stad en land* (Groningen 1976) 123-147.

Groningen coins are found in several places on the Baltic coast. Grain was imported from that area. From Denmark and Northern Germany horses and oxes were imported for the markets in Holland and Flanders. Groningen was also a member of the Hansa League but never played a leading role. The local industry was mainly directed towards the inhabitants of the city - 5000-7000 in 1300 - and of the surrounding areas who frequently visited the city on market days. There are no traces of a putting out system.

There is some evidence that after 1300 the long distance trade became less important. The main aim of the city government at that time was to gain a strong political and economic influence over a vast area. They were very successful. In the second half of the 15th century their influence reached far into Friesland and Drenthe. But this was to come to an end soon.

Consolidation of central functions

Around 1500, Groningen experienced the repercussions of state building, which took place all over Europe. At that time the claims on the sovereignty over the northern parts of the Low Countries passed into the hands of the Habsburgs, who were eager to put them into practice. It was at last Charles V who finally conquered the city of Groningen and the 'Ommelanden' (umland), as the rural parts of the province were called, in 1536. During that turbulent period the leading hoofdelingen in the Ommelanden tried to regain their political independence. They did so, among other things, by relying on other allies than the city had. This went on during the beginning of the Eighty Years War. Between 1580 and 1594 the city was Spanish, while the Ommelanden had joined the Union. But the Ommelanden could not take much advantage of that situation. After the conquest of Groningen in 1594 by the Dutch troops, City and Ommelanden were reunited in one province dominated by the city.

In 1594 the aspirations of Groningen as a city state came to an end for good. But the development of Groningen as the unchallenged centre of a vast service area remained the main concern of the city government. And they proved to be extremely successful. They even succeeded in becoming the owner of large parts of the province, which had formerly belonged to monasteries and Roman Catholic congregations. These areas were mainly situated in the peat and sand areas east of the city. The city did not develop the peat fields. This was left to private companies. But the city controlled the infrastructure and as a result the peat trade. Several canals were constructed for that reason, and also to strengthen the market function of Groningen. Around 1620 central place functions were clearly reflected in the landscape (Figure 9.1).

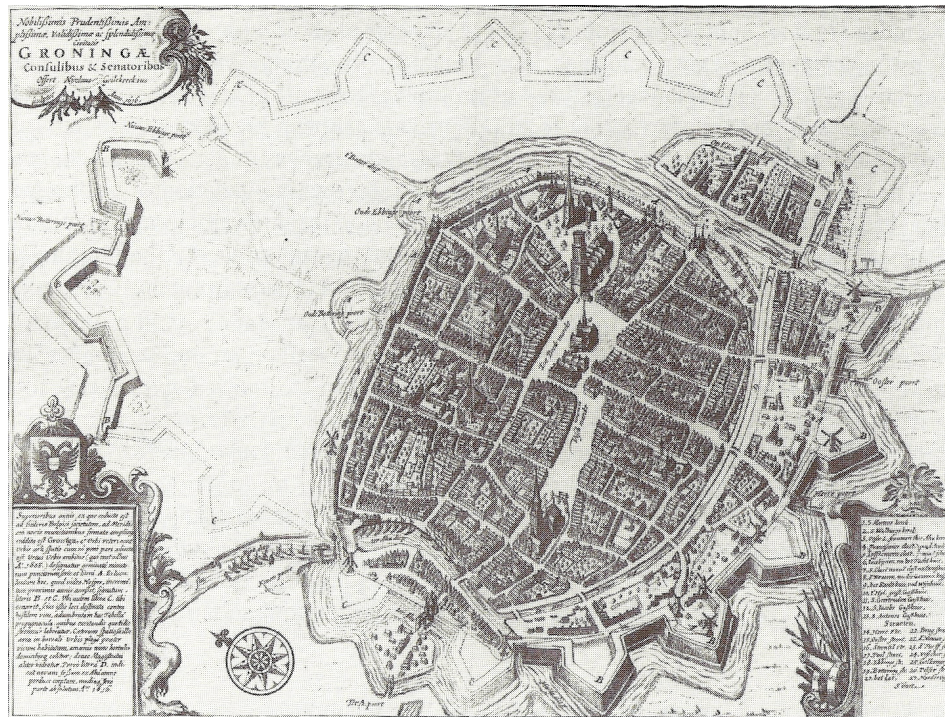
This kind of activities accelerated during the Twelve-Year Truce in the Dutch war with Spain: 1609-1621. During that period new ramparts were also constructed, which doubled the area of the city and created among other things more room for a cattle market and future economic activities (Figure 9.2).

Figure 9.1 Groningen as a central place in the 17th century



In 1614 a university was founded by the central government. It was meant primarily as a stronghold for orthodox Calvinism, but also accentuated the cultural centre function of Groningen. Moreover, in the first century of its existence, the university became very international. 34 out of the 55 professors appointed in that period came from outside the Republic, among them 25 from Germany.⁴ And between 1614 and 1689, 2141 of the 6231 students were of German origins.

Figure 9.2 The extension of Groningen 1609-1621



In spite of this international character of the university, economic relations were limited mainly to the north of the Netherlands and the northwestern parts of Germany. While cities in Holland and other parts of the Netherlands flourished during the 'Golden Age', Groningen concentrated on its service area. From a city government point of view, this was not a bad choice. They got considerable expenditures from what was then called the Peat Colonies, east of the city, from tolls, the leasing of the developed land, and the selling of nightsoil and household refuse to the farmers.

On the other hand, the Province of Groningen was rather thinly populated,

⁴ A.Th van Deursen, 'Cultuur in het isolement', in Formsma, *Historie*, 389-425.

as was the adjacent part of Germany. So there was no basis for a substantial growth of the city. Between 1600 and 1800, the population only grew from 19,000 to 23,000. As we have seen, there was plenty of room for them inside the new ramparts. The greater part of the northern extension remained vacant.

There have been some periods in the 17th and 18th centuries, in which the city government, which mainly consisted of merchants, tried to promote export industries. But this did not work out very well. After the revocation of the Edict of Nantes in 1684 by Louis XIV, the Groningen administration offered various privileges to Huguenots in order to make them stay in Groningen.⁵ In the Groningen archives 1151 names of Huguenot refugees can be found, among them 819 men.⁶ This is a limited number, given a total number of refugees in the Republic of about 75,000. Most of them preferred Holland. The Groningen government supported efforts of some of these refugees to set up a silk industry. But this turned into a fiasco by the lack of raw materials and capital. The only lasting result of the coming of the Huguenots was a small addition to the central service functions of the city by the introduction of the production of wigs and watches, and the phenomenon of coffee houses ('cafés'), which were frequently visited on market days.

In the 18th century, the city government took some measures to promote the wool industry, especially hosiery. Around 1740 they allowed a new organisational structure for that flourishing industry, a mixture of guilds and free enterprise. In 1765 there were 60 firms, mainly situated in the city, which collected by means of the putting out system the products of about 8,000 spinners and knitters all over the province. Hosiery was mainly shipped to Holland. But at the end of the century competition from Westfalen, where wages were also low, became very strong. Moreover, the representatives of the Ommelanden refused to prohibit the export of raw materials, which were scarce at that time, so as not to injure provincial sheep breeders. It was only in the second half of the nineteenth century that this industry was to get a second chance.

The French occupation, 1795–1813, increased the relative isolation of Groningen because it was then cut off from economic relations with northern Germany and the Baltic area; however, we still do not know how important these were. The Groningen autarky just after that period is illustrated by a statistical survey of the Groningen industry, dating from 1816 (Table 9.1). All industries with the exception of gin distilleries, asked for import duties on British and German products. And many branches wanted the restoration of the guild system, which also indicates the weakness of the Groningen industry.

