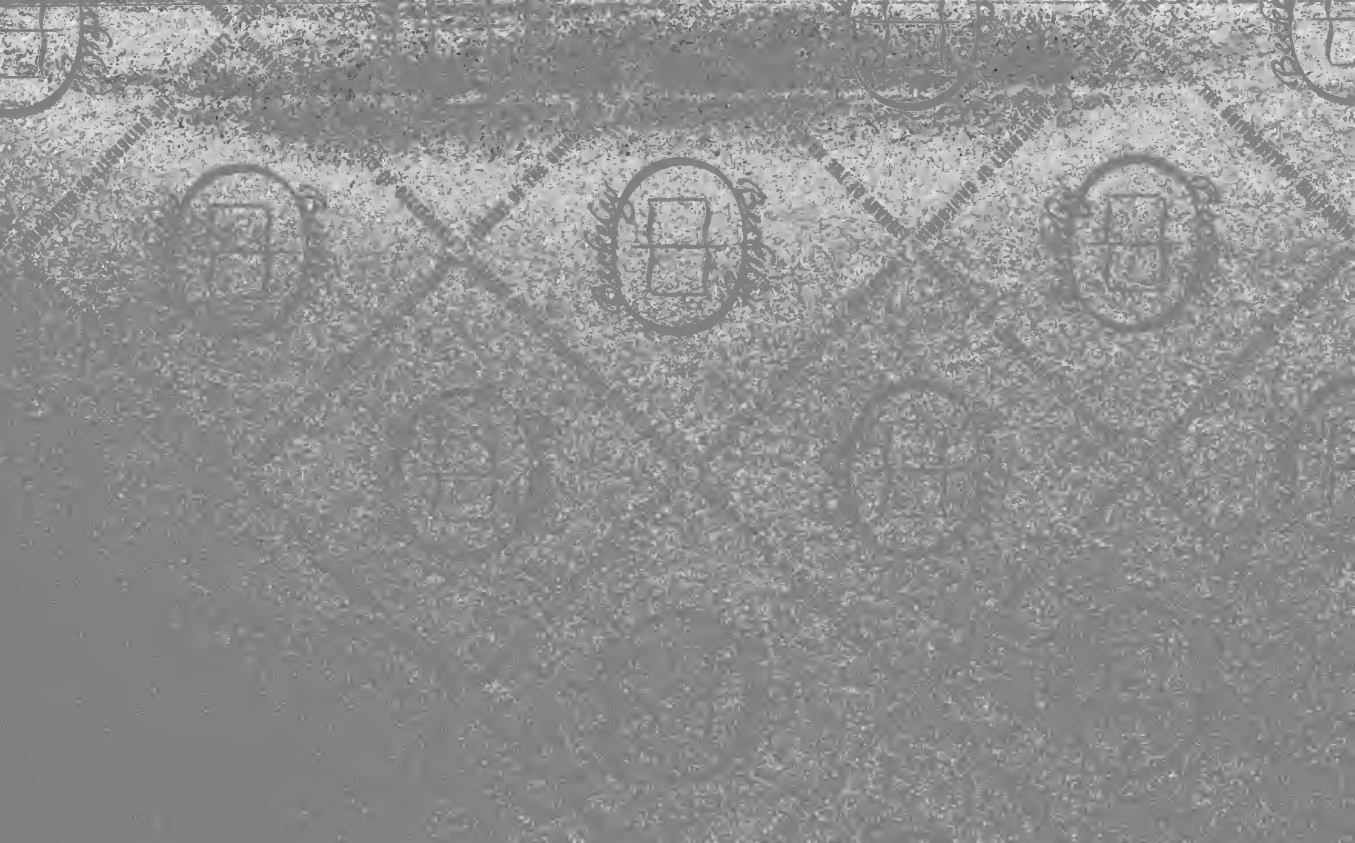

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Division of Economics and History

John Bates Clark, Director

ECONOMIC DEVELOPMENT IN DENMARK

Before and During the World War

BY

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NOTE BY THE DIRECTOR

The plans of the Division of Economics and History of the Carnegie Endowment have been transformed by the World War. Problems now calling for study transcend in importance those with which this division has been dealing and material for research and record so far transcends any that was formerly available that it will demand almost exclusive attention for some years to come. A new world has evolved suddenly out of the world which we knew, and the transformation extends to the foundations of government and of economic life.

The process of warfare itself is now so unlike that of former days that many military rules of the past have gone into the scrap basket. The late war ended when its deadliest tools had barely been brought into action. The peoples have fought as they had worked, by machinery; mechanical and chemical engines of destruction have decided the result and will decide in like manner the result of all wars of the future. Machine shops and chemical laboratories will so largely determine what armies shall win that fighting strength will be as much a matter of available capital and of science in applying it as of numbers of troops and strategy in directing them. It is safe to say that the death-dealing arts and instruments will far surpass in destructiveness those which made the late war so deadly, and to a soldier of the future the order to march into a cloud of poisonous gas and a whirlwind of missiles will resemble an order to plunge into the rapids of Niagara. This is one central and obvious fact which the war has taught us, and it has many corollaries, some of which have to do with the increased costs of war and the importance

of the particular resources that make a nation powerful for offence and defence; but there are less conspicuous economic facts which are more fundamental, since they may determine where and when, if at all, wars shall hereafter occur.

Causes of warfare are always partly economic and those which incited the recent one were mainly so. The business plans of a powerful state reached to the ends of the earth and so crossed and interlaced the claims of other states that some writers, then and afterwards, pronounced the war inevitable. If we assume a settled purpose on the part of such a state to encroach on the rights of others, we may say that it doubtless was inevitable. The victory of the defending countries has saved them from an immediate and intolerable domination, but it cannot be taken as an assured fact that similar attempts will never again be made. The economic inducement continues and the means may at some time be forthcoming.

Within the several states war has democratized industry, giving to labour an increase of control—a change that, if continued, will entail momentous consequences; but still greater effects have been produced on the relations of states to each other. The world as a whole has changed more than its component parts, and the new relation of the parts to one another is the critical element in the situation. The great increase in the economic functions of governments is one cause of this condition. Within the great international community in which the several states are units extensive economic functions have gravitated into the hands of governments and caused them to face each other as business rivals and to deal with each other in a multitude of ways in which the merely self-seeking policy of private business is intolerable. Power to invoke principles of justice and international law as interpreted by a competent court has become an indispensable means of allaying strife, and this fact exalts to supreme importance the high court of nations which has just been established. It magnifies also the importance of the economic

facts and principles with which the law itself will have to deal. It is not merely individual men or private corporations who now meet each other in the rough and tumble of a world-wide mart but states themselves, each representing its own population and seeking to foster its interests as a zealous and faithful agent. The chances of friction that are inherent in ordinary commerce inhere to-day in vast international transactions and will increase in the measure in which the intercourse grows. All this means a great increase in incentives to warfare, on the one hand, and in the motives for preventing it, on the other. Private commerce unites more than it separates those who participate in it, and it remains to be seen whether international commerce will act in the same way; but, in view of what modern war means, the human race will deserve to perish, and much of it will probably do so, if the forces of strife are allowed to get the upper hand. Whether they will or not—whether the recent economic changes will tend to reduce warfare or to increase it—depends on the ability of nations to create and maintain the instrumentalities that in the new state of the world are necessary.

Certain it is that the feeling which prevails to-day, the world over, is not one of security. The dread of further war is greater than it was before 1914. In some areas war still prevails, in others peace is held by a precarious tenure, and in all it can be firmly established only by conscious and intelligent action by the states themselves. Mere exhaustion holds war dogs temporarily in leash, but it will take more than that to tame them as they must be tamed if peace is made to last.

We here confront a wide difference between the several states in comparative desire for peace and disposition to maintain it. One portentous fact is the grim determination of Russian communists to extend their system by crude force from state to state. Bolshevism is government by the few and largely the bad masquerading as government for

and by the people. In its mother country, Russia, the economic measure by which it began its career was confiscation of private wealth—in itself an ultra-democratic measure. If this had brought in a true communism, it would have been a ruthless and unjust measure for creating a peace-loving state. A just and orderly democratizing of industry in the several states would give new strength to the forces of peace, and it would be highly improbable that any state so influenced would try to extend its system over foreign countries by military invasion. Democracy, socialism, communism, and bolshevism all appear in the aftermath of the war. The first of them makes for future peace and so does even the conservative element in the second, while all else in the series means certainty of civil strife and danger of international war.

The fact that during the war governments had to take on innumerable functions that were formerly in private hands has lent an impetus to socialism and to the perverted growths that have accompanied it, and it has created a new international system the meaning of which is profoundly significant, though he who runs cannot so easily read it. There are dangerous features in the system which the war evoked and, happily for mankind, there are available safeguards which were evoked with them and need to be retained if human effort can do it.

By a compulsion that there was no resisting, the war forced the nations of the Entente into economic co-operation with each other. Commissions centring finally in the Supreme Economic Council adjusted in a harmonious way questions that would otherwise have led to rivalry and conflicting action in purchasing war materials, securing ships, apportioning food, controlling railroads, financing the war and doing a multitude of other things with the one common purpose of victory. The special compulsion of the struggle is over, but it has left an aftermath of issues grave enough to make peace

insecure unless something equivalent to the Supreme Economic Council survives in full efficiency. The agency that did so much to win the war may do as much to prevent another one, but to that end it will have to be guided by economic principles, and it is a saving fact that these still survive. The war has not abolished the law of demand and supply, though governments may forget it. In the coming era they must build better than they now know. Economic knowledge must either go in advance of action and prevent disaster or follow action and be learned from disaster. Beyond computation is the importance of attaining the knowledge and using it when evil impends and prevention is possible.

JOHN BATES CLARK,
Director.

NEW YORK,
September 27, 1920.

POSTSCRIPT

IN justice to the distinguished author of this work, it should be said that he completed it early in the year 1919, and that delays connected with the preparation of the English edition are mainly responsible for its late appearance. This will account for the fact that important events, such as the restoration of part of Sleswick to Denmark in 1920 and an interesting act on insurance against invalidity (May 1921), have not been mentioned. Moreover, in the interval since the manuscript was finished additional sources of information have been opened. The author, therefore, would gladly supplement the statements which this volume presents, although the trend of the evolution in Denmark described herein has not been essentially altered since the volume was written. But it seems best to issue it as it stands, complete as it well could be at the time when the manuscript was sent to America, and to leave for the future the task of presenting facts more recently made known.

J. B. C.

NEW YORK,
September 1, 1921.

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ECONOMIC DEVELOPMENT IN DENMARK BEFORE AND DURING THE WORLD WAR

Introduction

THE economic and social transformation which will be a natural consequence of the World War will of course differ in strength and character in the various countries. The greatest change may perhaps be expected in the nations which bore the brunt of the struggle, whether they emerged victorious or vanquished. In time of war the individual is naturally merged in the state to a much greater degree than in time of peace. For the last four or five years the peoples at war have been schooling themselves, so to speak, in socialism. Now that the war is over they will seek to throw off the restraints of the school; but certain results of their experiences will be deeply impressed upon them, in spite of all reversion toward individualism.

But the small nations, which happily did not actively participate in the World War, have also undergone changes determined in strength and character by their entire preceding development. The change of conditions in these small countries may seem to offer a quite insignificant subject for inquiry when considered from the standpoint of the world at large. Their combined populations constitute but a small percentage of the population of Europe; that of the kingdom of Denmark is not 2 per mille of the population of the earth. Still, there is profit in such an inquiry. In the whirling stream in which society is now drifting there is, as it were, a current for each country; and the smaller the country, the easier the task of following its course. In a diminutive state such as Denmark the same forces are

at work as in the great nations, so that a study of what is happening here may help us to understand what is happening elsewhere.

Early German Influence in Denmark

If we look at a map of Europe, we see that the development of Denmark must have been strongly influenced from the south. Had Jutland been separated from Germany by the sea, it is apparent that many political events which contributed to bring about the recent world conflict might have taken another course. But only under primitive conditions do forests and wastes keep neighbouring peoples apart. As populations increase and push forward from all sides, there is a natural interchange of influence. That southern Sleswick, originally Danish, thus became Germanized, is no wonder. German artisans found their way into Denmark and brought with them the customs of their guilds; and the language of Danish artisans to-day is clearly marked by this influence. During the flourishing period of the Hanseatic towns German trade found fertile soil in Denmark, and Danish economic life was in many ways dependent on Hamburg. Moreover, many Germans came to Denmark in official capacities and acquired property here. It is, nevertheless, remarkable that the results, in spite of these influences, were characteristically Danish. At the outbreak of the World War Denmark was in many respects actually ahead of its great southern neighbour, especially as regards social organization. The country had a decidedly democratic constitution, the latest change in which—the granting of suffrage to women by the Constitution of June 5, 1915—was in reality independent of the great events then agitating the world. That women were admitted into public life in Denmark, first into municipal government, then into parliament, was a quite natural consequence of the general trend of Danish opinion. Long before women were admitted into the universities in Germany they had enjoyed free access

to all schools in Denmark. General education had long been at a relatively higher level, and the lower classes in particular had better educational opportunities. The resulting difference between the two countries is perhaps most strikingly illustrated in the respective conditions of their agricultural populations. For a long period Danish agriculturalists learned much from the south, but during the last generation they themselves, in turn, have exerted an influence extending far beyond the boundaries of their country. Well equipped both technically and intellectually, they have created a co-operative movement which has improved agricultural production to a remarkable degree. It is also characteristic that the labour movement, notwithstanding the fact that Denmark acquired her principles of socialism from Marx, Lassalle, and other practical and theoretical German leaders, has developed on saner lines and with greater strength here than in Germany.

Early Condition of the Danish Peasants

Some three hundred years ago a French writer, Pierre d'Avity, in reviewing the living conditions and the character of the natives of various countries, said of the Jutlanders: 'They are a strong people who eat and drink a great deal; they are provident and clever and cling to their own; they are quarrelsome, suspicious, and irascible, and fight stubbornly in defence of their opinions.' If this judgement is true to fact, it is difficult to think of the Danish peasants of that day as members of a cowed and oppressed class, in spite of all the burdens that were imposed upon them.

From the Middle Ages until late in the eighteenth century there was a continuous change to the disadvantage of the peasants. Freeholds gradually disappeared and were replaced by leaseholds. On taking over a patch of land the leaseholder had to pay a premium to the landowner or lord, besides which he had to make a yearly payment called *Landgildet* (ground-rent), which in most cases was an incommutable

burden resting on his land. As a rule the estates of the Middle Ages were not large, and the landowners often had many holdings at a considerable distance from one another; but gradually a movement arose to extend and combine them, and in this way the day of large estates began. This again involved disagreeable consequences for the peasants; for the more the cultivation of large estates developed, the more service was required of them. Moreover, distinct efforts were made to bind them to the land. They did not submit without opposition, to be sure, as shown by the various peasant revolts; but the times were nevertheless unfavourable to them. Still in the year 1500 compulsory service was not widespread in Denmark, and the character of the leaseholds was not, generally speaking, very oppressive. A leaseholder might even, if he wished, give up his lease and remove to another estate.

But efforts to tighten the relation between owner and tenant had long been growing. In the middle of the fourteenth century, after the Black Death, the landowners tried to retain the leaseholders by compelling them to pay a quittance-fee (*Forlov*) if they gave up a lease. This was especially the case in Zealand and Laaland-Falster, where at the end of the Middle Ages the practice took the form of villeinage (*Vornedskab*), whereby the son of a leaseholder was bound to take over a farm on the estate. Moreover, increasing demands on the part of the Crown contributed to the growth of villeinage. The maintenance of the army and navy necessitated much carting and hauling on the part of the peasants, while the laying-out of the roads and the building of fortresses and castles was largely their work.