Only industries which were supposed to have supra-local importance were included in this survey. An additional statistical survey, made in 1819, also mentions 106 bakeries (113 labourers), 56 butchers (21), 170 shoemakers (144) and 50 tailors (110), who sold the greater part of their products to the citizens. The

⁵ M. Bakker, et.al., *Huguenoten in Groningen. Franse vluchtelingen tussen 1680 en 1720* (Groningen 1985).

⁶ Idem, appendix 3.

Table 9.1 *The Groningen industry in 1816*

kind of firm	number of firms	number of workers	area of distribution
vinegar	2	3	province
chicory	2	12/28	Netherl./N.Germany
beer	7	16	city only
cloth dying	6	30	Netherl./abroad
corn chandling	28	50	province
forging	43	37	province
gold/silversmiths	43	48	province
saw mills	6	15	province
hat makers	5	11	city only
gin	2	10	province
buttons	9	2	city only
candles	16	16	province
glue	2	7	province
vegetable oil	6	18	Netherl./abroad
paper	1	52	Netherl./N.Germany
tiles/bricks	1	30	province/Drenthe sometimes Baltic
pottery	2	6	-
bark mill	1	4	province/N.Germany
shipbuilding	5	25	Netherlands
laundry starch	1	5	province/Overijssel
sugar	1	6/12	province
tinsmiths	4	5	city only
ropeyards	10	50	city only
wool carding	40	80	province
soap	2	4	province
salt	1	6	province

Source: I.J. Brugmans, *Statistieken van de Nederlandse nijverheid uit de eerste helft der 19e eeuw*. (R.G.P., grote serie, 98, 99, 's-Gravenhage 1956).

building sector which operated on a purely local scale, employed about 500 labourers, all working in very small firms. Nine printing firms are also mentioned, with 56 labourers.

A following inquiry, which was held in 1843, does not show many transformations. The number of artisans in all sectors more or less kept up with the population growth. But after the abolition of the staple, more and more breweries were transferred to provincial villages. Only two were left. The large firms of 1816, a paper mill and a brick factory were both closed now. But some new ones had emerged. In 1840 a flax mill was founded where 20 grown-ups and 50

children worked. One printing house had also become relatively large, having 30 labourers. This firm in 1858 was transferred to Arnhem, which is an early example of firm migration. There was also some concentration going on in the production of wool. In 1851, when the first Municipal Survey was published, one factory in this sector already had 60 labourers. Apart from these firms, only a white-lead paint factory had more than ten labourers around 1850. A few owners of windmills had adopted a steam-engine. But in 1853 only five steam-engines out of a national number of 364 were located in the city.

Groningen and the urban network system

While in the first half of the 19th century the economic life in the city remained at the same level, there were important developments in the province, which were to influence the local economy.

In the first place there was an important growth in agricultural output. Since the second half of the 18th century farmers in the clay area specialised more and more in grain growing. Prices rose and there was an intensification of production caused by the population growth.⁷ During the French occupation prices rose to a very high level, but after that time they fell because of grain imports from Russia. This affected the purchasing power of both farmers and Groningen shopkeepers adversely. Between 1816 and 1843, for instance, the number of gold and silversmiths in the city fell from 43 to 27.

Around 1840, grain prices started to rise again because of a rise in demand. This was reinforced by the diminishing of competition during the Crimean War. This price rise stimulated the acceptance of technical innovations and a further intensification of production, made possible by a faster rise of the population in the Ommelanden and a lack of opportunities for migration.⁸

As a result the volume of cereals produced in the clay area rose sharply. The staple had indeed been formally abolished at that time, but in practice it still existed, promoted by the course of the waterways towards the city. So the Groningen grain trade got an enormous impetus. This resulted among other things in the construction of many new storehouses along the harbours and the opening, in 1865, of a new Corn Exchange which looked like a miniature Crystal Palace.

In the Peat colonies important transformations also took place. The soil which remained after the digging of peat, proved to be extremely suited for the cultivation of potatoes. This was accelerated by the potato disease of 1846-1848 which pushed up prices. The potatoes in that area were of low quality, but could be used as raw materials for the production of potato gin and potato flour. There was much demand for potato flour in the Dutch, German, and British textile industries, where it was used for starching.

The potato flour industry was dominated by Willem Albert Scholten, who in

⁷ J.M.G. van der Poel, 'De landbouw na 1800', in Formis, *Historie*, 507-531.

⁸ R.F.J. Paping, 'De nijverheid op het Groninger platteland 1800-1860', *Economisch- en Sociaal-historisch Jaarboek* 53 (1990), 80-117.

1841, after coming from Gelderland, started production at Foxhol, five miles east of the city of Groningen. He was the founder of the first modern Dutch multinational. Having constructed six mills in the Peat Colonies, he built nine potato flour mills in Brandenburg, Poland, Russia and Austria between 1864 and 1889. In the Peat Colonies he was imitated by local entrepreneurs, most of them living in Veendam.⁹

The potato flour trade was not located in the city. Potato flour was shipped directly to Great Britain, mainly via the Frisian harbour of Harlingen and via Delfzijl. But the tolls had to be paid. Moreover, Scholten built his headquarters in the city of Groningen, as well as two big houses. As we shall see, he and his son got involved in other branches of the agricultural industry later. They were by far the richest people in Groningen and behaved as real city boosters. They founded for example a child hospital, a park, and schools for working class children. They also gave occasional financial support to local industries.

The cereals which were not consumed in the Groningen area were mainly shipped to Rotterdam. This symbolises the connections with the national economy, which Groningen obtained at that time. The foundation of the Kingdom of the Netherlands not only meant political but also economic unification. The central government promoted the construction of interprovincial connections. In 1844, for example, the provincial capitals Groningen and Leeuwarden were connected by a new high road. Around 1830, north-south connections were improved by the construction of a MacAdam road along a canal used for the transport of peat, which had connected Assen, Meppel, and Zwolle to the Zuider Zee since 1780. Between Groningen and Assen there was only this road. It was not until 1861 that the canal was pushed on to Groningen. The Groningen interregional waterways were primarily directed to the North (the Reitdiep), and to the West: (canals partly dating from the 16th century which ran through Friesland to the Zuider Zee).

This network of interprovincial roads and canals resulted in the creation of a national urban network system in the 19th century. Already in the 17th century the basis for this network was laid, when cities in Holland, Zeeland, and Utrecht were interconnected by canals for barges.¹⁰ Via the Zuider Zee and the big rivers cities in peripheral provinces were also linked to this network. But a full integration only took place in the 19th century, when all peripheral capitals, Groningen included, were linked to the network.¹¹

A very important role in creating this network was played by the railways. Priority was given to lines which followed the remains of the old network system and to connections with the German Ruhrgebiet. Numerous efforts of indi-

⁹ G. Minderhoud, *Ontwikkeling en betekenis der landbouwindustrie in Groningen* (Groningen 1925). H.J. Keuning, *De Groninger Veenkoloniën. Een sociaal-geografische studie* (Amsterdam 1933, reprinted Groningen 1989).

¹⁰ Jan de Vries, 'Barges and capitalism. Passenger transportation in the Dutch economy, 1632-1839', *AAG-Bijdragen* 21 (1978), 33-399.

¹¹ P. Kooij, 'Peripheral cities and their regions in the Dutch urban system until 1900', *The Journal of Economic History* XLVIII (1988) 357-371. See also this volume (including map).

vidual persons and companies to link the outer provinces were shipwrecked by a lack of sufficient financial means. Then the central government took the lead. The Railway law of 1860 provided for a railway network which covered the whole country.