Condition of the Peasants in the Eighteenth Century

The eighteenth century apparently brought an improvement in the condition of the Danish peasant, for villeinage was abolished in 1702. But shortly before that military service had been made compulsory throughout the country,

and the burden arising therefrom was increased in 1733 by the introduction of bondage (*Stavnsbaand*), whereby all peasants between the ages of fourteen and thirty-five were bound to remain on the estate. In this way it came about that military conscription rested entirely in the hands of the landlords, who were thus enabled to keep their labourers. In the course of time, moreover, the oppression of bondage was increased by the extension of the age limit; and when to these heavy burdens were added the tithes levied for the support of the church, the sum-total greatly hampered the pursuit and development of agriculture. Moreover, other misfortunes, such as cattle-plague, contributed to aggravate conditions, so that profits were reduced to a minimum and the work of the peasants was characterized by laziness and stupidity.

Towards the close of the century, however, things began to look better. In France economists were pointing with increasing emphasis to the great importance of agriculture, and in line therewith were developing the physiocratic doctrine. It was not physiocratism, however, which eventually dominated politico-economic theory in Denmark, for the physiocrats are scarcely mentioned in the Danish literature of the eighteenth century. The foreign ideas which may be said to have influenced the literature of Denmark are rather those of the encyclopaedists. But it is more in accord with the truth to say that the humane ideas which subsequently led to the emancipation of the peasants sprang forth spontaneously when the time was ripe for them. These ideas were then, as it were, in the air.

In 1761 the Dowager Queen, Sophie Magdalene, took the first step toward reform by exempting the peasants on her estate of Hörsholm, in the north of Zealand, from all services and tithes against the payment of a fixed rent, and by making them hereditary leaseholders with the right to sell and mortgage. The peasants on her estate were thus placed, in all essentials, in the position of freeholders. Some years

later Bernstorff followed her example on the Gentofte estate, and other landowners did likewise. An ordinance of 1771 specified the amount and kind of compulsory service to be rendered, and another of 1781 was intended to abolish the old system of 'common fields'—a sharing of agricultural labour and produce which was no longer of any importance. This ordinance allowed an exchange of 'parcels' or strips of land, so that the holdings of one man might lie in two or, at the most, three places.

In 1784 the King himself began to introduce reforms on many of the crownlands in the north of Zealand. The peasants were exempted from most of their former obligatory services, land was allotted to them, buildings were moved for them, and in many cases they were made owners or freeholders. Finally, in 1786, an agricultural commission was appointed to investigate the condition of the entire peasant class. Reforms then followed in rapid succession. In 1787 the question of land tenure was examined; in 1788 the corn trade and cattle trade were declared free; in 1791 an important ordinance regulating tenant service was issued, and in 1792 another concerning allotments. Most important of them all was the abolition of bondage in 1788, with a transition period of twelve years.

These reforms were of the greatest value from every standpoint, and wherever they were carried out they made room for technical progress. Profits from agriculture, which until then had been very modest, increased considerably for the reason that the peasants, released from many compulsory services and protected against arbitrary demands, held a stronger economic position and found it much easier to pay their dues both to their landlords and to the state.

The majority of the peasants continued as leaseholders. But after the system of 'common fields' was abolished there was this change in favour of the landlords, namely, that in leasing their land they could demand as high a rent as the peasants would pay, the amount being determined

by free competition. The landlords thus obtained an advantage, while the peasants, though subject to increased rent, were far more independent than before.

These great social reforms of the eighteenth century were carried out under peaceful conditions. In France the emancipation of the peasants was brought about by the great Revolution; in Germany, where the oppression must often have been extremely severe, it did not take place until the nineteenth century.

It is well known that no such formal emancipation was necessary in England, where it was accomplished by the use of capital in the course of the country's normal economic development. It may be said that Denmark was second to England in its gradual, peaceful, social adjustments. But agricultural reform in Denmark was much more beneficial to the peasantry than it was in England. While in the latter country, under the development of the system of great holdings, the peasant class almost disappeared, being replaced by the farmer and the agricultural labourer, whose condition was extremely poor, in Denmark the peasant class survived and came to form a solid and secure core of the population. At the present day it actually holds almost as many farms as it did in the eighteenth century. 1922

The Guild System of the Eighteenth Century

In another respect economic changes in Denmark were brought under happier circumstances than in England. Danish history shows no parallel to the English industrial revolution marking the transition from hand labour to machine labour. Traditions dating from the time of the guilds still persisted in the eighteenth century. Small artisans continued to ply their trades in the region of their homes, and their position, social and economic, did not greatly differ from that of the journeymen. The latter usually lived in their masters' homes, until in due time they married and established homes of their own. A census taken in

Copenhagen, after the great fire which devastated the city in 1728, shows that only in the carpenter's and mason's trades did a majority of the journeymen live outside their masters' homes. From a later date there is testimony that carpenter journeymen were very independent in their relations with their masters. In the other trades 85 per cent. of the workmen lived with their masters. When his journeymen or his apprentices lived with him, the master artisan generally had three workmen in his house; but a great many artisans had no assistants at all. Apart from the carpenters and masons, who on the whole did a considerable amount of work considering the circumstances of the time, it may be said that there was an almost equal number of masters and journeymen, so that most of the journeymen could look forward to becoming masters themselves. Proof of this is furnished by the census of 1787. In that year the population of the entire kingdom of Denmark was about 840,000, of whom approximately one-fifth lived in the towns. The artisan class comprised about 22,000 of the male inhabitants of the towns, and the number of masters and of journeymen was about equal. Between the ages of twenty and thirty, 17 per cent. of this group were masters; between thirty and forty, 55 per cent.; between forty and fifty, 74 per cent.; and above fifty, 81 per cent. These figures were slightly lower for the industrial world. Only about 6,000 of the male inhabitants of the towns belonged to the industry, and 46 per cent. of them were either employers or sons of employers. But here too, the chances of becoming independent rapidly increased with age. The average size of industrial establishments must have been very small as compared with those of the present day.

Where a young apprentice might expect soon to become a master there was little reason for class distinctions, though, of course, there was the ever-present difference of outlook on life in the new generation and the old. But in the German guild customs, with their clubs, journeymen's houses, &c., there

were latent germs of discontent which might rapidly develop if circumstances permitted. Indeed, all the methods now known to strikers were already in use. It was comparatively easy to prevent masters from getting workmen, and even whole towns were sometimes 'boycotted' (*geschimpft*), because they had in some way incurred the disfavour of the journeymen.

But many excellent customs originated by the guilds of the Middle Ages still existed. The problem of the labour market, which in our day presents so many difficulties, was then easily and naturally solved by the journeymen themselves. If no work could be provided for the journeyman in a new town to which he went, he was given food and shelter and money enough to live on until he reached the next town. This was a kind of primitive unemployment insurance. Of the guild as such, it may be said that it upheld the modern principle of the right to work. Every master had his own little group of customers and was thus protected against too sharp competition on the part of his guild fellows.

Social Developments of the Nineteenth Century

It was primitive, homogeneous society that existed in Denmark, as in many other countries, in the eighteenth century; but the enormous development which took place in the next century led to many changes. As early as the last decade of the eighteenth century the population had begun rapidly to increase, and it continued to do so throughout the nineteenth century. In 1801 the total population of Denmark was 929,000; in 1901 it was 2,450,000. The great technical development of both agriculture and industry provided a better living and even a fuller and easier life in 1901 for a population three times as large as that of a hundred years before.

But, meanwhile, the character of the community had completely changed. In the rural districts a large class of

cottars or farm labourers had grown up alongside the seventy thousand peasants; and in the towns industries had developed which gave employment to large numbers of workmen who were widely separated, both socially and economically, from their employers, even though there still existed a middle stratum of society whose time-honoured customs and modes of thinking served, to a certain extent, to bridge the gap between the upper and lower classes. Moreover, the social reforms of the eighteenth century had been carried out without any pecuniary sacrifices; indeed, they had brought increased wealth to the country. This was not the case, however, in the nineteenth century. Almost all the land had now been allotted; and if the poorest class, the cottars, were to be helped, large assessments or voluntary contributions had to be made for that purpose. The obligation to relieve the poor rested in no less degree on the growing population of the towns. But in spite of all that had been done, the general state of affairs was not auspicious. The large group of the 'poor', so named in the census of 1787 without other qualification, indicated that circumstances were stringent even then and that the germs of coming troubles were already developing.

As has already been stated, the peasants (freeholders and leaseholders) formed the solid core of the population. In 1787 they numbered 74,000 males over twenty years of age. There were also about 22,000 cottars (males over twenty) and between 3,000 and 4,000 'landless men' or farm hands, besides 38,000 male servants and 16,000 labourers over twenty years of age, most of whom worked in the field. In 1911 the peasants (large and small farmers) numbered about 68,000 males over eighteen years of age, besides 86,000 cottars. Thus the latter class increased fourfold, while the number of farmers remained about the same. In addition there was a very large number of farm-hands and servants, of whom the peasants employed about 60,000 over eighteen years of age and the cottars between 6,000 and 7,000, as well as about

33,000 labourers. Everywhere it is to be noted that the lower classes greatly increased in numbers.

If we glance at the statistics of trade and industry for the last four generations, we note a similar change. In 1911 there were throughout the country about 72,000 male employers over eighteen years of age, about 10,000 office-workers and 138,000 workmen proper. Labour tended to concentrate in the capital of the country, Copenhagen, in a proportion of about five workmen to one employer; in other towns there were approximately three workmen to one employer; in the country, scarcely one. But while the industrial development of Denmark has been slight in comparison with that of other countries, it has, nevertheless, been sufficient to form a gulf between employers and employees. The strong class feeling of earlier periods still exists, but in a new form; its basis is no longer trade rivalry, but the antagonism of capital and labour, which often develops to the point of open conflict.

It would not be correct to consider the changes in the structure of society as chiefly responsible for our present social ideas, since the latter would certainly have sprung up even if the classes had remained in the apparent relative conditions of 1787. But these changes must necessarily have influenced our present problems and their solution, giving them a different character and greater dimensions.

The Rise of the Lower Classes

The class distinctions of to-day are essentially different from those of the past, and the difference is manifest in all countries. The social gap separating the peasant and the noble in the eighteenth century was enormous; and underlying it was a deep-rooted conviction that every man was born into his class, whether that of noble, peasant, or plain citizen. There might be a feeling of dissatisfaction among the poor, and this feeling might even, under special circumstances, lead to revolt. Almost all countries have known peasant

revolts. But in spite of dissatisfaction and revolt the conviction persisted that every man must remain in the class into which he was born. In the same way it was an idea inherited from the Middle Ages that the conditions in which an artisan or peasant lived must also be satisfactory to his children and his children's children.

During the developments of the nineteenth century all this necessarily changed. On the one hand, numerous intermediate stages arose which made it possible for a successful peasant or citizen to rise from the lowest class to the highest. Any member of the lower classes might have 'a marshal's baton in his knapsack'. Unfortunately, however, there were only a few marshals' posts, and the many who were left in the lower classes quite naturally began to compare their condition with that of their successful brethren who had risen to higher positions. The distinction between the citizen, the peasant, and the noble was superseded by the distinction between the poor and rich. It was the good fortune of Denmark that the sharpness of this distinction was somewhat dulled by various favouring circumstances.

Great landowners, as has been said before, did not occupy at all the same position in Denmark as in many other countries; even to-day the two thousand great farms comprise only one-sixth of the *Hartkorn* (the Danish unit of land-tax). Nor have our large manufacturers had such chances for outgrowing the swaddling-clothes of handicraft as have those of other countries. Moreover, education in Denmark was at a comparatively early time so far advanced that class distinctions were thereby largely removed. It is well known that at a certain stage in the social-economic development of a country strong demands are made for the education of the lower classes, many thinkers considering it the most important social problem to be dealt with. Its solution was not everywhere so successful as it was in Denmark, where education was made compulsory as early as 1739. But in many places the quality of the instruction was poor. In

the summertime most of the village schools were empty, and often the teacher had had but little training and received but little salary. But in 1814 a reform of the whole system of elementary education was introduced. This reform, which had been in preparation for some time, was very important. For many years it made Denmark a model country in regard to educational matters, although it was found impossible to carry out the original plans in full on account of the frugality of the taxpayers and the poor economic condition of the country in general.

Access to university training has without doubt been easier for people of moderate circumstances in Denmark than in many other countries, and many gifted peasant boys have been helped along to advanced studies and have thus formed a link between the upper and lower classes. Of great importance was the Royal Veterinary and Agricultural College, which was founded in 1856 and soon superseded older institutions. A group of excellent teachers here raised the teaching to a high level and conducted valuable researches in the various fields of inquiry. Early in the nineteenth century, moreover, came an interesting development in the form of high schools for adults, especially for young peasants. These schools have played a very important part in the social life of Denmark, and honour is especially due to the famous N. F. S. Grundtvig for the impulse which he gave to their establishment. In a number of treatises he expounded his idea, and in 1844 he succeeded in bringing about the foundation of the first high school, which was in Rödding (Sleswick). Some years later his example was followed in a few other places, and after 1864 the movement progressed rapidly. In the course of time many excellent men made their influence felt in these schools; and even though the amount of knowledge obtainable in the short time that young men or women could generally spend in school (as a rule only six months) could be neither extensive nor thorough, it was, nevertheless, sufficient greatly to widen their intellectual

horizon. Also a number of technical schools, agricultural schools, and trade schools were eventually established, and these, too, contributed a great deal toward raising the intellectual level of the population.

The Free Constitution which Denmark established on June 5, 1849, further contributed to this result. This constitution was preceded by the estates general, provincial consultative meetings which had prepared the population for the great transition from absolutism to political freedom. The Free Constitution stood its test through all the ensuing changes and was a powerful means of elevating the Danish people by giving all classes a part in political life.

In the first part of the nineteenth century, there was in Denmark, as in almost all countries, a period of economic stagnation. The Wars of Liberation had led to a general derangement of business, which lasted well into the thirties and caused much distress throughout the country. The prosperity which had prevailed at the close of the eighteenth century, and which had contributed to the great development of agriculture after the introduction of the agricultural reforms, was now brought to an end by a lowering of the prices of agricultural products, which fell with great severity upon the farmers. The protective policy of England exerted a highly unfavourable influence, in that it hampered our agricultural exports and further depressed our prices. Taxes were exceedingly heavy, and in spite of arrangements that were made for facilitating their payment many farmers were obliged to give up their farms. All over the country poverty and scarcity reigned to an extent now difficult to appreciate. But the people bore the stress of circumstances with hopeful resignation, and after 1830 conditions improved somewhat. Then followed a period of prosperity for Danish agriculture. But in other respects there were many adversities to be endured; the first years of the thirties, for example, were characterized by great epidemics, the year 1831 being the only year of the nineteenth century in which there were more deaths than births.

During this long period of reaction little energy could be expended for agricultural reforms. All that could be done was to allow the farmers to take full advantage of the previous reform measures. At the end of the eighteenth century loans had been granted to leaseholders who wished to buy their lands and cultivate them as freeholds, and these efforts were continued during the first years of the nineteenth century. After a time they lessened somewhat, but the conversion of the leaseholds into freeholds did not cease entirely. In 1835 almost two-thirds of the farms were freeholds.

A reaction was also felt in trade and industry. Toward the close of the eighteenth century there had appeared, in connexion with the more liberal politico-economic movement, a certain tendency to relax the guild restrictions. Plans had even been formed for the complete abolition of the guilds. As a matter of fact, however, the restrictions were only slightly relaxed. In 1800, for example, it was stipulated that any journeyman who had worked steadily for four years might become a free master, but might not employ an apprentice or journeyman. But even this limited concession was withdrawn in 1822, and other reactionary regulations were introduced. It cannot be said, however, that the guild restrictions in Denmark were felt to be very severe. In the towns, indeed, to which trade was chiefly confined, the guilds were sharply distinguished from one another. But it was comparatively easy to become a journeyman, and when a journeyman had made a masterpiece he was entitled to become a master with the right to employ as many assistants as he saw fit. In the country districts certain trades were carried on freely or by special licence; but the country tradesmen were not allowed to work in the town.

The Free Constitution of 1849

A new day, however, dawned on the country with the introduction of the Free Constitution, which held forth many promises of social readjustment. Now the aim was to bring all these promises into effect. It was in conformity with the fundamental idea of the new constitution, as well as with existing economic ideas, to cut all ties with the past as quickly as possible. If we look through the laws of the period, this fact is vividly impressed upon us. These laws are evidently based on the view generally prevalent at the time, that the chief aim must be to organize the community with reference to the free development of the powers of the individual. The individualist community was thus the great goal. The task of the state was to be limited so far as possible to the protection of rights and the maintenance of order.

We may mention a few parliamentary acts that seem to support this view. The constitution, of course, asserted religious freedom. In 1851 an act was passed permitting civil marriage for persons belonging to different sects or for persons not belonging to any recognized sect. In 1855 an act was passed releasing members of the established church from the so-called *Sognebaand* (obligation to accept the services of the pastor of their own parish) and permitting them to have recourse to another pastor of the same church. In 1857 compulsory baptism was abolished. Some years later, in 1868, an act was passed permitting free congregations to be formed within the established church by persons who had been released from the *Sognebaand* and desired a pastor of their own choosing. In reality this law was not often applied, but it is thought to have been of great importance as a sort of safety valve.

The constitution likewise asserted the principle of freedom of speech, and a Press Act was accordingly passed in 1851. A few years later, in 1856, an act was passed concerning elementary schools in the towns and rural

districts. In the same year an act was passed to establish public funds for the relief of the poor, in order to lighten the burden resting on the customary poor relief funds. Besides these there were several municipal laws for the government of Copenhagen (1857); for the levying of taxes in Copenhagen (1861); and for the government of the provincial towns (1868).

In regard to economic legislation proper, we may mention an act of 1855 relating to charging of interest and bearing the title: 'An Act whereby the rate of interest in certain cases is made optional and the punishment for usury is changed.' A number of acts were also passed to regulate the carrying-on of certain businesses in the capital, such as brewing and baking. Of the greatest importance, however, was the comprehensive Trade Act of December 29, 1857, which redeemed the promise of the constitution that all restrictions of free and equal access to trade, which were not calculated to promote the public welfare, should be abolished. By this act, which also asserted free trade, with a short period of transition, as its leading principle, the towns were largely deprived of their monopolies, and the guilds also lost their monopolistic position. The latter were to continue as purely voluntary institutions, and the journeyman's probation work was no longer to be compulsory.

With regard to agriculture, the aim was to abolish all inequality. Thus in 1850 an act was passed concerning privileged and unprivileged *Hartkorn*. In the same year acts were passed abolishing the service obligation still resting on farms and houses, and in the following year came an act to abolish the right of killing game on lands where it was not connected with the right of ownership. But the work of the parliament (Rigsdag) was soon entirely concentrated on furthering the transition from leaseholds to freeholds. Various acts were passed to facilitate the sale of leaseholds belonging to the state, the university, and other public institutions. The sale of leaseholds under fiefs and entails was encouraged by

an act of 1854. There followed, in 1861 and 1872, two acts introducing various improvements in the leases of those who remained leaseholders, and several others concerning sales. It was provided that a landowner who sold land in lease might freely dispose of a part of it, in order, for instance, to form new estates. The result was that in a short time only a few thousand leaseholds were left, while still a large number of houses were rented or let. For freeholders no legislation was necessary. The times were good, the prices of grain were high and the value of land was increasing.

Less favourable, however, were the circumstances of the farm labourers, who were very poorly paid. Wages rose about the middle of the century, to be sure, but not rapidly enough to keep pace with the increasing cost of commodities. The farmers helped their hands along to some extent by their customary gifts, but the condition of labourers in general was little to be envied; and when old age came, the poorhouse was often their only recourse. But to all this the legislature paid little attention. In 1854 it passed a Servants' Act which protected the servants in various ways and abolished the earlier regulation whereby children of peasants were obliged to enter into service. Shortly before the introduction of the Free Constitution an ordinance had been issued (1848) which was designed to improve the condition of cottars and lodgers and abolish the master's right of punishment. The owner of a house was thereby prevented from exacting any work of a person who rented his house but was not in his regular service. But beyond this the legislature did not go.

As the populations of the towns increased, the living conditions of the lower classes grew worse and worse. In the middle of the century the housing question in Copenhagen was most discouraging. Little attention was paid to the unhealthy condition of the overcrowded tenements in some quarters of the city, and still less to other evils resulting from it. The cholera epidemic in 1853 created some alarm, to be sure, but did not lead to the adoption of any vigorous

measures to prevent another similar occurrence. The Building Act of 1856 did not provide sufficient protection against these nuisances, and the consequences were quick to appear. Poor and inadequate as were the wages and housing conditions of the working people, the latter were nevertheless increasing in number, and it was obvious that they would not long remain satisfied with the indifference manifested by the government toward social questions. In the Emancipation Acts they could see advantages for their employers, masters or manufacturers, but it was difficult for them to see the merits of a legislature which provided for them only the poorhouse and otherwise mostly left them to shift for themselves. Thus the circumstances of the tradesmen remained wretched; and after the abolition of the guild system by the Trade Act of 1857 they were left without any real organization, even though the old guilds lived on as purely voluntary institutions.

Social and Economic Developments in the Second Half of the Nineteenth Century

The most important event in the history of Denmark in the second half of the century was the war of 1864, which deprived her of the duchies of Sleswick, Holstein, and Lauenburg, and which was a more especial grievance in that it separated the Danish inhabitants of northern Sleswick from Denmark, and, in spite of a solemn promise of speedy restoration, kept them under the heavy yoke of German rule. This event was to become of prime importance, not only for Denmark, but for the whole of Europe, as the hotbed of subsequent European conflicts and as an essential factor in the growth of Prussia as a military state. For the economic life of Denmark it was of still greater importance—just as the separation of Norway from Denmark in 1814—in that it gave industry a strong impetus for attacking and solving the many problems which pressed upon it within the country's narrowed boundaries. As a result certain industries grew

so rapidly that they not only supplied the home market, but also secured a foothold in the world market. The task was further aided by a redistribution of the population, which, as stated above, had rapidly increased throughout the nineteenth century. Agriculture could not employ everybody, and large numbers were consequently thrown into trade and industry.

The importance of these changes may be shown by a few statistics. At the beginning of the nineteenth century 929,000 people were living within the boundaries of Denmark; of these approximately a fifth lived in the towns, being about equally distributed between the capital and the smaller towns. When the Free Constitution was adopted in 1849, the population totalled 1,415,000, of whom the townspeople still represented a fifth. The capital, which at that time had only 133,000 inhabitants, had grown very slowly in comparison with the provincial towns and rural districts, but from then on it grew more rapidly. In 1860 it had 163,000 inhabitants; in 1871, 198,000; in 1901, 477,000; in 1916, 606,000. Thus the time may soon come, if no unforeseen events occur, when Denmark will have a capital with a million inhabitants—a big head on a small body. During the same years the provincial towns also increased considerably; in 1870 they had a quarter of a million; in 1901, half a million; in 1916, very nearly as many as the capital. In contrast with this, the rural population remained almost at a standstill. In 1850 it numbered 1,116,000 people; in 1916, 1,711,000; but of these a third of a million lived in the suburbs of the old towns or else in new towns which have grown up around railway stations and in other places—a phenomenon which has completely changed the appearance of the country in the last hundred years.

Villages built together have largely disappeared through the exchange of land and the moving of farms; and in addition to the seventy provincial towns coming down from the Middle Ages there are about five hundred new settlements which have grown beyond all expectation. It is necessary for this

increased population to live, and not the least important consequence of this necessity is the increase of the industrial population.

The figures pertaining to trade and industry are very instructive. In 1855 there were 56,000 male employers and 42,000 employees or wage-earners—a proportion of four to three; in 1870 the figures were respectively 67,000 and 48,000—nearly the same proportion. Ten years later the employers were still in the majority; but in 1890 they were considerably outnumbered by the employees, and in 1901 the proportion was nearly two to one (134,000 employees and 69,000 employers). In 1911, while the number of employers had risen to 72,000, the number of workmen and office-workers was about 158,000. Whereas in 1855 trade and industry together (firms or individuals) had employed about 100,000 workers, fifty-six years later they employed about a quarter of a million; and whereas in 1855 the proportion of employers was 57 per cent., in 1911 it was only 31 per cent. This comparatively short period therefore witnessed a complete revolution. A corresponding impression of the movement may be obtained from the three industrial censuses taken between 1897 and 1914.

The circumstances of the town labourer were by no means easy. We have precise information for 1872; and as it has been proved that during the first decade after the abolition of the guild system workmen's wages were not essentially changed, the figures we give may be taken to represent conditions as they were during the whole period from 1860 to 1872. According to the statistics available, the average daily wage in Copenhagen was 2·73 *kroner* ($0·73) for industrial workmen and 2·38 *kroner* ($0·64) for artisans. The working day was long—ten to eleven hours exclusive of time for meals. The price of food was high, so that a workman, if he had a family to support, could not provide for it even the bare necessities of life. It was thus absolutely necessary for his wife and children, so far as they could, to participate in the earning

of their own livelihood. Conditions were a little better in 1882, as shown by a report for Copenhagen. The average daily wage for an unskilled workman was then 2·37 *kroner* ($0·64); for a journeyman, 3 *kroner* ($0·80). Somewhat more might be earned by piece-workers; and as the price of food was decreasing, some progress had been made even though wages were still lamentably low. On the whole, however, it may be said that the new period had not begun very auspiciously.

Beginnings of the Danish Labour Movement

As has been said before, the workmen, now that the guild system was abolished, had no organization to fall back on. The government manifested no special interest in their welfare, and the soil was consequently fertile for labour agitation. Nor did the workmen of Denmark lack intercourse with the rest of the world; not a few of them, indeed, had lived many years abroad—mostly in Germany, in spite of the mutual ill will engendered by the war of 1864.

It was especially the rise of the Commune in Paris, foredoomed as it was, which kindled the fire in Denmark. For some time, however, it was not Danish workmen themselves, but men outside their ranks, who carried the torch. The leader in this first period of Danish socialism was Louis Pio (1841–1894), who had become strongly imbued with socialistic ideas and had propounded them in some pamphlets published in 1871 and later in the weekly paper *Socialisten* (The Socialist). In the same year he organized a branch of The International Working Men's Association (founded in London, 1864), which soon embraced a considerable number of members. In his positive proposals he was not particularly radical; but his speeches were defiant and provocative and caused a great stir among the upper classes. When he, in a stirring article, entitled ' The Cup is Full ', called a public meeting for May 5, 1872, he and his associates were arrested and charged with inciting revolt. The Danish branch of The International was abolished, and Pio was sentenced by

the Supreme Court to five years' imprisonment at hard labour. He was pardoned in 1875, however, and on his release he immediately resumed his activities. But his day of glory as a leader was over. The workmen had now learned how to manage their own affairs through their newly organized trade unions. At a Convention in 1876 they founded The Social-Democratic Labour Party, which was to carry on the work of The International under the direction of a committee of nine members. Pio, in recognition of his activities as the originator of the movement, was placed at the head of this committee, but he nevertheless felt disappointed and slighted, and consequently lacked the self-reliance necessary to carry on the struggle under the difficult conditions then existing in Denmark. During the first few years after the Franco-German War labour conditions had been surprisingly good. Several strikes had been successfully carried through and had led to increased wages and other improvements. Co-operative societies had also been instituted, but they were successful for only a short time. The world crisis of 1873, which brought the period of prosperity to an end, dealt a severe blow to Denmark, where it was followed by a long period of economic depression. Workmen tried in vain during the last of the seventies to organize strikes. Several trade unions were dissolved and others had only an ephemeral existence.

The circumstances confronting Pio after his release were therefore anything but favourable, and in the spring of 1877 he left Denmark. To his party his departure seemed treachery to the cause, and in reality he failed his cause and was induced by the police to leave the country. His death, in 1894, brought his checkered and troubled career to an end.

Development of the Labour Movement

In the meantime the labour movement in Denmark lingered along sluggishly. It was not long, however, before it received a fresh impetus. In the eighties the trade unions began to flourish. They aimed at first at higher wages, which were to

be obtained, if necessary, by strikes; but soon other aims, such as relief, sickness and burial funds, were also taken up. Local unions were formed in the several towns, each for a certain trade, and all were united in Federated Trade Unions. These, in turn, were connected with the Social-Democratic Society, the chief aim of which was to spread socialistic doctrines.

In the middle of the eighties the membership of the trade unions had grown to about 20,000. This was but a fraction of the total number of workers in Denmark, to be sure, but it was nevertheless sufficient to secure for the working class as such a considerable political influence. From that time on the labour movement advanced rapidly.

As stated above, it was especially from Germany that socialistic ideas spread to Denmark. The German *Gewerkschaften*, rather than the English trade unions, served as our model, and it was particularly the teachings of Lassalle and Marx which were set forth in our socialistic press. No really new and independent ideas were developed. On the whole it may be said that the labour party had less need of learning socialistic theories than of adopting an efficient policy which would gradually bring it into effective co-operation with the other political parties in Denmark.

We may form an idea of the progress of the Danish labour movement in two ways: first, by following the growth in the membership of the trade unions; second, by noting the results of parliamentary elections. At the close of the last century the total membership of the trade unions was about 100,000. During the first years of this century the number decreased a little, but it soon rose again during the great revival of trade. In 1913 it was 150,000; in 1917, about 200,000. In 1886 the trade unions were consolidated in the Federative Trade Unions of Copenhagen (*Samvirkende Fagforeninger i Köbenhavn*), and twelve years later there was formed a national organization called The League of Federated Trades, which enrolled most of the members of the older

association. There were a few trade unions that declared for greater independence and stood apart from the federation; but all together they formed a compact and solid body which was arrayed, politically and socially, against all the other classes of society. In 1892 the Federative Trade Unions of Copenhagen had introduced into its constitution a clause providing for mutual support in case of strikes, and this principle was also included in the constitution of the League of Federated Trades. If the members of one trade union resolved to go out on strike, and the chief organization approved the action, contributions were exacted from the other trade unions and used for the support of the strikers. Moreover, the trade unions also maintained certain international connexions, chiefly in Scandinavia, through which they might expect assistance in case of a conflict with ' capital '.

The procurement of higher wages was of course the main object of these organizations; but they also interested themselves in other matters in behalf of labour, such as support of the unemployed, exchange of labour, regulation of apprenticeship, etc. Some of these objects have now been taken over by other institutions, as we shall see further on, but the trade unions have nevertheless remained in close touch with the work.