Groningen was the last big city to be connected to the railway. It is remarkable that economic organisations within the city in the first place advocated an east-west connection, from Harlingen to the Hannover railway system.¹² By doing so they hoped to gain a prominent position in the trade with Great Britain and Germany. It was indeed the Harlingen–Groningen railway which, in 1866, was first put in operation. In 1868 the German border was reached at Nieuweschans. But the connection with the German railway system had to wait until 1876. The central government gave priority to the north-south connection which was opened in 1870. This turned the ‘face’ of Groningen to the West for good. For the first time one could reach Amsterdam in one day. And in 1872 it even became possible to return to Groningen the same day, after a three-hour stay at Amsterdam.¹³

In the beginning the railways were mainly used for passenger transport. Goods could be transported more cheaply by ship. The railways however were very effective for the transport of luxury goods such as books. Still more important was the possibility it offered to Groningen salesmen to operate purposefully on the Dutch market. The railway played an important role in intraprovincial passenger transport, but the connection with Holland via Assen experienced the highest growth. This line also was the most important for the import and export of goods. But there were also considerable imports of coal from Germany.

It was mainly the railway which reinforced the position of the city of Groningen as a link between the central place system and the urban network system. So Groningen was a fine example of a regional capital as put forward in the theoretical observations of Hohenberg and Lees.¹⁴ A large majority of the relations between the smaller centres in the Groningen service area and the Dutch urban system were controlled by the city.

Specialisation within the urban network system

This integration of Groningen in the urban network system created opportunities for specialisation. Producers in the city could concentrate on the goods and services which could be produced efficiently in terms of know how, labour costs, and the availability of raw materials. Other goods which Groningen in its ‘autarkic’ stage had to provide for, now were to a greater extent imported from elsewhere.

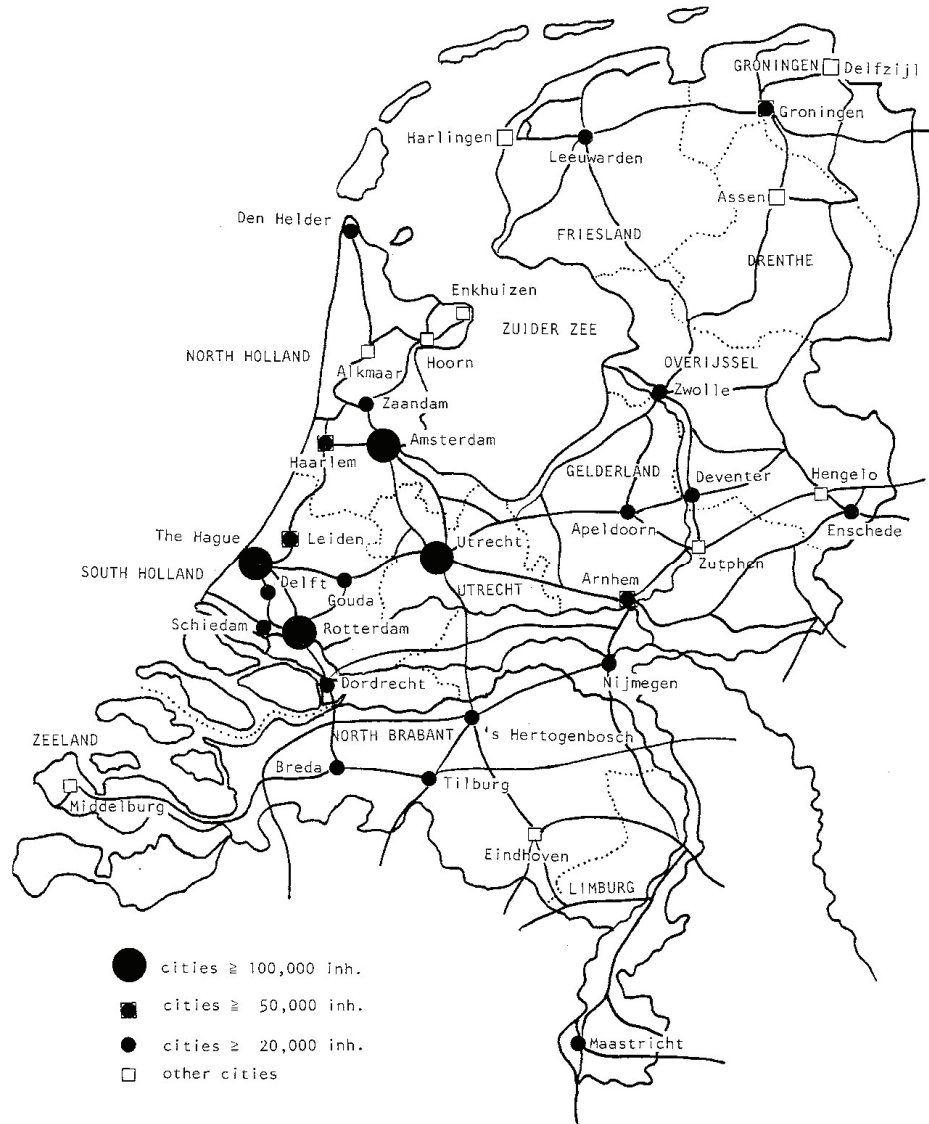
Specialisation can be demonstrated by concentration coefficients, the degree

¹² M. Hartgerink-Koomans, ‘Handelsbetrekkingen en spoorwegverbindingen in de eerste helft der 19e eeuw’, in *Economisch-historisch Jaarboek* 26 (1956) 1–73.

¹³ W.J. Roelfsema, ‘Groningen en de spoorweg 1866–1916’, *Groningsche Volks Almanak* (1916) 1–62.

¹⁴ Paul Hohenberg and Lynn Hollen Lees, *The making of urban Europe, 1000–1950* (Cambridge Mass. 1985) chapter 14.

Figure 9.3 The Dutch railway system around 1900



in which the labour force in a given sector outnumbered the total Dutch labour force in that sector, viewed in the context of the proportion of the Groningen population to the total Dutch population.¹⁵

¹⁵ A number > 100 indicates an overrepresented sector. See for a full account of the numbers of 1900: Kooij,

Table 9.2 shows the sectors which were overrepresented or underrepresented in Groningen. It also contains a ranking of Groningen among the 21 Dutch cities with more than 20,000 inhabitants. Groningen at that time was the fifth city in the Netherlands. Since some activities like the production of gas and banking were mainly located in large cities, this reduces the high Groningen scores in some sectors. But it also stresses the importance of Groningen as a printing and clothing centre as well as a central place for the professions and as a trade centre. This concentration of notaries and lawyers had to do with the function of Groningen as a strong service centre within its province. But the high score in printing and clothing indicates the specialization in that direction within the Dutch economy.

The central function of Groningen as an administrative centre is somewhat obscured by the presence of large garrisons in other large cities, which pushed up the numbers in the civil service sector.

The printing industry indeed took advantage of the improvement of communications. Some printers/publishers, like the house of Wolters, acquired a greater share of the Dutch market for school books. Even more important was Groningen's leading position in the clothing industry, in which 4.8% of the Dutch workforce had a job.¹⁶ Ready-made clothing was an innovation introduced by Westphalian migrant workers. This sector was indeed dominated by people who had a German background, the production by Jews, the distribution by Catholics. Around 1910 the domestic system was replaced by workshops. The hosiery industry at that time became concentrated in factories, which were large by Groningen standards.