The second standard by which to measure the growing strength of the labour movement is furnished by the parliamentary and municipal elections. As early as 1872 the workmen of Copenhagen nominated candidates for election to the *Folketing* (Lower House), one of whom was Pio, but they received very few votes. Nor did they fare much better at the next elections. Still, they received an increased number of votes, and it was becoming apparent that several constituencies would eventually become socialistic. Finally, in 1884, the social-democrats seated two representatives in *Folketing*; and steady progress followed thereafter. In 1892 some 20,000 social-democratic votes returned only two members, but in 1901 the number of votes was nearly 40,000

and fourteen socialists, out of a total of a hundred and fourteen representatives, took their seats in the Lower House. In 1910 twenty-four socialists were elected by 99,000 votes (28 per cent. of all the votes cast). Had the number of candidates elected corresponded exactly to the number of votes received, the party would have seated thirty-two representatives; but the social-democrats voted chiefly in the urban districts, where the number of electors was generally greater than in the country. In 1913 the social-democratic candidates received 107,000 votes (nearly the same proportion as before), and this time won thirty-two seats. The social-democrats now stood second, numerically, in the Lower House. The new Constitution of June 5, 1915, made no essential difference in the comparative strength of the party. In 1918 the social-democrats obtained 262,000 out of 921,000 votes (men and women), or 28 per cent.; and they elected thirty-nine of the one hundred and forty members of the *Folketing*—likewise 28 per cent. The party now stood second to the 'Left' with its forty-six members, and the 'Radical Left' stood third with its thirty-nine members. Simultaneously with this increased membership in the *Folketing* the social-democrats also succeeded in entering the *Landsting* (Upper House), in which the election of 1915 won for them four of the sixty-six seats; and in 1918 they won fifteen seats.

It is almost needless to say that evidences of the growth of the social-democratic party are also to be found in the municipal boards of several towns, not the least in Copenhagen. At the election in 1917 for the municipal board of the capital the social-democrats won thirty out of fifty-five seats; in Aarhus, the second largest town in Jutland, eleven out of nineteen; in Esbjerg, nine out of nineteen, and so on.

Employers' Associations

The strength of this movement, which held workmen of all occupations in closer union than had ever been the case in the time of the guilds, naturally demonstrated the necessity

of employers' associations. After the abolition of the guild system a number of the more important guilds had combined to organize masters' unions, which partly undertook the task of apportioning the old relief funds and partly set themselves to guard the interests of their several trades. Similar associations were formed in the provincial towns; and soon there arose a great number of employers' associations which were to form the basis of an entirely new development. For some time these new associations did not have as solid an organization as those of the labourers; but in 1879 there was founded the association of the Joint Representatives of Trade and Industry, which gradually gathered a large number of members and soon became firmly consolidated—especially after the Industrial Council (*Industriraadet*) was formed, in 1910, to protect the interests of industry. The latter was of especial importance for the economic life of Denmark during the World War. The relationship to the workmen rested with another institution, the Employers' and Masters' Union (*Arbejdsgiver og Mesterforening*), founded in 1898 on the basis of a smaller association which had been in existence for several years. It is very firmly organized and exercises a very considerable authority over its members, for whom its General Assembly is authorized to declare lockouts.

The new association soon had an opportunity to test its strength. A growing antagonism between the two parties had long been smouldering, the employers complaining of a disposition on the part of the men to break the rules, the men, on the other hand, demanding freedom from all rules. In 1899 they came to an open rupture. The trouble began with an apparently slight disagreement among the joiners in some towns in Jutland. The chief organizations came to an agreement in the matter, but this agreement was renounced by the journeymen. A joiners' lockout was then declared for the whole country, although the journeymen joiners withdrew their objections. But the Employers' Association now made claims upon questions of principle, and as the

journeymen would not agree to these claims the lockout was extended to include all the building trades and the iron industry. The conflict was settled after several months by the so-called September Agreement. The various rules then laid down might be interpreted as a victory for the employers, even though many of them could not be enforced without opposition. But definite resolutions were adopted with regard to the declaration of strikes and lockouts, which, it was stipulated, were not to begin without due notice. Moreover, the right of the employer to conduct and distribute work was acknowledged; and the chief organizations on both sides were to co-operate to check the excessive consumption of spirits. Any violation of this agreement was to be dealt with in a court of arbitration (Permanent Court of Arbitration established by an act of April 3, 1900). In this way the road was cleared for the social development of trade and industry during the following decade.

The Commission of 1875

Other factors had long been at work to create in Denmark a development of class relations corresponding to the demands that had grown up all over the world. In September, 1875, a commission was appointed to investigate and report on the circumstances of workmen. The report, which was submitted at the end of three years, did not lead to any practical measures of importance, but by its motley contents it aroused a wide discussion of many questions. Its recommendations and proposals reveal a truly remarkable conflict between old and new ideas. Declaring that the Trade Act of 1857 was too radical a departure from the established policy, it demanded greater restriction of trade. A few members even proposed a reversion to the conditions existing at the time of the guilds. Some advocated co-operative unions, and others declared themselves in favour of a system of profit-sharing between employers and employees. The latter idea was just at that time engaging the attention of political

economists, some of whom upheld it as the panacea for all social ills. Some members advocated a strengthening of contract relations between employer and employee by the introduction of a contract book with definite rules as to time of notice, prohibitions against employing any workman who had not been formally released from his previous contract, etc. Some of the members advocated workmen's courts to which workmen and employers might have recourse for the settlement of labour questions of all kinds. No special mention was made, however, of the important question of wages. The proposals referred mainly to local questions and consequently could not be of any real value for problems of the next generation. As regards funds for the relief of sick workmen, a minority of members proposed the re-introduction of compulsory contributions or assessments, while others advocated voluntary contributions from the workmen themselves. Finally, there was proposed an Employers' Liability Act whereby compensation should be granted to men injured at work or to their surviving families in cases of fatal accidents. While some members advocated the furthering of old-age pensions by voluntary contributions to a public fund, a minority declared itself in favour of compulsory contributions in this case as well. Of the new measures proposed were those for Savings Banks for poor people; easier access to school education, and limitations of work on Sundays. Moreover, in consideration of the increasing importance of machinery in industry, recommendations were also made for the introduction of low power engines in small manufacturing establishments. This last recommendation shows more distinctly than anything else the contrast between the old and new ideas. The industrial census of 1914 shows that even then only 7 per cent. of the quite small concerns, conducted by a single proprietor without assistants, had introduced engine power, in spite of our great technical progress along other lines. Between 1906 and 1914, however, the increase in the use of machinery, calculated

in horse power, was from 113,000 to 230,000—an increase of more than a 100 per cent. in not more than eight years.

Beginnings of Social Insurance

By the time the report of the commission was published a strong turn of the tide had taken place in the outside world and had contributed to bring about a corresponding change of attitude in Denmark. In Germany the short-lived free trade movement had given way to a protective policy. Political economists had freed themselves from the old idea of the social-economic harmony resulting from free competition and free initiative. 'Professorial socialism' (*Catheder-socialismus*), with its demand for the intervention of the state in behalf of the lower classes, was popular in the universities. The German government had entered into the struggle against the socialist movement with firm resolve, but with little success. In 1878 it passed a Socialist Act which led only to a closer consolidation of socialistic ranks. As a counterbalance to anything which might arouse dissatisfaction among the lower classes, on November 17, 1881, Bismarck issued the famous Imperial Message concerning workmen's insurance, which set forth basic principles for legislative measures, not only in Germany, but also in several other countries. In solemn form the message declared that the cure for social ills was not exclusively to be found in the suppression of social-democratic excesses, but in positive efforts to promote the well-being of the workmen; and it proposed, in the first place, a workmen's compensation law and a further provision for sick funds and old-age and invalid pensions. Results followed quickly. In 1883 a law on sick funds was passed introducing compulsory insurance, two-thirds of it to be paid by the workmen and one-third by the employer. In the following year came a workmen's compensation act which brought to light the great change of opinion that had taken place since 1871 as to the responsibility of employers in case

of accidents, for it enjoined on employers organized in large mutual vocational societies (*Berufsgenossenschaften*) to pay compensations to men injured at work or to their surviving families in case of fatal accidents. Finally, in 1889, the complicated old-age and invalid insurance was introduced by the so-called *Klebegesetz*, which entitled wage-earners and office-workers with low salaries to insurance in case of invalidity or on the completion of their seventieth year. The payment was regulated by means of stamps affixed to receipt cards, one-half to be paid by the insured and one-half by his employer; moreover, the government was to add a contribution of fifty marks a year to each pension. In 1911 the whole system, which was somewhat extended and improved during the following years, underwent its last great change under the comprehensive Imperial Act, which brought about conformity between the regulations concerning workmen's insurance and the attempt to establish widows' funds. But no steps were taken toward the solution of the great and difficult problem of unemployment insurance.

In this way the road was opened for compulsory insurance in Germany, and it is not surprising that a similar movement was initiated in Denmark. The results gradually achieved in this country, however, proved to be of an essentially different character, and the fact is that we may boast of having introduced a system which is in many ways far simpler and yet very effective. If the country had not been so small, it would undoubtedly have been overrun by committees from all over the world appointed to study our system, which in certain points has indeed served as a basis for other countries to work on.

The Commission of 1885 and the Development of Social Insurance

In 1885 a second Workmen's Commission was appointed in Denmark which had a more limited task than that of 1875. Its original aim was to formulate a proposal for an

accident insurance, but this aim was afterwards extended to include a sickness insurance as well; and, indeed, it was only upon this point that the proposals of the Commission had any direct bearing. After two years of work the Commission handed in its report. With regard to sick funds, it proposed not to disturb the existing system of Friendly Societies, but rather to encourage this form of self-help in every possible way. When the guild system was abolished the majority of the compulsory journeymen's funds, which were often combined with extra voluntary contributions, had been taken over by voluntary journeymen's clubs. Besides these, however, Friendly Societies of another sort were then in existence throughout the country. In 1866 the total membership was estimated at 20,000, but after that it increased rapidly; in 1874 it amounted to 87,000, and in 1885 the total membership of about one thousand Friendly Societies was estimated at about 120,000. Generally speaking, therefore, the individual societies were small. Inasmuch as the system of Friendly Societies had led to such good results, it seemed quite proper to continue working along the same lines.

The Friendly Societies had not operated entirely without outside support. In the capital most of them were recognized by the municipality—which meant that their members, when their need was proved, received treatment at reduced rates in the *Kommunehospital* for themselves, as well as free cure and attendance for their wives and children. Moreover, physicians did a great deal of work for them at low rates. But the societies, although their payments to the members were ordinarily small, were often hard pressed for funds, so that it was sometimes necessary to raise money to cover deficiencies by extraordinary means, i. e. by festivals or otherwise. But while the activity of the Friendly Societies could not be extensive from an economic standpoint, great advantages of another kind were derived from this form of self-help. The administration and inner life of the societies

was an excellent source of training for their secretaries, cashiers, district managers, auditors, etc., so that they must be credited with having contributed a great deal to the moral and intellectual uplift of the population. The Commission of 1885 consequently expressed a unanimous opinion in favour of their continuance and development as voluntary institutions, and this opinion was acted upon in the bill brought before the legislature. In this way were established lines along which Danish social insurance was to develop during the succeeding generation.

Some years passed, however, before this matter was finally adjusted. An act of April 12, 1892, made it possible for the Friendly Societies to secure government recognition, and they obtained considerable advantages in return for a certain control to which they had to submit. Individual societies were limited to a certain place or trade; only persons with a modest income were admitted; persons suffering from chronic diseases could be admitted as members only on certain conditions. The act granted a government subvention of 500,000 *kroner* to the recognized Friendly Societies—an amount, however, which was soon considerably exceeded. The amount receivable by each society might reach a maximum of 2 *kroner* ($0.54) per annum per member, plus one-fifth of each member's subscription. Moreover, members and their children under fifteen years of age were to receive treatment in hospitals at reduced rates, as well as free transportation of doctor or midwife in rural districts, when they themselves had no horse or wagon. The help given by the societies was generally to consist of free medical treatment and a daily allowance of between 40 öre ($0.11) and two-thirds of their earnings. This help might be granted for a period of at least thirteen weeks in twelve consecutive months. An inspector was appointed to supervise the recognized societies; and to establish a contact between the societies and the inspector it was agreed to hold an annual meeting of delegates from the societies either for the various

provinces or for the whole country. Furthermore, the several boards were to elect a general council for the discussion of questions concerning the societies, and this council was to submit to the government proposals for withdrawal of its recognition of any society which had acted in questionable or unsatisfactory manner, even if it had not openly violated the provisions of the act.

The last provisions especially contributed to further the development of the Friendly Societies. In their delegates and the council they now had a mouthpiece, and a system of common rules and regulations was established which proved to be of great value. The choice of Mr. Th. Sörensen as Inspector—a practising physician who had been a member of the Commission and who won the confidence of the Friendly Societies to a truly remarkable degree—contributed greatly to the thriving of their funds. He supervised the interests of the societies in a genuinely democratic spirit, and it was largely due to his influence that the delegates appointed were most valuable to the cause.

The rapid growth of the movement under this act shows to what extent the principles involved harmonized with the Danish way of thinking. At the close of 1893 there were 457 recognized societies, comprising 116,000 members. At the close of 1915, when the act of 1892 ceased to be in force, the number of societies had increased to 1,546 and the number of members to 892,000. Thus the time seemed near when half of the adult population of the country would be members of some Friendly Society. The female members slightly outnumbered the males; and it must be noted that, according to the act, a married woman had to be an independent member in order to participate in the advantages offered.

If the question is asked whether the voluntary system of Friendly Societies has reached down to those classes for which it was intended, it must be admitted that we have no guaranty of it such as we would have in a compulsory system. But an examination of the social position of the

members seems positively to indicate that the great increase in numbers during recent years is from the lower classes, the servants and labourers, and that the day is not far off when nearly all of the poor people will be members of one or another of the recognized Friendly Societies. While a few people still shun them, it is of very great importance that they have given the lower classes of the community an opportunity to exercise self-government and, through their delegates and the council elected by them, to contribute to the further development of the cause.

A committee was appointed in 1910 to amend the act, but the amendment was not completed until 1915; and the act which went into effect at the close of that year did not contain any essential changes. The rules relating to the government subvention were modified in various ways; for the capital the amount of the subvention was limited to 4·65 *kroner* ($1·25) per annum per member; for the provincial towns to 4·15 *kroner* ($1·11); and for the rural districts to 3·65 *kroner* ($0·98). A deficiency fund was also established which was to make up, during the first years, any deficit in the amount previously contributed in accordance with the old act. These limits will probably be abolished by further legislation. The act further empowers the municipality, within certain limits, to help poor members of recognized societies in the payment of their subscriptions, and to do this without the consent of the higher authorities. To this must be added the grants made in the last few years in conformity with the laws passed to alleviate the high cost of living—a matter to which we shall refer later. Of very great importance, moreover, is the duty which the law imposes on the municipalities to furnish free transportation to the sick, or to physicians and nurses, in rural districts, and to reduce hospital charges. The state further sets apart considerable sums for consumptive hospitals and for lunatic asylums. As regards membership, the new law contains an extension of the previous provision regulating the admission of persons

suffering from chronic diseases, and imposes upon the societies the obligation to receive such persons when they otherwise satisfy the requirements of admission. The same paragraph of the new act contains a sort of promise of invalidity insurance, running: 'until in other ways means shall be provided by special regulations to help persons suffering from chronic diseases and the like.' Persons who cannot now be classed as poor may be admitted as 'passive' members (paying a subscription), with the right at a later period to participate in the advantages offered by the society in case their circumstances should necessitate it.

A very important point is the relation of the societies to physicians. Gradually, as the friendly societies extended further and further, the physicians found it more and more difficult to maintain their former philanthropic position. It consequently became necessary for them to present claims for money which the societies did not always understand, with result that disputes arose between them. The new law, accordingly, provides for the establishment of an arbitration council, that is, a conciliatory council, to which such disputes can be referred. While the societies are, of course, under the control of the state, they still have an independent administration to a great extent, both severally through their own annual assemblies and jointly through the co-operation which has come about in the course of years.

The several societies have combined in a number of Central Societies, each with its special board, and these again, through their chairmen, form a committee. Moreover, meetings of delegates are held to consider such questions as are of importance for the whole sick fund institution. Finally, there is the Friendly Society Council, previously mentioned, the membership of which is now fixed by the new law at nine.

Since the law went into operation, in 1916, the new arrangement here briefly described has considerably furthered the sick fund institution in Denmark. A few figures will bear

out this statement. At the close of 1917 the 1,550 societies comprised not less than 991,000 members, or half of the adult population of Denmark. Of these 11,000 were victims of chronic diseases and were admitted only under reservation. Funds to the amount of 11,000,000 *kroner* (about $3,000,000) had been collected, while the annual income was 13,000,000 *kroner*, of which 3,700,000 came from the state and 300,000 from the municipalities. The largest outlay was for medical assistance, amounting to more than 5,000,000 *kroner*, i. e. about 5 *kroner* per member. This amount has increased at a rapid rate, since a few years ago it was only 4 *kroner*. The outlay for medicine, bandages, etc., was 1,200,000 *kroner*; for treatment in ordinary hospitals, as well as in consumptive hospitals and lunatic asylums, 1,700,000 *kroner*; and for pecuniary assistance (inclusive of help to women in confinement) 3,400,000 *kroner*. The administration cost upwards of 1,000,000 *kroner*.

A large number of recognized societies also established burial funds, and a very considerable number of these have combined in a reinsurance fund which has contributed still more to enhance the sense of union.

The above description will convey a general idea of the friendly societies of Denmark and of their value as means of self-help offered with the greatest possible freedom. In only one point is there an apparent breach of the principle of free determination. This is the law of 1908 (later amended) concerning the employment of foreigners, the so-called 'Polaklov'. It relates to a Friendly Society organized for the benefit of Polish workmen, the support of which is compulsory upon their employers, but is aided in part by a government subvention. These foreign workmen who live for a while in Denmark are of course entitled to effective protection, but they cannot be expected to possess that privilege of voluntary association which belongs to Danish workmen.

Development of Accident Insurance

While sickness insurance thus took its course, accident insurance was for a long time unknown. The report of the Commission of 1885 proposed an arrangement very similar to the German system, whereby all workmen employed in the cultivation of lands, or in woods, or in industry, or in loading, unloading, etc., should be insured in public insurance companies. The proposal itself indicates a departure from the old idea that wages should be sufficient to cover all insurance expenses to the new attitude that expense incurred by a workman through an accident occurring while he is at work attaches to the employment and should be borne by the employer. That this view has come to prevail in Denmark as well as in Germany, shows to what extent 'professorial socialism' has spread. The compensation proposed was a yearly pension to the workman injured or to his surviving family in case of fatal accidents, the money to be obtained from a tax on the *Hartkorn*, as well as from the employers in the industries and trades comprised under the act. The legislature did not accept this proposal, however, and several years passed before an agreement relating to an accident insurance was arrived at. In the meantime the matter was left to private initiative, and several employers voluntarily introduced insurance for their workmen. The act of January 7, 1898, took this voluntary development into consideration and fixed upon the employers within the trades and industries specified in the act the responsibility for compensation. It permitted them, however, to transfer the risk to an insurance company, provided only that the company was one recognized by the government. This management of accident insurance was quite different from the German method. Thereupon there grew up a number of new insurance companies which assumed the risk for the compensations awarded to injured workmen, or to their surviving families, by the Workmen's Insurance Council. The natural outcome of this was the abolition of the system

of annuities. When an accident occurred, a lump sum compensation was awarded, and it was considered a private affair of the people concerned whether they spent the money judiciously or injudiciously, whether they used it to start some new commercial industrial or agricultural enterprise, or whether they merely wasted it. On the whole this liberality seems to have been justified, the results bearing witness to the progress and common sense of the people thus benefited. The Workmen's Insurance Council upon which it devolved to apply the act, and especially to fix the compensations, was composed of representatives of both employers and workmen working in amicable co-operation. Legislation was continued along these lines, and a considerable number of activities were gradually brought under the accident insurance. In 1900 it was extended to the Danish fishermen; and, with the support of the state, independent fishermen were also allowed, on the payment of a low premium, to participate in it. In 1905 came an act for Accident Insurance for Seamen, which went a step further by enjoining on the employers the obligation to cover their risks by transferring them to an insurance company recognized by the government. Finally, in 1908, an act was passed which extended accident insurance to agricultural workers on estates of a certain value, the owners of which were likewise bound to transfer their risks to recognized companies; but the act also allowed both workmen and employers to effect voluntary insurance without regard to the size of the estate.

On the whole it may be said that this system had a good effect. It may, indeed, be taken for granted that only very few employers did not transfer their risks to a recognized insurance company. On the other hand, an obligation imposed upon them to do so could not be considered arbitrary interference with personal freedom when nearly all employers in the occupations concerned actually had insured their risk. This is the principle laid down in the long needed Codification of July 6, 1916 (which went into force on April 1, 1917),

which at the same time added an extraordinary extension—that such insurance should affect not only industry, but also trade and commerce, public employees, shop clerks, etc., as well as domestic servants permanently or temporarily employed in private households; also persons engaged in forestry, agriculture, and horticulture, as well as in shipping and fishery. The duty to insure oneself is laid down as a principle, but the individual is left free to choose the company in which the insurance is effected. The law of July 6, 1916, has thus permanently drawn a very large part of the population under its influence, and it admits, moreover, a voluntary arrangement for certain independent groups.

If we examine the decisions made with regard to the duty of insurance or the reference of accidents under the law, we find that a great liberality underlies its extensive regulations, even in cases which, hastily considered, would seem to lie outside the scope of insurance. Under the law, for instance, comes such casual assistance as might be rendered in getting a wagon out of the mud or in helping a neighbour to catch a stray calf. If a nursemaid is injured when playing with her master's child; or if a seamstress working at home for a master tailor runs a needle into her eye in leaning over to tend her little daughter who sits beside her trying to sew; or if a six-year-old child helping on her father's farm is injured when leading a cow home from the field—all such cases likewise come under the law. So, too, a bathing accident from a ship, or from a boat belonging to the ship, is considered within the law. A death which formerly would have been considered an indisputable suicide may now be attributed to insanity. An explosion due to lack of caution is not now called a 'case of gross negligence'. Moreover, the same regard is shown for those, who, besides the person injured, may suffer from an accident; for example, if a servant girl has been helping her parents in the payment of taxes and the like, an injury to her gives them a just claim for compensation. If an

employer has neglected to insure an injured employee, he is liable for the compensation; and if the damage is not covered by this compensation, the remaining amount is recoverable from the insurance companies. The amount thus imposed on the companies, as well as the expense which a liberal construction of the law will occasion, is certainly of but little financial importance. The thirty mutual societies, nine joint-stock companies and two insurance companies serving the interests of Danish ship-owners, fishermen, and seamen are apparently prospering under this law, and dissatisfaction on their part is rare.

The Workmen's Insurance Council, which is at the head of the whole system, and which in conformity with the provisions of the law decides whether any compensation shall be paid and, if so, what the amount shall be, will naturally, by the reason of its very composition, look first to the interests of the insured. The composition of the council corresponds to that which has served well in the Friendly Societies. It consists of four departments; one for industry (including private servants and the like), one for shipping, one for fishery, and one for agriculture. In each department there are three members appointed by the Crown, one of whom is the chairman of the council, two representatives of the employers and two of the workmen; these, as well as the representatives of the persons voluntarily insured, are appointed by the government. The representatives of employers and workmen are appointed after nomination by institutions officially authorized to do so, namely, the Danish Employers' and Masters' Union, the League of Federated Trades, the Federative Agricultural Unions, and the Federative Danish Cottars' Unions. These organizations act as states within the state, and by mutual negotiations they have settled many disputes in such a way that the result, as stated above, is generally to the advantage of the insured.

Further development is of course possible. It may be

along the line of greater concentration, as, for example, by placing all risks in one or two public insurance institutions only; or it may consist in increasing the amount of compensation in view of the decreased value of money. In general, however, the system has been perfected, and certain problems have been solved in a manner satisfactory to the lower classes of the population.

Development of Old-Age Pensions

While in this branch of social insurance there is no great divergence from the German system, although a considerably wider scope has been given to private initiative, in the matter of old-age pensions, on the other hand, a quite different arrangement is to be observed.

The question of voluntary old-age pensions has been under consideration in Denmark for many years. The Workmen's Commission of 1875 proposed that the state should establish an old-age pension fund for the poor. When the matter was debated, a majority was in favour of making it a voluntary fund, to which the state and the municipality should contribute sums equal to the contributions of the insured, but not exceeding 20 *kroner* per annum per capita; and for certain workers (servants, factory hands, and apprentices) between the ages of fifteen and twenty, employers should make certain payments. A minority, on the other hand, insisted upon a full compulsory insurance system. In 1880–1881 there was discussed in the *Folketing* a private bill which was closely connected with this subject and which proposed that a certain amount of insurance should be compulsory for all persons between the ages of fifteen and twenty-two, and that further voluntary insurance should also be allowed; also that members of the working class between the ages of twenty-two and forty-two should receive allowances from the state and the municipality to aid them in the purchase of an annuity payable at the age of sixty. The bill, however, did not meet with general approval. Moreover, a proposal

made by the government in 1883 for the introduction of voluntary old-age insurance with aid from the state for persons between the ages of eighteen and forty-five suffered the same fate. The latter bill was brought in again the following year in an amended form, but with a similar result.

It is not surprising that things came rather to a standstill in this matter. In the eyes of most people old age is a very remote condition, and those who are not unusually provident are far more attracted by matters of immediate concern. Insurance against sickness is to them a far more vital matter than an old-age pension ; and as soon as a man has married and settled down he thinks first of providing for his wife and children. This is so much more the case because the annuities obtained seem to most people too small to compensate for the necessary sacrifices.

The discussion of old-age pensions was, nevertheless, continued on the basis of the government proposal. But at the end of 1890 two leading members of the *Folketing*, Messrs. Berg and Hörup, brought in a very different bill for the establishment of old-age pensions for the poor. This bill proposed that the poor should be allowed to purchase annuities at low rates, but also that a permanent grant of annuities should be made for all persons over sixty-two years of age who had no means of support, the necessary funds to be raised by a tax on liquor. Soon afterwards a bill was brought in from another quarter proposing a system of old-age pensions partly built upon compulsory insurance and recommending a beer or malt tax to cover any grant made by the state. The matter was now ready for decision ; and when ten members of the *Folketing* presented as an alternative to the Berg-Hörup proposal a bill entitled ' old-age pensions for respectable poor people outside the poor-relief system ', it was passed by both Houses with a surprising unanimity and became a law after a lapse of only one month. This act, passed on April 9, 1891, has since been amended, but it still retains its original character and

has played a very important part in Danish social policy. The principle embodied in it is very simple; the only hint of a claim on the ground of former self-support lies in the condition that the person who receives help shall for some years have been independent of the poor relief system. The act entitles every one who has reached the age of sixty, and is incapable of supporting himself and his family, to a pension of sufficient amount to provide the necessaries of life, together with medical treatment and attendance in case of sickness. The support may be given either in money or in kind, the amount to be fixed by the municipality concerned, with the understanding that one-half shall be paid out of the state, but that this half shall not exceed a total of 2,000,000 *kroner*.

This act may be looked upon as an extremely bold step, since nobody could predict what heavy burdens it might impose upon the public. The enormous increase of expense gradually incurred in the years to come would perhaps have alarmed the proposers, had they realized at the time how much money this single measure was destined to cost. But the act contained two important advantages. In the first place, it avoided the costly and troublesome apparatus of insurance with its compulsory payments, which did not seem to offer any real return for all the trouble and pecuniary sacrifices involved. In the second place, it could enter into operation immediately, or upon very short notice, whereas an annuity started now would be payable only after a lapse of many years, and would, moreover, be far less satisfactory for the reason that its calculations would be based on the incomes of the present generation, which would perhaps not begin to receive its payments until nearly half a century later, when the exigencies of life and the purchasing power of money would probably have changed to such a degree that the amounts paid would be entirely insufficient. These two advantages of the Danish system are very apparent when the latter is compared with the German *Klebegesetz* with all its complicated apparatus.

Naturally the act was severely criticized by economists. On the one hand, it was asserted that it involved a certain arbitrariness in the amount of the annuities. One municipality might be very niggardly, another very liberal. The Berg-Hörup bill would have answered better, it was contended, in that its pensions would be fixed amounts, whereas those of the new bill might easily create very great burdens. The other objection was of a more serious nature. There was grave danger, it was claimed, that the people would tend to become careless and extravagant if they were assured support in their old-age. Moreover, persons who had denied themselves things in order to save a little money would receive nothing; while those who had spent all their earnings would be taken care of by the state and the municipality. There seems to be no special occasion to fear this, however, especially after a liberal amendment having been made enabling the people concerned to have a legacy, their dwelling, or a little income from an annuity. Even now municipalities may, on their own initiative, introduce a system of fixed rates, as Copenhagen has done.

The cost of the old-age pension system has greatly increased, as might have been expected, for the reason that an increasing number of old persons who previously would have come under the poor-relief system are now receiving old-age pensions. But this has come about under the influence of the general rise in prices and in apprehension of the needs of the people to be supported. For this reason the amount of the pension has been increased, though somewhat irregularly, since each municipality determines the amount of its own pensions. The government subvention was originally limited, as already stated, to 2,000,000 *kroner*; after some years this limit was extended to 2,500,000 *kroner*, and in 1902 the limit was completely abolished. In the fiscal year 1904–1905 the public expense had increased to 7,000,000 *kroner*; five years later it was about 10,000,000 *kroner*; and in the last fiscal year before the war it was 14,000,000 *kroner*. During the World

War it rose with enormous rapidity; in 1916–1917 it was 20,000,000 *kroner*. Approximately 70,000 persons, all told, benefited by the system, besides about 20,000 who were dependent upon them. A considerable proportion of the people who have reached the age of sixty are now receiving old-age pensions, and approximately one-fourth of them are men. The percentage increases greatly with advancing age.

Invalid Insurance

Several attempts have been made to amend the act. The fixed rates of the Berg-Hörup bill have had many friends, and strong declarations have been made in favour of extending the act to include invalids under sixty years of age. It must be acknowledged that in this respect the German system has a great advantage over the Danish system. In 1903 a new committee was appointed, which, after several years, handed in a report. In this report two principles stand over against each other. On the one hand it was proposed to let the existing arrangement for sixty-year-old persons apply to younger invalids as well. This was a very simple solution, but it aroused some apprehensions on account of its expense. Now that the state and the municipality had bound themselves to spend so much upon the old, it was thought right and proper that a tax should be imposed as a sort of premium for a certain number of years on those who would benefit by the pension, in order to lighten the burden resting upon the general public. The chief proposal was to the effect that every person in the country should pay from his eighteenth year, for fifteen successive years, an annual contribution of 24 *kroner* as a premium, for which he would receive an annuity in case of invalidism, or at the age of sixty-five; and this annuity would be supplemented, if necessary, by a government grant. This arrangement was not adopted, however, and it was therefore to be inferred that public opinion favoured more and more the simple solution of allowing people to

receive invalid pensions on the principle of the old-age pensions, i. e. without having to make payments towards them. During the World War money became easier, and expense is consequently not so carefully considered now as it was formerly, even though it may weigh heavily enough on an already strained budget. At the same time the trend of opinion is more and more towards socialism, even among people who continue to cling to individualism. It might be expected, therefore, that development in this direction would soon appear in the Danish old-age pensions act.