The metal industry in Groningen was rather underdeveloped. In the long run this proved to be a serious disadvantage since it was especially the metal industry which proved to be an important leading sector in the industrialisation wave which started around 1895.¹⁷ Nevertheless, there was one subsector in which Groningen counted on a national scale: bicycles produced by the firm of Fongers were sold all over the country and to the colonies.¹⁸ Thanks to lower labour costs these bicycles were about 15% cheaper than competing brands.

In 1900 the food and allied products sector was the largest industrial sector within the Dutch economy: 9.7% of the labour force. Within this sector there were also some subsectors of importance in Groningen. In the first place the production of tobacco, sometimes connected with the manufacturing of cigars and the roasting of coffee. Here the house of Niemeijer took the lead. Also important was the refining of cane sugar. This took place in a factory which Willem Albert Scholten had established in 1862. Sugar became of still greater importance for

'Peripheral cities', 371, and of 1889 and 1900: Kooij, 'Urbanization, what's in a name?' 52-53. Both in this volume.

¹⁶ In printing this percentage was 0.7

¹⁷ J.A. de Jonge, *De industrialisatie in Nederland tussen 1850 en 1914* (Amsterdam 1968, reprinted Nijmegen 1976).

¹⁸ P. Kooij, *Groningen 1870-1914. Sociale verandering en economische ontwikkeling in een regionaal centrum* (Assen/Maastricht 1987).

Table 9.2: *Specialisation of Groningen within the Dutch economy 1900*

sector	conc.	rank number	cities > 20,000 inhabitants with higher numbers
Free labour	286	3	Zaandam(538), Rotterdam(475)
Printing	285	4	Haarlem(429), Leiden(306), 's-Hertogenbosch(302)
Professions	229	2	Den Haag(240)
Gas, electr.	210	6	Utrecht(362), Leiden(261), Deventer (239), Arnhem(236), Den Haag(235)
Clothing	189	1	
Trade	177	3	Leeuwarden(216)Zaandam(214)
Domestic serv.	158	4	Den Haag(193), Zwolle(175), Arnhem(174)
Banking	156	10	Amsterdam (359), Dordrecht (237), Arnhem (235), Utrecht (242), Den Haag (206), Rotterdam (191), Haarlem (188), Leeuwarden (184), Zwolle (171)
Transport	149	6	Zwolle (241), Dordrecht (220), Rotterdam (202), Utrecht (159), Haarlem (153)
Food and allied prod.	143	8	Schiedam (356), 's-Hertogenbosch (265), Delft (202), Deventer(165), Zaandam (161), Breda (149), Gouda (148)
Chemics	136	14	dominated by Gouda(1342), Schiedam (929), Delft (639). Breda (402)
Wood, cork	129	6	Schiedam (194), Deventer (150), Apeldoorn (139), Zwolle (135), Rotterdam (132)
Civil services	128	11	dominated by Den Helder (925), Breda (358), Den Haag (198)
Building	127	10	Den Haag(187), Nijmegen (168), Haarlem (161), Arnhem (155), Enschede (153), Utrecht (144), Apeldoorn (142), Deventer (140), Dordrecht (134)
Paper	122	12	dominated by Apeldoorn(1204), Maastricht (813), Leeuwarden(658)
Metal, Shipbuilding	91	19	only Schiedam and Apeldoorn scored lower
Leather	89	11	dominated by Tilburg(316), 's-Hertogenbosch (306)
Textiles	33	11	dominated by Enschede(2299), Tilburg(1162), Leiden(538)
Pottery, bricks	16	16	dominated by Maastricht (2159), Gouda (332)

Source: *Census 1899*

the Scholten multinational when Jan Evert Scholten started a large beet sugar factory at Hoogkerk, a village five miles west of the city. In 1913 beet farmers, who felt themselves mistreated by this factory, started a cooperative factory in Groningen, with a starting capital of 1.7 million guilders. This turned Groningen into the largest 'sugar town' of the Netherlands.

Cane sugar, tobacco, coffee and tea had of course no links with the Groningen agriculture. Raw materials were imported from Amsterdam, Bremen, and

Hamburg. The Groningen firms, which were rather small, mainly took advantage of the rise in purchasing power on the regional market. Only a few firms like Scholten, Niemeijer, and Tiktak operated on a national level.

This was also the case in some meat works. The canning process was introduced by Germans, e.g. Noack. In this sector as well as in the production of milk, cattle fodder, artificial fertilisers and, later on, the sugar industry, the connection with agriculture was close.¹⁹

The bulk of agricultural industries, however, originated outside the city, in the Peat Colonies. Around 1870, the potato flour industry was followed by the straw board industry. Most straw board was exported to Great Britain to be used in the packaging of textiles. Scholten also started some straw board factories, but this sector was dominated by local producers at Oude Pekela, near Winschoten, who had imported the process from Northern Germany.

While the Groningen industry was only partly stimulated by agriculture, trade for the greater part depended on it. This is also stressed by the fact that free labourers, of whom there were relatively many in Groningen, almost all had their irregular jobs in the grain trade. The grain trade also partly determined the shape the city developed after the removal of the ramparts, after 1874. In the east of the city a new harbour was excavated, and connected with the other harbours. Along these harbours large storehouses were built. From the new harbour a canal was dug, the Eemskanaal, which reached the sea at Delfzijl, in the east of the province. The Reitdiep was then closed by locks. The local merchants expected this canal to make Groningen a second Hamburg and Delfzijl a second Altona. But this proved too optimistic. In the beginning of the nineties, when the canal was at its busiest, each year about 40,000 m³ of import goods were cleared. This was only 1.37% of total Dutch clearings.²⁰ Moreover, the greater part of the ships stayed at Delfzijl and did not sail on to Groningen.²¹

In the retail trade dependence on agriculture was very high. Around 1870 an Italian traveler, Edmondo de Amicis, visited Groningen. He was struck by the wealth of the farmers. On market days, he writes, they come to the city in their best suits by coach, barge, or train, spending huge sums in the shops, where they are treated like kings and queens. Afterwards they visit museums and caf  s or go for a walk around the city, looking with an air of pity at shopkeepers, employees, professors, officers, civil servants, etc., whom they consider as softies who must work themselves for a living.²²

The agrarian depression, caused around 1880 by cheap imports of American grain, indeed had a radical influence on the citizens' incomes (Table 9.3). As we can see, the crisis manifested itself in the city with some delay. Thanks to the fall

¹⁹ In 1896 when Scholten founded his beet-sugar factory, there was hardly any production of beets in Groningen. But this changed rapidly.

²⁰ M. Blauw, M., 'De zeevaart op Groningen en Delfzijl van 1876 tot 1914' (Unpublished undergraduate thesis, Groningen 1983) 76.

²¹ In Delfzijl 1.12% was cleared and in Groningen 0.25%.

²² Edmondo de Amicis, *Nederland en zijne bewoners* (Leiden 1877) 279.

of prices of primary goods, the overall level of real purchasing power remained more or less unchanged, but between 1882 and 1895 there was a considerable rise of bankruptcies among retailers.

Table 9.3: Average annual income of Groningen heads of households

1870	Dfl. 651.00
1880	Dfl. 755.33
1890	Dfl. 819.22
1900	Dfl. 777.16
1910	Dfl. 929.28

Source: Groningen poll tax (see Kooij, *Groningen*, 300).

The trade character of Groningen was also underlined by the absence of large firms. In 1910, there were only three factories with 100 labourers and over: the municipal gas and electricity company (226), the Reinier Muller hosiery factory (191) and the Fongers bicycle factory (165). Only ten firms had between 50 and 100 labourers. In Haarlem, a city with the same size as Groningen, there were already seven companies with 300 labourers and over.