Such an amendment would place Denmark on a level with Australia. It is interesting to note that a system of old-age pensions similar to the Danish was adopted in New Zealand in 1898; but the rates there were fixed, as the intention was to grant an annual income of a specified amount. The age limit for males is sixty-five instead of sixty. This example was followed later in Australia, where an act was passed entitling any person in the whole commonwealth, upon certain conditions, to an old-age pension from the age of sixty-five and to an invalid annuity from the age of sixteen. From Australia the principle spread to England, where, in 1908, old-age pensions were introduced for all persons over seventy whose incomes did not exceed a certain sum per annum and who complied with certain rules. In England the great National Insurance Act of 1911, which was a radical departure from all inherited ideas of social policy, supplemented the pension act of 1908 by introducing a compulsory insurance, with contributions to the premiums by the state and the employer, designed to give aid in cases of sickness, permanent invalidism and unemployment. To this extent the social policy of England has diverged from that of Denmark; but Denmark may certainly pride herself on having been the model for England, though in a roundabout way with Australia as an intermediary.

Care of Widows and Orphans

The train of ideas which led to the passage of the old-age pension act was bound to extend to another case, namely, to the care of widows. In Germany the great Imperial Act of 1911, by which all the various insurance acts were consolidated, took widows into consideration, but was chiefly concerned with invalid widows. At the same time an annuity was introduced for the support of legitimate children whose fathers were dead, independently of the invalidity of the father.

In Denmark the lines already laid down were closely followed, and an arrangement was thus elaborated which was simple and yet much more comprehensive. The act of April 29, 1913, gives indigent widows the right to a government allowance for the support and education of their legitimate children, the maximum of which is fixed at 100 *kroner* ($27) annually for children under two years, 80 *kroner* ($21) from two to twelve years, 60 *kroner* ($16) from twelve to fourteen years (with exceptional prolongation to the eighteenth year), with a deduction applicable to widows in such circumstances that they do not require the whole sum. One-half of the expense is borne by the state and the other half by the municipality. By an act of March 4, 1918, the rates were increased 50 per cent. This system is much less burdensome upon the public than that of the old-age pensions. There are in all about 8,000 widows with about 20,000 children, and the expense in 1917–1918 was 1,300,000 *kroner*. Thus the new measure entered easily into the old system.

But there next arose a closely allied question. During the last generation there has been a remarkable change of feeling in regard to the position of illegitimate children. The old attitude made it difficult for them to get on in the world, for instance, in obtaining apprenticeship to an artisan.

In the course of time, however, the matter came to be considered from a much more humane point of view, and in 1908 the legislature came to the aid of unmarried mothers by passing an act entitling them to get the alimony which the father owes, paid in advance by the public. But if illegitimate children are thus helped, there is much to be said in the support of the argument that legitimate children should not be put in a less favourable position. The Widow's Act becomes in reality an act of justice to the woman who has married.

Care of Consumptives

It was pointed out above that the Danish old-age pension act lacked the necessary supplementary provision for the support of invalids. In regard to this matter, however, it must be noted that one of the chief causes of invalidism, tuberculosis, is being vigorously attacked in Denmark, not only by private institutions but also by the state and municipalities. In Germany invalid insurance has given rise to the establishment of a large number of sanitoriums, for it is evident that the insurance institutions are directly interested in this matter. But in Denmark, without this stimulus, the struggle against tuberculosis has sensibly advanced. An act of 1905 proposing ' Measures to Overcome Tuberculosis ' (later amended and modified, the last time in 1918) lays down a number of hygienic regulations. Teachers who are dismissed on account of having contracted infectious tuberculosis are thereby entitled to a pension amounting to two-thirds of their salaries; and the same applies to other officials and office-workers who come in contact with the population in such a way that there is danger of their spreading infection. The act further provides that the state or municipality may require persons suffering from tuberculosis to be placed in hospitals or may take other measures to prevent the spread of the disease, the expense to be borne by the state and municipality jointly. An act of 1905 (later amended), concerning public allowances

for the treatment of persons suffering from tuberculosis, provides that subsidies may be granted to sanitoriums recognized by the state within a certain limit; and that any support granted by the state or municipality to families whose natural bread-winners are receiving treatment in these sanitoriums does not come under the head of poor-relief. The state may contribute an amount not exceeding one-half the cost of building such sanitoriums or hospitals, within a certain sum for the accommodation of each patient. Thus a very large number of hospitals for tuberculosis patients have gradually been erected, and several thousand patients are treated yearly.

But there is another important task which begins only when the patient leaves the sanitorium. Our forefathers lived in a happy or unhappy ignorance of hygiene and the dangers of infection. To eat out of the same dish, drink out of the same cup and smoke the same pipe appeared to them neither unsavoury nor unsafe. Modern bacteriology has educated people more or less, however, and tuberculosis patients themselves return to the occupations of everyday life as apostles of the observance of rules of cleanliness and prudence. But with this growing enlightenment there has sprung up a dread of infection, which sometimes makes it difficult for a patient discharged from a tuberculosis sanitorium to obtain work. If he is skilled in office-work, for example, his fellow-workers in the office may shun him as one infected with plague. It is, therefore, a very important duty to help such people, who though they are well and able to work, are unable to find employment. And this does not apply only to persons who have recovered from tuberculosis; it applies to all persons who by disfavour of the times are enrolled in the great army of unemployed.

Care of Unemployed

Here is a problem which was little known in the days of the guilds. Unemployment during their journeys was an

established feature of the training of the journeymen; it was a pleasant time in their lives, which they might sometime look back upon with pleasure. Outside the fixed frames of society there were, indeed, not a few vagrants and idlers; but they were scarcely more numerous in proportion to the population than they are to-day, except in troubled times when war or other disasters had devastated the land. To a great extent private charity took care of such people then, just as it does now.

But under the modern tendency toward specialization, which apportions to each man his occupation and to each trade its field, that is to say, under the increasing industrialization of the community, a reserve army of the unemployed is a natural and unavoidable development. It will vary in size according to the pressure of business, but it will always be large enough to claim attention, even though it does not include vagrants and persons unable to work. Since almost all the activity of the community has now been massed, the individual elements which perhaps found it just as difficult to get along before now come to form a more or less compact body which lays its claims before society.

For a long time the trade unions included labour exchange and support of the unemployed in their programmes. Because of their aggressive attitude, however, they were less able to secure government recognition and support for this work, since they gave 'unemployment support' not only to their members who were out of work, but also to those who were out on strike. It is natural, therefore, that employers always looked askance on labour exchange as practised by trade unions. In this respect German social policy also had no great achievement to boast of. The leading legislators in Germany were not in favour of unemployment insurance as it had been practised in Switzerland, for instance, in Berne, or in Belgium under the so-called Ghent system. Various proposals were made, to be sure, as, for instance, that of compulsory savings from wages for the support of the

unemployed; but on the whole attention was concentrated on labour exchange. In not a few places municipalities or philanthropic societies established employment offices governed jointly by employers and employees; and under the stress of the World War centralized efforts were made as the various countries imposed the establishment of these offices on their municipalities.

All this activity in the field of unemployment insurance furnishes proof of the independent development of social ideas. Adam Smith and Turgot announced the principle of man's right to work, and they built upon it. They set forth as a prime necessity the abolition of all trade restrictions, so that all men might use their powers as they thought fit. But the working classes insisted more and more urgently that work should be assigned by the state. That the attempt made in France, in 1848, to carry out Louis Blanc's ideas of the right to work failed, was no great misfortune; in truth, it was not even loyally supported. But the claim increased in urgency, until in the eyes of many people it came to represent the prime right of man. At the close of the last century the social-democrats of Switzerland undertook to solve the problem by a referendum, but they were unsuccessful. The Unemployment Insurance Fund established in Berne in 1893 was one of the results of their agitation, however, and from that time on the question of unemployment had its place on the order of the day in all countries. To procure work might be extremely difficult, not to say impossible, even though many municipalities in hard times made great efforts to start some new enterprise, as was the case in many English towns toward the close of the last century; but the workmen had a clear right to exist, even when unemployed.

It was in Norway and Denmark that the first great step was taken in this direction. Denmark was better prepared for it through the previous development of legislation; but Norway was a little quicker and came out a length

ahead. In Denmark it devolved upon the above-mentioned Committee on Invalidism of 1903 to consider this question, which naturally had to be solved in conformity with existing laws. The Friendly Societies act was a good model. If a neutral unemployment society could be established, the community might support it as well as the friendly societies; for the sick and the unemployed have an equal claim to help to self-help. And what was quite as important for Denmark, the very man to bring about such a result was in the present committee, namely, the above-mentioned Mr. Th. Sörensen, Inspector for Friendly Societies, who had played so notable a part in carrying through the former act. He could count on the support and confidence of all the people in the community with whose representatives he would be called upon to work.

The Norwegian act, passed in 1906, provided that government grants should be made to voluntary unemployment funds on the sole condition that no support should be given in cases of strikes or lock-outs. At first the project met with little sympathy; even the workmen looked upon it with suspicion, which disappeared or was overcome very slowly, and only after the act had been amended. This suspicion did not exist in Denmark; and after the act recognizing unemployment societies was passed, on April 9, 1907 (amended by a subsequent act of April 8, 1914), it was not long before a considerable number of societies applied for government recognition.

The Danish act asserted that unemployment societies must have but one object, namely, to insure their members against the consequences of unemployment. They must be neutral; they must not be used to aid strikes or to support persons whose want of employment is self-occasioned, or who refuse to accept work assigned to them by the Board of the Society or a municipal employment office. Although the societies are neutral, they are generally managed by persons who are the leaders of the trade unions. The inspection is on the

whole managed as in the case of the friendly societies. The funds are derived partly from the subscriptions of the members, partly from government grants and voluntary or obligatory subventions from the municipality. According to the act of 1914 the government is bound to pay one-half of the total sum subscribed by the members. It is also authorized to make a grant to any Emergency Fund that may be established to give support under extraordinary conditions of unemployment; and if such a fund is established, the municipality is likewise bound to make contributions to it.

The right to this support is conditional. The applicant must have been a member of the society and have paid subscriptions during the preceding twelve months; further, he must have passed through a certain number of days of unemployment. The daily support allowance is limited to between half a *krone* ($0·13) and two *kroner* ($0·54), and, at the most, to two-thirds of the applicant's ordinary working wage.

The societies appoint delegates who meet once a year to discuss their activity and co-operation. In the support of the cause, the law further provides a council composed of the Inspector, two members appointed by the *Folketing* and two by the *Landsting*, besides six members elected by the delegates of the unemployment societies. This council serves as an intermediary between the various societies; its duties are to establish rules for the transfer of members from one society to another, to endeavour to homogenize the rules for granting aid and to present the case when one of the societies ought no longer to be recognized. As is the case with the friendly societies, a council of this kind contributes to no small extent to the growth of the unemployment funds by inspiring the working classes with confidence and securing their co-operation. The increase in the number of members has been considerable. On March 31, 1918, there were sixty-two recognized societies with 221,000 members, whose subscriptions during the year 1917–1918 amounted to 2,400,000 *kroner*. The state ordinarily contributed 1,000,000

kroner, but owing to the high cost of living, it increased the amount to 3,100,000 *kroner*. The municipality contributed 700,000 *kroner*. Most of the grants were for 'day-money'; comparatively small amounts were given for journeys, removals, or food. A sum of 144,000 *kroner* was set aside for the above-mentioned Emergency Fund.

By the passage of this act Denmark contributed a great deal, as has been said, toward the general solution of this great problem. In 1911 came the great British reform based on the principle of compulsory contributions; but it was naturally hampered by the developments of the war. The war also interfered with the movement in Denmark and prevented voluntary unemployment funds from becoming the great lever in social reform that they might have been. If it had been possible for the movement to develop quietly under the favourable conditions which had prevailed in Denmark at the beginning of this century, there is no doubt that this branch of social insurance would have received much greater sympathy from all classes of society.

Labour Exchange

An essential supplement to unemployment insurance is labour exchange. In this field, too, England has progressed very far through the passage of the State Labour Exchange Act, which went into effect on January 1, 1910. Denmark introduced her state labour exchange by an act of April 29, 1913, after a municipal labour exchange office had existed in Copenhagen for a number of years. The Act authorizes the Secretary of the Home Office to grant government recognition to municipal employment offices established by county, town, or parochial governments separately or jointly. They are governed by councils composed of an equal number of employers and employees chosen by the municipal council, with a chairman sanctioned by the Secretary of the Home Office. In Copenhagen the office also acts as a central bureau for the whole country under the management of

a Director of Labour Exchange and a council in which, as in the subordinate councils, there is an equal representation of both interests, four members appointed by the Secretary of the Home Office on nomination by the Danish Employers' and Masters' Union and the Federative Trade Unions of Denmark, and the rest elected by the town council. Labour exchange is gratis and does not cease during labour conflicts ; but when the office is informed of such a conflict by a trade union, it must notify the workers in that trade by bulletins posted in the office or otherwise. When a workman is assigned work outside the place in which he lives, he may receive pecuniary aid for his travelling expenses up to one-half the price of his ticket.

A considerable amount of co-operation with the recognized unemployment societies is implied, since the latter are obligated to forward each week to the labour exchange office in the district concerned a list of all members in the district who are receiving unemployment support. On the other hand, the unemployment societies can receive information from the labour exchange office through which a member out of work has obtained employment. Other things being equal, members of recognized societies have a prior right to appointment. A recognized unemployment society must not grant support to members who refuse, without giving any satisfactory reason, to accept any suitable employment assigned to them by the board of the society or by a municipal employment office.

On the whole, much has been accomplished. Many municipal offices have been founded, and they are working well and keeping in close touch with the unemployment societies.

Factory Legislation in the Last Fifty Years

The workmen's insurance, or rather, the national insurance, which we have briefly described has done much for the benefit of the lower classes. The results may best be

summed up, perhaps, as follows: a great step has been taken toward community within society; and, on the whole, Denmark has gone as far as, if not farther than, any other country toward communism, without having had to renounce the principle of individualism. Thus even the conservative elements of the population may participate in the great work with a hearty good will.

The series of measures which have been taken to the end of socializing the body politic is, however, not yet complete. Numerous laws concerning the inspection of factories and the regulation of working-hours, as well as the settlement of trade disputes, were passed during the last generation. These laws did not propose any startingly new principles; for the most part they followed the lines of foreign legislation, which before the outbreak of the World War was well on the way to become international, as though the League of Nations were already in existence.

The growth of industry led to the passing of a Factory Act in 1873. Its scope is apparent from its title: 'Act Concerning the Employment of Children and Young People in Factories and Workshops using Machinery, and the Public Inspection thereof.' The act did not extend its protection to adults, which was quite in conformity with the spirit of the times. It appointed two inspectors for all workshops run by machinery and employing persons under eighteen years of age. It prohibited the employment in factories of children under ten years and provided that children between the ages of ten and fourteen might only work for six hours a day; moreover, their hours for attendance at school were to be respected, and they were to be free on Sundays. Young persons between the ages of fourteen and eighteen might work ten hours a day. The act further provided that in building such workshops sufficient regard should be paid to the health and safety of the workmen. This last provision was one which in the hands of an energetic inspector might have prevented much evil, but it did not accomplish much,

as a matter of fact for the reason that the terms in which it was couched were not sufficiently explicit.

An act of 1876 concerning holidays was of little benefit to the working people, and it seems to have been devised chiefly in the interest of the established church. It prohibited sales in shops on Sundays between the hours of 9 a.m. and 4 p.m., so that the hours of Sunday rest for tradesmen were seven at the most; and in some or all of these they might be working behind closed shutters. During the same seven hours any noisy work inside or outside the house that might disturb the peace of the Sabbath was prohibited; but this did not prevent quiet work in a workshop or warehouse or in the field. Private efforts to induce storekeepers to limit their sales on Sundays were usually unsuccessful, but they nevertheless roused society to a sense of the need of having recourse to the strong arm of the law. A successful preliminary step was taken in 1891, when sales in shops after nine o'clock on Sunday mornings were prohibited and factories were compelled to stop work at the same hour; but numerous exceptions were made for particular industries. A further step was taken in 1904. In general the prohibitions were extended to cover the whole of Sunday, and tradesmen thus at last obtained the full holiday. The long hours which many tradesmen had been compelled to work were limited by an act of 1908 providing that shops should be closed at 8 p.m.; but there was the unfortunate exception that on Saturdays they might be kept open until 11 p.m., and this without the compensation given elsewhere, as in Australia, in the form of an early closing hour on some other day of the week. In this respect Denmark has lagged behind most of the countries with English-speaking populations, where almost all workers have a half-holiday on Saturday. Only by slow degrees and individual initiative and influence have we arrived at early closing hours for banks and business offices. The reason formerly given for a late closing hour on Saturday was that workmen were paid off on that evening;

this reason is no longer valid, however, since wages are now generally paid earlier in the week. By arrangements made with employers the trade unions to no small extent protect their members against Sunday work. Many wage contracts now call for considerably increased rates of payment for work done on Sunday or at night.

The Factory Act of 1873 had a comparatively long life considering the rapid growth of industry. An Apprentice Act of no great importance was passed in 1889, and in the same year there appeared an act for the prevention of accidents due to machinery by which the system of inspection was slightly extended. But on the whole conditions remained unchanged.

Finally, in 1901, a new Factory Act applying to factories and large artisan workshops was passed. It contains several provisions which strengthen the control and inspection by the state. It fixes the lower age limit for working children at twelve years and reduces the maximum number of working hours. By a special clause it authorizes the municipalities to restrict or prohibit the employment of children and young persons in occupations other than those specified, in the act, with the exception of agriculture, shipping and fishery—a provision of which several municipalities have taken advantage, for instance, in restriction of the work of children in distributing milk, bread, and newspapers. For women, the act takes into account only their period of confinement. It contains special provisions for the regulation of the sanitary condition of factories to insure cleanliness and good ventilation. It stipulates that in winter the workmen shall have access to a warm room in which to take their meals, that the lighting of all rooms shall be sufficient, etc. The responsibility for the execution of these provisions is laid upon a Director for the Inspection of Labour and Factories and a number of assistant inspectors. Of great importance has been the establishment of a Labour Council similar in membership to the previously mentioned councils. It consists

of a Chairman appointed by the Crown and eight members appointed by the Secretary of the Home Office, of whom at least three must be employers and at least three workmen. Employers' and workmen's organizations have the right of nominating these latter members. This Council has more than justified its appointment. It has co-operated in determining dispensations from the act, as well as in framing the above-named municipal measures, trade regulations and bills. It has taken the initiative in examining conditions in domestic industry and the sources of ill-health in the various trades.

Following the New Factory Act of 1901, an act concerning work in bakeries and confectionaries was passed in 1906 and amended in 1912. The original act had provided for a possible amendment at the end of ten years, but it was not until April 29, 1913, that a new act was passed. This act of 1913 prohibits the employment of children in workshops subject to state inspection before they shall have left school, and provides that the Medical Council of the Health Department shall appoint one of the members of the Labour Council.

The discussion of this act brought forth many conflicting opinions. No provision had been made for the protection of women other than the old one relating to their period of confinement. In Denmark, as in all other civilized countries, sentiment in favour of women's emancipation had been growing very rapidly. Women had risen to political equality with men, and efforts were being made to secure their admission to public office. More and more they had come to be regarded as above any claims for special protection. If they were to be the political equals of men it was contended that they must have the same access to night work; a prohibition against it would be an offence against their self-determination. An intended provision prohibiting night work for women, which had really sprung from humane considerations and was in conformity with foreign legislation, consequently had to be

omitted. The act therefore did not get the extension which was wanted and which perhaps twenty or thirty years ago would have been greeted as beneficial by those whom it was meant to protect.

On the whole it may be said that a strong individualism, in spite of a great movement toward socialization within the Danish community, is still to be found in the lower classes. In some trades the number of apprentices has increased to such an extent that in the near future it may be difficult for a young man to find work in the trade for which he has trained himself; but the working classes will not hear of laws that will restrict the freedom of their children in the choice of a trade.

This individualism confronts us at many points. Help to self-help is an extraordinarily deep-rooted idea. Heretofore the initiative for the launching of many movements useful for society, as in philanthropy, education or science, has been taken by private persons; but little by little a large part of the burden will eventually be laid upon the public. Now one society, now another, will with more or less right lay claim to government recognition and support, and in this way private initiative will co-operate with the community as a whole. Without private initiative the movement might never have been started. Perhaps one of the most striking examples is that of the *Hedeselskabet* (Heath Society), which was founded in 1866, after years of more or less futile endeavour to plant the vast wastes of Jutland, under the direction of Mr. E. M. Dalgas. It attacked the problem with such energy and success that after a while the state began to aid the project, at first granting very small subsidies, but later on steadily increasing them. By this co-operation between the state and individuals very large waste areas have been converted into valuable farms or plantations. After the loss of the province of Sleswick, Denmark took great satisfaction in thus getting some small compensation for it.

Again, co-operation has brought about a signal advance

in education. The high schools before mentioned have demanded and received government support. The elementary schools for the lower classes, which have been public institutions from the start, were at first supported largely by the municipalities, but recently they too have demanded and received government support. Those for the upper classes were to a great extent started by private individuals. Preparation of pupils for the university was often given by private schools, but gradually this state of affairs became untenable. It was difficult for the private schools to obtain sufficient patronage to pay the salaries of their teachers, unless they were content to cater exclusively for the 'upper ten'. The secondary schools of Copenhagen therefore formed an association which undertook to reduce the former disastrous competition. This prepared the way for a claim to government and municipal support; and at last the decisive step was taken—the taking over by the state and the municipality of most of the secondary schools. The guaranty that the parents should have a voice in the education of their children lay in the Councils of Parents, which, like the councils of the Friendly Societies and other institutions, insured protection against arbitrary control by the state and municipality.

Further Development of Social Legislation

A few more institutions of very great importance for the promotion of social welfare in Denmark may be mentioned. Conflicts between labour and capital occur in Denmark, just as they do in all other civilized countries, and many times it has been suggested that they be suppressed by the state in order to maintain the social peace. But the introduction of compulsory arbitration and similar measures has rarely been looked upon with favour by either of the opposing parties. Possessed of a solid organization and enjoying that government recognition, so often mentioned, which places the control of many of their affairs in their own hands, they feel, like states within the state, that they are better able than

the government to guard their own interests. In these conflicts, with their constantly threatened strikes and lock-outs, they see a struggle which in the long run will be beneficial. Records furnish proof of many declarations of open war, to be sure, and consequently of many lost working-days; besides these, however, many disputes have been quietly settled either by a satisfactory agreement between the local organizations or by a decision of the central organizations. Only occasionally have the conflicts been fought out before the open curtain.

The great lock-out of 1899, culminating in the September Agreement, has already been mentioned. Some years later, in 1908, a new conflict arose between the newspaper proprietors and their typographers. Here for the first time the government intervened, and it was the Secretary of the Home Office who finally conciliated the contending parties. Out of this intervention grew certain measures for the settlement of all such conflicts, conformably with other social developments in Denmark. By an act of 1910 the existing Court of Arbitration, which had been established for the settlement of all disputes concerning violations of the September Agreement, was superseded by a Permanent Court of Arbitration (*den faste Voldgiftsret*), which also was empowered to settle all violations of other agreements. Its composition rests on the principle of parity representation. An equal number of judges is chosen from each of the two contending organizations, the members of which then appoint by vote their chairman and one or two deputy chairmen; if they cannot agree upon the appointment, they are appointed by the chairman of the Supreme Court in Copenhagen. The state pays the expenses. The Court has the power to sentence the organization found guilty of violating the agreement to a so-called 'penance' and can execute the sentence. Before the establishment of this Court of Arbitration some general rules for the settlement of trade disputes had been adopted, and the central organizations recommended that these rules be

incorporated by the inferior or local organizations in their agreements. The rules thus became the basis for the decisions of the Permanent Court of Arbitration.

Besides this Permanent Court created for the settlement of legal disputes, provision was made at the same time for the settlement of disputes over conflicting interests by a State Arbitrator, appointed by the Home Office after nomination by the Permanent Court of Arbitration. If the State Arbitrator considers the dispute to be of great importance for the organizations concerned he may on his own initiative, or at the request of one of the contending parties, call them together for a discussion of the matter in his presence; and they are bound to obey his summons. In endeavouring to conciliate the parties the Arbitrator, after consulting representatives of the central organizations, makes conciliatory proposals. The method of appointing a State Arbitrator, confirmed by a subsequent act, has proved most satisfactory, and many large and small disagreements have been satisfactorily settled in this way. Some cavillers may contend that equally good results might have been attained without a State Arbitrator. There can be no doubt, however, that a person of social prominence, supported by an act of Parliament, possessed of a thorough understanding of both the legal and the psychological aspects of the dispute, and backed by the authority of the Home Office, is in a position to effect a happier decision for everyone concerned than could be arrived at in any other way. Moreover, the experience of such a person in each new case will increase the value of his decision in the next. Certain it is, at all events, that state arbitration has become an established feature of our industrial life, so much so that neither party would willingly have it abolished.

General Results of Social Legislation

Many changes have taken place in little Denmark during the past generation in the relation of the state to the individual, as well as in the relations between certain classes of

society. So far we have been considering industry; we will now turn our attention to agriculture. But first we may ask whether and to what degree the measures described have benefited all parties; whether the increase of wages and the improved circumstances of the workmen have put a heavier burden on the employers than they can well bear. But this is a question which it is impossible to answer categorically. So extraordinarily many elements are involved in it that the value of each one cannot be justly estimated. In all countries the conditions of the working class have improved *pari passu* with certain measures adopted by their respective governments; but whether this or that system is the better, it is impossible to say. All that can be said is that the measures adopted in Denmark are in harmony with the whole trend of Danish thought, and this is the best guaranty we have that they have benefited both the employer and employee. It is a matter of fact that wages have steadily increased since the beginning of what we call social legislation. Statistics for Copenhagen show that the daily wage of journeymen increased 50 per cent. between 1882 and 1909; that of unskilled workmen, 67 per cent.; and that of women, 58 per cent. These are, indeed, nominal wages only. The main question is whether in Denmark, as in Western Europe, the price level has risen or declined. The answer is that it has fluctuated. In 1870 prices were high. In 1895 the price level reached its lowest point, after which it rose steadily from year to year until the World War broke out and caused an enormous advance in prices. In the first half of 1914 prices were at the same level as in 1876; in 1909 they were a little lower than in 1882. Thus it may be said with absolute certainty that the real income for the workman was greater in 1909 than twenty-seven years before, even though it may be asserted that the movement in the index numbers will not exactly correspond to the rise in the expenses of the workmen. Indeed, the rise in prices may for a time have counterbalanced the catalogued rise in wages, as was

the case in the period between 1898 and 1904. But in the long run there has been some real gain; and to this gain may be added the sums which have come to the workmen through social insurance. To what extent this may have benefited the working class as a whole cannot be decided for particular trades or industries, but we may be sure that it has been to its general advantage.

Development of Agriculture

The legislation so far described has been in the interest, not only of trade and industry, but of all the classes of society concerned. It has therefore been of great service to the agricultural population. But in this case we are confronted with so many special problems besides, that it will be necessary to examine the social and economic development somewhat more closely.

In 1870 all prices were high, and particularly the price of grain. The times were good for agriculture, and the wealthier classes of the agricultural population had prospered. In the early seventies the price of farms was two or even three times as high as it had been twenty-five years before. To some extent this was due to more scientific husbandry and to the new buildings which the prosperous farmers could afford to erect under the influence of the good prices. On the whole, agriculture made great progress in the generation which preceded the seventies. Between 1850 and 1870 the production of grain seems almost to have doubled; to this came the increase in price due to the excellent state of the market. After 1875, however, the price of grain declined in a marked degree. This was largely due to North American competition, as a result of which enormous quantities of grain were thrown into the European market. In the course of twenty years the price of wheat fell about 40 per cent. and the price of rye 30 per cent. The result was the value of farms soon decreased. In the early eighties land values were still high, even three times as high as in the forties; but after 1884

the decline was rapid. Within ten years the average price per *Tönde Hartkorn* had fallen 15 per cent. and was still falling. This state of affairs bore the more heavily on the farmers for the reason that many of them had availed themselves of the new facilities for obtaining loans from credit associations which came into existence from the middle of the century. In good times it was very advantageous. A farm valued at, say, 100,000 *kroner* and mortgaged up to 70,000 *kroner* would give its owner a net capital of 30,000 *kroner*. If its value increased 15 per cent. while it was still under mortgage, the net capital of the owner would be increased by 15,000 *kroner* or by 50 per cent. But when prices went down, on the other hand, the case was reversed. A decrease of 15 per cent. on 100,000 *kroner* meant that the owner's net capital was reduced by exactly one-half. Farmers who had raised larger loans in order to satisfy joint heirs or to make improvements, or because otherwise they could not have taken over so large a property, suddenly found themselves reduced to penury, their whole fortune having been swallowed up by the debt. This was the fate of many farmers, most of whom, as always is the case at such times, had a very vague idea of the cause. Many of them were of the opinion that if the transition from the silver standard to the gold standard had not been carried out in 1873, the depression of the last quarter of the nineteenth century would not have occurred. The silver standard and bimetalism consequently had many enthusiastic advocates in those days.

The change was more severely felt for the reason that many farmers during the prosperous years had become accustomed to easy circumstances and were now compelled to lower their standard of living. It is always easier to become accustomed to a large income than to return to a small one. But the sturdy and economical Danish peasants soon adjusted themselves to their straitened circumstances and energetically set about to keep what they still had. And this brings us to a very interesting and instructive chapter in Danish economic history.

If we turn to the statistics, we find that not all agricultural products went down in price. Beginning with the early seventies and running through the following twenty years, the price of bacon is seen to have fallen only 8 per cent. Butter even rose in price by 13 per cent. This indeed was explained by a thorough improvement in its quality, but it was at all events a hint of great importance for the farmer.

With surprising quickness Danish agriculture shifted the helm. Facing conditions as they were, Denmark now turned her attention to bacon and butter; and instead of exporting grain she now began to import it, depending for her supply more and more on North America and the other granaries of the world, in order to increase her output of the more valuable products. A few figures will show the revolution which took place. In 1870 the value of Denmark's excess of exports of grain was 38,000,000 *kroner*; in the early eighties it was almost nil, and now the grain import increases from year to year. At the opening of the present century she was importing grain to the value of 50,000,000 *kroner* per annum, and the following years brought a further rise. Rye and wheat were the chief grains imported, but maize was also imported in rapidly increasing quantities. Other important animal foods were also imported, particularly oilcakes, as well as an increasing quantity of fertilizer. All this bears witness to the great change in our agricultural economy. And if we glance at the exports, the picture will be complete. Toward the end of the sixties the annual exports of butter amounted to about 5,000,000 kilos; at the beginning of this century they had increased to 70,000,000 kilos. The exports of cattle increased from upwards of 50,000 head at the close of the sixties to more than 100,000 head fifteen years later. These exports were reduced in 1892, indeed, by England's prohibition on the importation of cattle from the continent and the barriers raised by Germany in 1897 under alleged reference to sanitary conditions; but to offset this Denmark then began slaughtering at home and exporting meat. The change is especially noteworthy in the case of swine, bacon and ham. From an

annual export of 40,000 hogs at the close of the sixties, the number increased to about 280,000 during the next fifteen years. When Germany, in 1887, stopped importing living swine, Denmark began to do her own slaughtering, and year by year her exports of bacon and ham steadily increased, until at the opening of the new century they amounted to 70,000,000 kilos per annum. Butter and bacon are now the chief exports of Denmark.