The structure of the Groningen economy also remained mainly traditional. In 1870, 75% of the labour force in industry worked at unmechanised firms with less than 20 labourers. In 1910 this was still the case, in spite of the growth of this industrial sector.

Accordingly, most firms were too small to adopt steam-engines. In 1870 there were only 19 steam-engines in Groningen with a total capacity of 420 HP. In 1910, these figures were 43 and 1317, respectively. This was nothing, 0.3% of the national capacity.²³ For the Groningen firms, gas and electric motors proved to be more useful. Of all large cities Groningen had relatively the largest share of gas engines. In 1900, there were 70 with a capacity of 490 HP. This was a third of the capacity in Amsterdam, which had eight times as much inhabitants.²⁴ At first they were placed in printing shops and tobacco factories, later also in granaries (elevators), meatworks and textile factories.

After 1902, the number of gas engines dropped because of the opening of an electricity company. The relatively cheap electric motor was an immediate success in the small Groningen firms. In 1910, there were already 427 (1338 HP) at work in bakeries, forges, paint factories, and furniture factories. Printing shops and granaries replaced their gas engines.

Gas (since 1853) and electricity were produced by a municipal company. The Municipal Council refused to give concessions to private firms for enterprises which they expected to be profitable. So the whole economic infrastructure,

²³ J.H. van Stuijvenberg, 'Economische groei in Nederland in de negentiende eeuw. Een terreinverkenning', in *Bedrijf en samenleving* (Alphen a.d. Rijn 1967) 195-227.

²⁴ P. Kooij, 'De gasvoorziening in Nederland rond 1880', *Gas* 100 (1980) 266-278.

with the initial exception of the water supply, was in municipal hands. It was financed by loans which could be easily redeemed with profits made by the companies.

During the whole of the 19th century, the municipal council was dominated by 19 families. 13 of them were old, distinguished, and partly noble families with occupations in the civil services and the professions. The other families, which for the greater part were Baptists, had a long tradition in the wood and grain trade.²⁵ Only the Scholten family, which was only reluctantly admitted to these circles, represented industry.

The decision to set up city-owned companies was taken by the two groups together. But their motives were different. The non-trade families, for instance, primarily wanted electricity to light their new houses, which they built along the new broad lanes in the south of the city after the removal of the ramparts. The producers of course mainly had their own firms in mind. But in fact the city government, and most of all the aldermen, considered the city and its firms as undertakings of their own. As we have seen, Groningen had a long tradition in that field. The municipal companies were the biggest in town.

New firms were mainly founded by outsiders. Only 11 out of 28 of the factory owners who were most successful in 1910 were born in the city. 13 originated from the province of Groningen. These industrialists and big traders did not mix with the traditional Groningen elite families. But in politics cooperation was no problem.²⁶

It was not easy for foreign entrepreneurs to raise capital. Especially Germans were forced to finance new investments out of profits. As we have seen, the banking sector in Groningen was underdeveloped. It was dominated by noble persons who left the professions. Their first aim was to sell bonds issued by foreign nations and companies to members of their own group. Only in 1908 a bank was founded, again by J.E. Scholten, to provide capital to the middle class.

Migration as a function of specialisation

As Table 9.4 shows, around 1900 the increase of the Groningen population was mainly caused by an excess of births over deaths. But migration was also important. Each year about 10% of the population left the city or settled there. So already in 1890 only 50% of the householders was born in the city of Groningen (Table 9.5). But during the whole period about three quarters of these 'foreigners' originated from the three northern provinces.

The heads of households born outside the North, were characterised by a higher education, e.g. professors and civil servants. But among them were also traders and children of people who in an earlier stage had emigrated from the North. For the greater part they were born in large cities. The immigration from

²⁵ P. Kooij, 'Fingerprints of an urban elite', in: H. Diederiks, P. Hohenberg, M. Wagenaar (eds.) *The visible hand and the fortune of cities* (Leicester 1992) 102-124. See also this volume.

²⁶ Kooij, *Groningen*, chapter 2.

Germany decreased because of the political and economic unification after 1870. 50% of the immigrants indeed arrived from the province of Groningen, and 20–25% from the other northern provinces: Drenthe and Friesland. There was much return migration. Of all immigrants 32–38% returned to their province of origin within five years. About 20% left for another place.²⁷

Table 9.4: *Population growth and migration 1870-1910*

	population*	growth percentage	net migration (0/0)	relative mobility (0/00)
1870-79	38,528	19.9	11.5	96.5
1880-89	46,058	21.5	8.0	113.5
1890-99	56,038	18.7	4.5	119.9
1900-10	66,537	12.1	-0.6	113.4

* situation at the beginning of the decade

Source: Municipal records Groningen 1870-1910

Table 9.5: *Places of birth of the Groningen heads of households*

	1870	1880	1890	1900	1910
City of Groningen	57.1	54.7	50.1	45.2	43.7
Prov. of Groningen	22.4	23.2	27.6	30.1	33.9
Other northern prov.	6.7	10.0	11.7	16.5	13.3
Rest of Netherlands	8.4	8.7	6.0	6.3	6.9
Germany and other foreign countries	5.4	3.3	3.4	1.9	2.1

Source: Sample taken at random from the Groningen register (See Kooij, *Groningen*, 20)

Migration from the surrounding countryside was caused by population growth and mechanisation in agriculture. But also by a pull from the city. Pull factors seem to have been more distinctive. During the agrarian depression there was a fall in the number of migrants.

Since migrants for the greater part were young unmarried people, their occupations only partly reflect the occupational structure of Groningen (Table 9.6). The categories with the highest concentration coefficient did not attract people from all over the country. The intervening opportunities for those occupations were too high. In nearly every large city the same categories were overrepresented. But the larger ones did exercise some pull in the region dominated by Groningen. Servant girls, for instance, mostly came from the smaller towns and from the areas in the neighbourhood. Half of them stayed but many also went back. Only a few of them went further on to the largest cities at the top of the migration hierarchy. The bakers, the largest group among the immigrants in the food sector, for the greater part returned to the province, but not to their places of birth. It seems that they mainly came to the city for the time of their appren-

²⁷ Kooij, 'Peripheral cities', 369.

ticeship and then settled elsewhere to start a business of their own. The shop assistants, who were also overrepresented, mainly came from small towns. Many of them left Groningen for other large cities.

Table 9.6: The main occupations of Groningen immigrants (%)

	1870/80	1880/90	1890/00	1900/10
Building activities	5.6	4.8	4.3	4.3
Cloth production	2.2	2.2	3.4	2.2
Food and allied prod.	7.8	5.8	11.1	7.2
Trade	8.3	9.1	8.8	5.6
Traffic, transport	5.8	5.8	6.6	7.6
The professions	3.0	1.2	1.2	2.0
Domestic services	20.0	25.2	27.5	24.2
Free labour	7.0	5.4	3.7	4.4
Civil services	5.5	3.9	2.6	3.5
Other occupations	10.6	8.4	9.7	10.4
Without occupation	24.2	28.2	21.1	28.6
n =	892	900	775	889

Source: Samples from the Groningen register (Kooij, *Groningen*, 108)

The locals claimed the best jobs for themselves, for instance in the civil service, but in trade and industry the immigrants increasingly became a threat to them. Between 1880 and 1900 the number of unemployed Groningen householders increased from 18.5 to 27%. The number of independent local workers also fell, while the number of dependent workers did not rise very much.²⁸

The conclusion must be that cheap labour as furnished by the immigrants ousted the locals. This was particularly the case in the service sector in which about 40% of the immigrants found their jobs. Between 1880 and 1890 the number of independent Groningen householders dropped from 81.2 to 70.4. In the following period a part of the now dependent heads of families lost their jobs to immigrants. After 1895, when the agrarian depression was over, this substitution process came to an end. But as migration deficits show, at that time the Groningen inhabitants also discovered opportunities in other areas.

Concentration, branch creation and migration of firms

Between 1900 and 1965 there was hardly any change in the structure of the Groningen economy. An industrial breakthrough failed to come about. In the years between the two world wars, the percentage of industrial workers in the labour force, which had always been below the average of the largest cities, started to fall. This emphasised the commercial character of Groningen (Table 9.7). It also had to do with the fact that the processing of some raw materials,

²⁸ Kooij, *Groningen*, 297.

such as wood, took place more and more in the area of production. This is why Groningen concentrated on the trade in such products.

Table 9.7: Sectorial division of the Groningen labour force

	1860	1890	1900	1910	1920	1930	1947	1960	1971
Agriculture	2.9	2.5	2.1	2.6	1.6	1.5	3.4	0.9	1.1
Industry	45.1	38.1	40.2	40.2	41.9	41.5	37.9	35.9	31.1
Free labour	3.7	4.9	3.0	2.6	0.5				
Trade,transport	25.7	27.8	32.6	30.6	30.8	32.9	34.3	32.4	29.4
Domestic services	16.8	17.0	16.2	14.0	11.0	10.6			
Other services	9.5	10.9	8.9	9.6	12.1	13.0	24.4	30.8	38.4

Sources: Census.

The 'leading sectors' of 1900 were the same as those around 1960. The clothing industry showed a steady growth. In 1930 about 3200 persons worked in this sector. During the war this sector with its large proportion of Jewish workers and owners was badly hit. But it recovered very quickly after the war and at its peak, in 1964, 4200 people were employed. Most workers in this sector were young unmarried women, so the decrease in jobs in domestic services was compensated. The women even preferred the clothing sector with its higher wages with the result that during the twenties and thirties a considerable number of German maids had to be hired.²⁹

In the food and allied products sector tobacco, sugar, coffee, and tea remained the leading products. In 1930 the concentration coefficient for tobacco was a very high 1192. Some gin and lemonade factories, originating from the old liqueur distilleries also gained some importance as well as some producers of instant pudding.

Metal remained weak. The manufacturing of bicycles remained the only substantial activity. Shipbuilding also showed some growth. In 1930, this sector employed 353 people. But the depression did much damage. After the second world war it recovered, supported by the rapidly growing demand for a special medium-sized ship, the coaster, which was a Groningen invention. But for the greater part these coasters were built in other provincial towns, mainly Hoogezand.

The average size of firms remained quite small. In 1930, the important firms - according to the census - had an average workforce of 22. This was the lowest of all large cities of which 14 (out of 18) had an average of 50 and over and eight exceeded 100.³⁰ In most sectors, especially paper and metal, the level of mechanisation was far below the national average. Only in the food sector and in print-

²⁹ Erna Oosterveen, 'Duitse dienstbodes in Groningen' (Unpublished undergraduate thesis, Groningen 1990).

³⁰ Hille de Vries, 'Ongelijke werkloosheid. Nederland 1920-1940', in P.W.Klein, G.J.Borger (eds.) *De jaren dertig. Aspecten van crisis en werkloosheid* (Amsterdam 1979) 117-130.

ing the reverse was the case.³¹³² The electric motor remained the main source of energy.

In 1930, there were seven firms in Groningen with 200 employees and over. These firms had already been the greatest in 1900, the clothing factories being the fastest growers. In 1939, three clothing and hosiery factories had 400 employees and over: Levie, Reinier Muller, and Grol. There were even fewer firms with 100–200 employees, only three in 1939. Almost all firms were located in the inner city, especially in those parts of it that were added to the city area at the beginning of the 17th century. Only a few large factories had moved to the southern parts of the city near the railway station. And there was a concentration in the village of Helpman which was taken over from Haren in 1915.

After the war, an industrial estate was created south of the inner city. Factories and institutions were growing faster at that time. But still the Groningen firms, compared to those in other large cities, had the lowest average size. According to the census of 1963, Groningen had 78 companies, factories, and institutions with 100 employees and over. The average number of employees was 230. Utrecht and Haarlem at that time had 532 and 283, respectively. And the Groningen clothing industry was at its zenith.

As we have seen, the formation of the urban network system enabled a specialisation in production. Thus industries could be concentrated on specific places with special opportunities for settlement. In the long run, especially after 1960, this would ruin the traditional Groningen industry. But in the meantime Groningen was rather successful in penetrating the Dutch and international markets for ready-made clothing. This was accompanied by a concentration of production caused by the merging of several Groningen firms and the transfer of some provincial firms to Groningen. But in other sectors production was concentrated elsewhere. In 1907 the production of vegetable oil and fodder for example was for the greater part concentrated in the adjacent village of Hoogkerk. The concentration in the dairy industry, which was not represented very strongly in the city, was led by the DOMO firm, founded in 1938 in the province of Drenthe.

But what was worse was that Groningen experienced the incorporation of Groningen firms in large corporations which had their headquarters elsewhere. This development started very slowly but accelerated in the sixties and mainly affected successful, sometimes innovative industries which could have broadened the rather small, labour-intensive base of the Groningen industry.

This development started in the food and allied products industries. In 1913 for instance, Van den Bergh, which was at that time competing with Jurgens to control the Dutch and British margarine markets, took over the Groningen mar-

³¹ Bert Schuitema, 'Groningen als industriestad beschouwd. Enkele aspecten van de industriële ontwikkeling van de stad Groningen in het interbellum' (Unpublished undergraduate thesis, Groningen 1983) 39.

garine mill, which employed about 50 people. Production was concentrated in Oss in Brabant and the Groningen branch was closed. In 1919, a concentration in the Dutch sugar industry caused the closing of the Scholten refinery. The production of syrup continued.

In addition to this process of branch creation the problem of the migration of firms manifested itself. This was caused by the existence elsewhere, mainly in the West of the Netherlands, of economies of scale and agglomeration opportunities which Groningen could not offer. The production of canned meat for the greater part disappeared from the city. And in 1945 a large tobacco factory, which was destroyed by the war, was transferred to Gelderland. A serious loss was the migration to Holland of the largest of the ten paint factories, Sikkens, at the end of the thirties. This frustrated promising developments in the chemical sector. Between 1955 and 1960 seven firms with more than 10 employees left Groningen, the highest number among cities of comparable rank.³³

Around 1965 it became obvious that the economic base of Groningen, compared to other large cities, had been too weak to transfer most local industrial initiatives into leading sectors pushed by the advantages of an economy of scale. The peripheral situation of Groningen prevented the growth or location of industries which were in need of many semi manufactured products or close connections with the large ports.³⁴ The regional backward and forward linkages of the clothing industry were very limited. Textiles were ordered from Twente and machines from abroad, while the regional retail market did not show much growth. At most there was some demand for potato flour and straw board produced in the Peat Colonies.

Thus Groningen, with its slackening industrial growth, more and more reverted to its 19th century position of a service centre. In trade there were some successful efforts to broaden the scope of some Groningen firms by setting up branches in other cities, but paradoxically the Groningen headquarters were surpassed in most cases by branches in the large cities in the West. This happened for instance with the firm of Catz, a producer of liqueur and retailer of exotic fruits. Originated in Oude Pekela in the Peat Colonies, the firm transferred its activities to Groningen and in 1878 a branch was opened in Rotterdam. Afterwards branches were established in Antwerpen, Amsterdam, the U.S.A., and Batavia, and in the end the Groningen branch was closed. In the retailing of clothing comparable developments took place. Many merchants in ready-made clothing, who had migrated from Germany, opened a shop in Groningen and then moved to Amsterdam. The founders of two of the largest chain stores based on textiles, Gerzon and Vroom, were born in Groningen and Veendam. They did not even try to start in Groningen, and around 1880 opened their first shops in Amsterdam. Groningen even had to wait until 1958 before a branch of

³³ P.H. Pellenbarg, *Bedrijfsmigratie in Nederland* (Groningen 1976).

³⁴ R.Tamsma, *Het noorden des lands. Drieëenheid, drievuldigheid, driestemmigheid* (Groningen 1984).

Vroom and Dreesmann was opened.³⁵ At that time the location of branches in Groningen by stores from large cities in the West accelerated. But this did not affect employment in the way industrial chain formation did.

So at the end of the fifties much of what had been built up during a century was disappearing. Even the position of Groningen as a regional service centre was challenged, as we will see now.

The rise of provincial service centres

The industrialisation in the Peat Colonies, as already mentioned, accelerated after the agrarian depression stimulated by the creation of cooperative firms.³⁶ As a result some communities in the Old Peat Colonies – the western part of these Colonies, where peat digging had ended before the beginning of the 19th century – succeeded in sustaining the growth which was mainly caused by migration during that period. Some of these communities – Winschoten, Veendam, Sappemeer – up to 1900 even turned into multifunctional centres, into small towns. They acquired their own service areas and their own connections with the urban network system. This is for instance shown by the flows of goods – strawboard and potato flour – which for the greater part did not pass through the Groningen ‘staple’. And after 1900, shop-assistants, maid servants, (unemployed) labourers, and others increasingly migrated to the large cities in the West without using the city of Groningen as a gateway.³⁷

In 1900, there were five towns in the province of Groningen: Groningen; its old rival Appingedam, which now had to cope with the adjacent emerging harbour town Delfzijl for central functions; Winschoten, situated at the border of the Peat Colonies and serving as a centre for the northeastern part of this area as well as the rich farming area Oldambt; Nieuwesches, founded as a fortified town, which remained very small; and Sappemeer, the first centre in the Peat Colonies to obtain the status of town with less than 20% of the labour force in agriculture.³⁸

In 1930, Sappemeer was joined by four other centres in that area which also had become towns: Veendam, Hoogezand, Oude Pekela, and Wildervank. In 1949, Hoogezand and Sappemeer merged, while at the end of the sixties the new town of Stadskanaal situated on the border between the communities of Wildervank and Onstwedde in the heart of the New Peat Colonies – which were cultivated in the nineteenth and the beginning of the 20th century – became a community of its own.³⁹ Table 9.8 shows the population growth of these

³⁵ Gerzon established his first branch in Groningen, in 1896. But Vroom and his partner, the German immigrant Dreesmann, also took into consideration that a member of the Vroom family already had a shop in Groningen.

³⁶ G. Minderhoud, *Ontwikkeling en betekenis der landbouwindustrie in Groningen* (Groningen 1925).

³⁷ Kooij, P., ‘De eerste industrialisatie- en urbanisatiefase in de Groninger Veenkoloniën’, in *Van het verleden naar de toekomst* (Groningen 1990) 109–134.

³⁸ This is the definition of town as formulated by the Dutch Central Bureau of Statistics. See: *Typologie van de Nederlandse gemeenten naar urbanisatiegraad* (Den Haag 1958).

³⁹ Stadskanaal was composed by the former community of Onstwedde and a part of the community of Wilder-

towns. Until 1900, the concentration coefficients of Appingedam and Winschoten in trade and traffic were comparable to those of Groningen. They served as centre towns for a growing hinterland.⁴⁰ But in some industrial sectors there was a better representation than in Groningen: in Winschoten brick production, wood, metal and strawboard, in Appingedam mainly strawboard. The other towns in the Peat Colonies on the whole became industrial centres. But Veendam, the centre of potato flour production but also an old shipping centre, increasingly developed central functions of its own as did Hoogezand-Sappemeer and Stadskanaal at a later stage.

Table 9.8: Population growth of the Groningen towns

	1815	1870	1930	1971
Groningen	27824	38528	105005	169385
Hoogkerk	(612)	(1398)	4133	
Appingedam	2664	3612	6487	11475
Nieuweschans	692	1091	1997	1805
Winschoten	2678	5631	13343	17785
Sappemeer	(2375)	(4048)	6503	30675
Hoogezand	(3379)	(7280)	11431	
Veendam	(6338)	(9590)	13348	24005
Wildervank	(2859)	(7468)	10058	
Onstwedde/Stadskanaal	(928)	(5914)	(18110)	33120
Oude Pekela	(3386)	(4600)	7556	8030
Nieuwe Pekela	(3546)	(5061)	(5472)	5100
Delfzijl	(3103)	(5266)	(9872)	22165
Haren	(1793)	(3171)	(7072)	17410

Source: J.C. Ramaer, *Geschiedkundige atlas van Nederland. Het Koninkrijk der Nederlanden (1815-1931)* ('s Gravenhage 1931); *Census 1971*. Between brackets the number of inhabitants in the pre-urban status.

Thus it was in the east of the province of Groningen, which was relatively the most densely populated area, that the service functions of the city of Groningen were limited. Already in the 19th century four secondary schools were founded in this area, even a Gymnasium in Winschoten.⁴¹ In the west and north of the province, which with the exception of some brick and dairy factories remained agricultural, the influence of the city remained much stronger.⁴² No towns with a hinterland of their own emerged there. The status of town was only achieved by the industrialising village of Hoogkerk which was incorporated

vank. The remaining part of Wildervank was added to Veendam.

⁴⁰ Kooij, 'Eerste urbanisatiefase'.

⁴¹ Outside the towns in the east, only the village of Warffum got a H.B.S. (secondary school) to serve the northern parts of the province, which were rather remote from Groningen.

⁴² H.J. Keuning, 'Proeve van een hiërarchie van de Nederlandse steden', *Tijdschrift voor economische en sociale geografie* (1948) 566-582.

in the city in 1968 and by the southern neighbour of Groningen, Haren, which was a product of suburbanisation. There was much migration from Groningen in a southern direction. This accounted for most of the growth of the communities in the northern parts of Drenthe. In 1971, 23% of the Groningen labour force lived outside the city, mainly in that area.⁴³ After 1960, however, fast growing service centres such as Assen in Drenthe and Drachten in Friesland however, began to make inroads into the southern and western boundaries of the Groningen service area.

In the thirties, the limitation of the Groningen influence in the east of the province was reinforced by the rise of passenger and goods transportation by road at the cost of shipping. In the Peat Colonies several transport companies were founded which to some extent made use of secondary roads not leading to Groningen but interconnecting the eastern centres.

Still, these developments did not really challenge the unique top position of Groningen. But they hampered the growth of the city. In 1900, 75.4% of the urban population in the Province of Groningen lived in the city of Groningen. In 1930 this percentage had fallen to 59.8%, and in 1971 it was 53.1%. A more radical change was prevented by conditions which affected the provincial towns as well as the city of Groningen.

In the first place there was the growing mechanisation of agriculture, which had already started in the 19th century. The lack of sufficient additional job opportunities resulted in a almost permanent migration deficit of the province as a whole from 1830 onward.⁴⁴ The spreading of industrial sites over too many centres prevented the development of economies of scale. In the provincial towns migration of firms also took place repeatedly. Two striking examples are the steel works of De Muinck Keizer and the tyre works of Wilhelmi at Hoogezand. They left around 1914 and continued to flourish as DEMKA in Utrecht and Hevea in Arnhem.

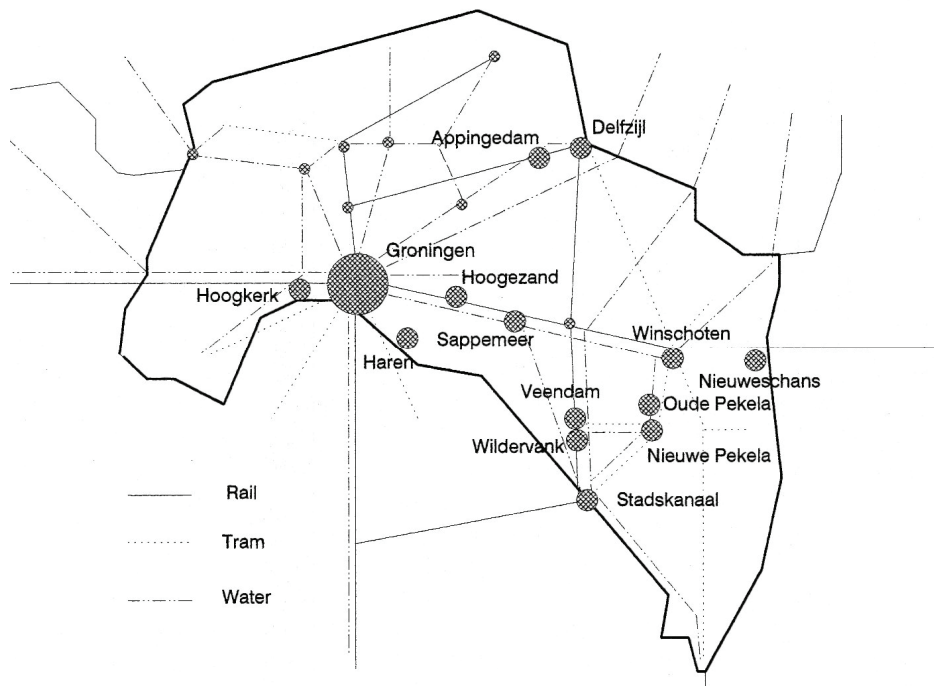
Moreover a decrease in demand since the middle of the sixties accelerated the concentration in the provincial potato flour industry, out of which the AVEBE emerged as a sole producer. AVEBE even took over most activities of the Scholten corporation which had fallen into bankruptcy. The straw board industry switched from straw to waste paper as a raw material, and since the seventies the mills have been taken over by corporations outside the North. These developments affected employment in a serious way.

But there was some compensation. In 1952, the Dutch government initiated an active regional industrial policy to decrease the labour shortage in the West and to promote industrial activities in some 'problem areas', of which Groningen was one. Investment premiums and the stabilisation of wages on a low level were the main instruments. Besides, in 1959 natural gas was discovered in Groningen. Firms located in Groningen got a slight reduction of 5% on the price of natural

⁴³ Census 1971. 14% worked outside the city. In 1947 these percentages were 8.8 and 7.8 respectively.

⁴⁴ H. ter Heide, *Binnenlandse migratie in Nederland* (s-Gravenhage 1965).

Figure 9.4 New towns in the province of Groningen



gas, while some large users got special conditions. Near Delfzijl also salt was discovered.

Of these factors mainly cheap labour caused the location of several branches of multinationals during the boom period of the sixties.⁴⁵ For instance Philips in Stadskanaal (2600 employees in 1970), Soda works (later to become AKZO) in Delfzijl (1200), where also aluminum and cable works were located (each about 600 employees) and Silenka (550) in Hoogezand. Between 1960 and 1971, 4900 jobs disappeared but 5300 new ones were created.⁴⁶ Even the Groningen clothing industry, since 1955, established a number of branches in provincial communities.

These new jobs, however, were totally insufficient to turn the Groningen migration balance into a positive one. This was also caused by the fact that agriculture which became more and more directed from Brussels, slowly fell into a depression. And when in the seventies business cycles turned, it was the newly founded branches of large firms which were first threatened. But in the meantime they had broadened the economic base of a number of provincial towns at the expense of the city of Groningen.

⁴⁵ Tamsma, *Noorden*, chapter 2.

⁴⁶ J.J. van der Werf, *Industrie en regio* (Groningen 1989).

The last twenty years

Around 1965 the vulnerability of the economic structure of the city of Groningen became very clear. Groningen got its share of the big falling-off in textiles and metal which started at that time.⁴⁷ The problems in the clothing industry started with the abolition of the import duties between the EC countries, which were 24% at that time. For the time being the larger firms could prolongue their existence by concentrating on high quality-clothing. But by 1984 it was all over.

Meanwhile concentration and branch formation in other sectors went on. The production of the Scholten syrup works was transferred to Amsterdam. In 1971, the production of bicycles in the North of the Netherlands was concentrated in Heerenveen in Friesland. And at that time the large tobacco factory of Niemeyer had become a branch of an English firm; it remained however one of the largest tobacco producers of the Netherlands (850 employees). Most coffee producers closed shop as did producers of lemonade and instant pudding. So the variety in industry was reduced once again. In the eighties the last large old independent firm of Groningen origin, the printing and editing house of Wolters-Noordhoff also became a branch of a corporation having its headquarters outside Groningen.

In Groningen also the regional policy of the central government offered some compensation. A branch of the Philips company was established in 1960, having about 800 employees ten years later. But in general large firms preferred locations in other provincial towns where wages were lower and the supply of unskilled labour was more abundant.

As a result of the decline in industry, the service sector became still more important (Table 9.7). The discovery of gas resulted in the founding of the headquarters of a sales organisation, the Gasunie in Groningen in 1963, which was repeatedly expanded.⁴⁸ But the fastest grower was the university. A century before, nothing was left of the 16th century glory of this institution. In 1876, when there were only 142 students, the university was almost closed. But after the second world war a big boom began. In 1960 there were about 5000 students and in 1970 about 11,500. At that time this institution produced 2.5% of the total provincial income.⁴⁹

The necessity for economic reorientation as well as the competition of provincial towns had an impact on Groningen policy. The Groningen municipal council no longer confined itself to infrastructure and public utilities, as it had done since the 19th century. During that time it was their own corporation, 'the city of Groningen' which was considered as most important. As late as the thirties there were, for instance, considerable revenues from the tolls in the Peat Colonies which, however, frustrated the development of efficient transport. Moreover, there have been two periods in which the Groningen administrators

⁴⁷ Tamsma, *Noorden*, 56-77.

⁴⁸ The Gasunie is a joint venture of Shell, Esso, Dutch State Mines, and the Dutch Government.

⁴⁹ F.J. de Jong, *De economische betekenis van de rijksuniversiteit te Groningen voor de provincie* (Haarlem 1969).

showed themselves slightly hostile towards industry and some services. This was the case in the period between the wars when socialist aldermen had just taken over the administration. Housing then got absolute priority over industrial estates. The second period was the seventies, when the reconstruction euphoria was over and environmental issues became prominent. In the eighties, however, the Groningen government began efforts to promote employment. The next chapter on Groningen will present an analysis of the problems the administration especially had to cope with, and the views and solutions which were put forth.⁵⁰

⁵⁰ Piet. H. Pellenbarg, 'Groningen: regional capital of the Northern Netherlands, seeking a new identity', in: Pim Kooij and Piet Pellenbarg (eds.) *Regional Capitals. Past, Present, Prospects* (Assen 1994) 63–85.