If we consider the areas under cultivation, we find corresponding facts. In 1871 the area planted to fodder-plants was between 5,000 and 6,000 *ha* (one *ha* is about 2·5 acres). Ten years later it was three times as large, and in 1901 it had grown to 142,000. In the present century this figure has been doubled. During the same period the raising of live-stock has undergone a remarkable change. In the sixties the breeding of sheep reached its maximum; in 1866 there were in all 1,900,000 sheep in the country, whereas at the outbreak of the World War there were only 500,000. Intensive agriculture leaves no room for sheep. On the other hand, the number of cattle increased from 1,200,000 in 1866 to 2,500,000 in 1914. But the increase in the number of hogs has been enormous; in 1866 there were 400,000 hogs in the country; in 1900, 1,500,000; and in 1914, 2,500,000. During the same time, moreover, the breed had greatly improved, and there is therefore a greater profit per head. Nor is it not only large farms that have profited by the change. The small holdings are more intensively cultivated than the large ones, so that in 1909 the number of hogs on holdings of a few hectares was three times as great, in proportion to the area, as on holdings of from thirty to sixty hectares.

Development of the Co-operative Dairies

An important part in these changes has been played by the co-operative movement in Danish agriculture. In the middle of the nineteenth century the quality of Danish butter was generally poor. That made by the peasants was very coarse, and the only fairly good butter was that produced on large

estates and known commercially as ' estate butter '. Some special improvements for dairy work, such as cream separators, etc., had been introduced on the large farms, especially after 1870. Attempts in various places were made at establishing private collecting dairies which received the milk from the neighbourhood and tried to obtain a uniform product. But the projectors of these establishments found many difficulties in their way. They had no control over the persons who contracted to supply the milk and often found them lacking in cleanliness. Moreover, it was difficult for them to dispose of the skim-milk and butter-milk ; and then, too, there were added difficulties of transportation. Many of the private dairies consequently had to close down, and then it was that the co-operative movement was started, the first co-operative dairy having been opened in 1882 in a village in Jutland. In the co-operative system all persons who furnished milk ran the same risk and were jointly and severally liable, and profits were divided in proportion to the amount of milk delivered by each of the co-operators. The system was surprisingly successful, and it was not long before it was in operation all over the country. In 1909 there were 1,157 co-operative dairies, as compared with 238 collecting dairies and 90 estate dairies. Of all the cows in Denmark only one-sixth were outside of the co-operative dairies.

The co-operative association pays the current price for all the milk delivered to it, and the individual members take over the skim-milk and buttermilk at a fixed price which is often very low. Accounts are balanced at short intervals, a certain sum being held over as a contribution toward the defrayal of operating expenses. At the close of the financial year the considerable surplus is divided among the members in proportion to the amount of milk each has delivered, regard being taken to the percentage of butter fat.

The difficulty of procuring the necessary funds for buildings, machinery and initial operating expenses was overcome with comparative ease by that principle of solidarity which seems

natural to the rural population, especially in small communities where the inhabitants all know one another. The members of each dairy association contracted to remain in it for a specified length of time ; and its large membership was a good guarantee of its solvency. As a rule the loans are quickly repaid, so that the risk assumed by individual members is never very large. Generally the time soon comes when the members can get interest-carrying co-operative securities in the existing capital in proportion to the milk delivered. The constitutions of the corporations are simple, each member generally having but one vote, whatever the size of his holding and his contribution of milk.

The co-operative dairies have been of great value to Danish agriculture in that they have made farming an industrial enterprise involving the use of machinery. The superiority of estate butter to peasant butter consequently no longer exists, and the butter of all co-operative dairies, whether it comes from large, medium-sized or small holdings, has equal rating in the foreign market. The exportation of live-stock and meat has reacted upon the dairies in a manner greatly to their advantage, partly because all cows unsuited for milk production are at once profitably disposed of, and partly because the by-products of the dairies are in demand for hog-raising. In certain respects the co-operative dairies give the owners of small holdings the advantage of working on a large scale, while, on the other hand, much work that is better suited for small holdings is handled by individuals.

The development of this movement has not been entirely without social drawbacks. Farmers of earlier generations were naturally more or less liberal with their milk, whereas now they are tempted to count every ounce. But the consequent decline in gifts or payments in kind to their hands is more than balanced by the indubitable rise in wages.

The co-operation of the Danish farmers in dairy work led, of course, to other similar developments. Local associations were formed which, in 1899, were consolidated under the name of the Co-operative Danish Dairy Associations. The

latter was reorganized in 1912 as 'The Central Organization of Danish Dairy Associations', the purposes of which were to guard the common interests of the dairies, to note exchange quotations, to compile dairy statistics, etc. A now abolished association sought to introduce a common trade-mark to protect exported butter against imitations. Finally, an act of 1906 legalized a common trade-mark for all butter prepared from pasteurized cream. An act of 1911 prohibited the use of this trade-mark (*Lur Brand*) on butter containing more than 16 per cent. of water, which was thereby debarred from exportation. The Danish Dairy Farmers' Association, incorporated in 1887, has established an accident insurance, a relief fund, etc. It also organizes exhibits and works in various other ways for the common welfare.

Further Development of the Co-operative Movement

The principle of co-operation was bound to extend to the exploitation of other agricultural products. In 1887 co-operative slaughter-houses and bacon factories were established in the face of no little opposition on the part of private bacon factories and from various other quarters. This opposition was gradually overcome, however, and in 1909 about half the number of all pig herds in Denmark (comprising two thirds of all the pigs) were in co-operative bacon factories. These are run chiefly with an eye to export. The money for establishing them is generally raised by loans, a first mortgage, a second mortgage to be repaid in instalments, and a working loan. It testifies to the growing understanding of the value of this business that the first mortgage is now often granted by the town in which the bacon factory is located, even in towns where at first such a factory was strongly opposed by the local government. Profits are divided between the members of the corporation in proportion to the value of the pork delivered by them, and as a result of strict classification the pork received has greatly improved in quality. Here too we find associations; the slaughter-houses have their mutual accident insurance, and are repre-

sented in the Joint Co-operative Bacon Factories of Denmark, which has worked with energy to further exportation. It greatly influenced the 'Acts concerning Domestic Animals' passed in 1902 and 1912. The latter supports the breeding of domestic animals by government grants for cattle exhibits; by subsidies to horse and cattle-breeding societies; by the support of control societies; and by subsidies to stations for pig breeding. All this is performed in co-operation with the associations. Thus the management of the hog-breeding centres is placed in the hands of the co-operative bacon factories.

An interesting supplement to this exploitation of farm products is the co-operative exporting of eggs. Starting on a very small scale, this business has become a really important source of revenue for the country. It was inaugurated in 1895 by the Danish Co-operative Egg Export Society, which now has many branches. Each branch has a distinctive number, and each member of the branch also has a number. These numbers must be marked on the eggs before they are delivered to the egg-collector of that branch, and a strict supervision of the members is thus easily maintained. This society also encountered difficulties at the start, but it soon succeeded in securing recognition for its eggs in the London market, where they brought good prices. From the numerous branches all over the country the eggs are sent to packing centres, where they are examined and packed for export. The poultry raisers have not co-operated with anything like the alacrity of the bacon manufacturers; still, in 1909, about 20 per cent. of the poultry farms and about a fourth part of the poultry were enrolled in the numerous branches. One half of the net proceeds is distributed to the branches in proportion to the value of the eggs delivered; and the other half is set aside for a reserve or operating fund in which the several branches have shares. Each branch is an independent body which provides its own necessary capital by raising loans on the unlimited liability of its members, as was the case in the co-operative dairies. It was remarkable for the

Danish Co-operative Egg Export Society that it at once took up the export; it was a development from the top. In the butter export the case was reversed; the various produce societies were formed, the local co-operative societies, and only then followed associations for the export of butter.

The butter export to England prospered well, energetic wholesale dealers having greatly simplified and speeded the sales. But the co-operative dairies were not satisfied with the returns; and in 1888 they organized The Farmers of Denmark Butter Export Association. This organization was never recognized by the majority of the co-operative societies, however, and in 1908 it was forced out of business on account of some imposture. In the nineties, however, a number of new export unions sprang up, and by 1914 they had taken over one fifth of the whole butter export trade of Denmark. Many of the co-operative bacon factories also combined in an independent association. Finally, the Danish Bacon Agency, founded in 1902, now embraces a great number of the co-operative bacon factories.

Cattle-breeding societies were first founded in 1884 with the simple aim of procuring a bull of excellent breed and at the same time cows of the members are kept under control. In 1887 an act was passed granting subsidies to these societies (amended and extended in 1902, and again, as mentioned before, in 1912). Similar action was taken to improve the breeds of horses and, to a less extent, the breeds of hogs. A more important movement for improving the breed of domestic animals was started in the nineties by the control societies, which undertook to tabulate the quantity of milk yielded by the individual cows and examine the effect upon them of the quantities and constituents of various kinds of foods. These societies again have associated in greater associations.

All this co-operative work, conducted along the line of the friendly societies which have a parallel in the numerous live stock insurance societies and similar institutions, in-

volves an education of the rural population which is of high value. The officers of the various associations, who are leaders in the struggle for existence, are trained to a sense of responsibility, encouraged to ascertain the progress made by other nations in parallel situations, and inspired to devise new methods for their work in a manner quite foreign to the tradition-bound and almost stagnant condition of agriculture of former days.

The list of co-operative enterprises in Denmark does not end with those so far enumerated. During the last generation a number of co-operative supply societies were formed on the ordinary principle of cash payments for purchases and division of the profits among the subscribers. Contrary to its development in England, the movement has found favour chiefly in the rural districts, where an extraordinarily large number of co-operative stores are now flourishing, and where a considerable part of the population has fallen in with the movement. It has spread but slowly in the provincial towns, and not until very recently did it seem likely to reach the capital. The small rural co-operative societies have much the same character, many of them supplying their members with grain, fodder, manure and grass seed, besides the ordinary household commodities. Here, too, a need arose for united effort, and there was founded The Co-operative Wholesale Society of Denmark, which has gathered most of the local stores. It has acted not only as a commercial medium, but also through production (thus of tobacco, margarine and boots). To this is added a number of purchasing societies the object of which is to procure goods for the farmers, such as seed and manure; as the farmers, when purchasing these goods, were often defrauded.

The principle of co-operation is also taking root in many other fields. There are co-operative societies for the erection of dwelling-houses, for instance, and a co-operative bank was established in Aarhus, the charter-members of which are co-operative societies. Finally, the great connecting link between all Danish co-operative enterprises is the Co-opera-

tive Committee, founded in 1899 and composed of representatives of all of them. It has considered many questions of common interest, such as : the prevention of competition between the various societies ; the auditing of accounts ; the methods of book-keeping ; the marking of Danish butter, etc. It took the initiative in establishing the co-operative bank, and it has represented the Danish co-operative movement at the great international congresses which have been held from time to time for the discussion of principles of co-operation.

The conditions which have thus developed are quite in accord with those which have developed in other departments of the economic and social life of Denmark. They are the result of free choice and independent action on the part of each individual, combined with a well organized effort of the community to effect a solution of common problems.

Condition of the Agricultural Labourer

It cannot be said that the Danish government has done much for the betterment of agriculture. The question of the parcelling out of land was acted upon by the legislature in 1897 and again in 1906, when it was determined how much of a parcelled-out property must be left to preserve the integrity of the estate. Only a third of the *Hartkorn* was restricted, while the rest might be freely disposed of. This ruling must be considered in connexion with the modern efforts for procuring access to the establishment of small holdings. As early as the eighteenth century efforts had been made to better the condition of the farmers, but little attention had been paid to that of the cottars. The right of a landlord to punish his cottars was abolished in 1848, and a law was also passed providing that a contract for the lease of a house must contain no provision for payment in labour. But the question of small holdings was not taken up until the end of the nineteenth century, when an agricultural commission (appointed in 1894) considered conditions of

allotments. Five years later an act was passed by which the state might lend to applicants who fulfilled the conditions for becoming state cottars an essential part of the total value of the holding at a very moderate rate of interest. About 9,000 small holdings have thus been created, and at the same time other ways of furthering allotments have been devised. In 1906 an act was passed granting government loans to societies or associations which would buy large properties for allotment purposes; and an act of March 20, 1918, created a fund of 5,000,000 *kroner* to be loaned to small farmers and traders for the defrayal of operating costs. But public opinion was not satisfied with this. The desire for further changes, such as the abolition of restrictions, such as entails and fiefs, on the sale of land, the forced sale of land held by the Crown or by the established church, etc.—had become very strong, and a new agricultural commission was accordingly appointed in 1910. Its proposals will be dealt with below.

The above-described revolution in the status of the agricultural classes has greatly broadened the base of the social pyramid. As the lower classes have increased in numbers far more rapidly than the upper classes, not a few who might have preferred to gain their livelihood on their own farms have flocked, as in other countries, into the towns, with many petty trades, men and manufacturers. Many philanthropists would fain see them back on the farms again.

To form an idea of the condition of the lower classes of the agricultural population, we must have recourse first to the statistics of wages. In 1872 the annual income of an agricultural labourer who paid for his own food was about 407 *kroner* ($109). Food was dear, though certain other necessaries of life, such as lodging, were comparatively cheap; but on such an income it was practically impossible for a family to live, unless the head of the house had some land of his own, or unless his wife and children were able to eke out his earnings. But far worse was the condition of a labourer who boarded at the farmhouse. The supporter might live com-

paratively well; but the better he lived, the worse the other members of his family lived. An agricultural labourer who boarded at the farmhouse received, on an average, 216 *kroner* ($58) a year, so that the value of his food might be estimated at about half of his income. Under such circumstances he had barely enough for his daily needs; for insurance against sickness or accident there was little left over, and still less for pleasures or for newspapers or other reading. The custom of boarding the farmhand seemed too deeply rooted to be changed. As an author wrote some years later in regard to it: 'It was based on the idea that a man could not work on such food as his family had to be content with.' This view may still be found among workmen in the towns, where it is a matter of course that the head of the family gets more abundant and more nourishing food than his wife and children; but for the farmhand of forty years ago who owned no land, it was misery. Generous employers sometimes supplemented the terribly inadequate wage by gifts, such as milk; but these gifts were not sufficient to insure even a tolerable living, and the worker had no legal right to claim them.

If the farmhand was so poor that he could barely make the scantiest living under the most favourable conditions, he was still worse off in the case of sickness or accident; and his only recourse in old age was the poorhouse.

But toward the end of the century the condition of farmhands began to improve. By 1892 their wages had risen to 486 *kroner* ($130) when they provided their own food and to 315 *kroner* ($84) when they boarded at the farmhouse. This was a greater advance than the figures would seem to indicate, for the price of food had greatly declined during the preceding twenty years. Moreover, that social legislation had begun, which in various ways secured a labourer, if misfortune came upon him. The statistics for 1910 show a further advance in the annual wages to 689 *kroner* ($185), and in spite of the higher price of food the farmhand could now get more for his money. On the other

hand, the wages of the farm labourer were considerably lower than those of the city labourer. It is not surprising, therefore, that dissatisfaction arose in the rural districts and that socialistic ideas began to spread rapidly.

Meanwhile, a new influence had arisen in certain agricultural circles, namely, that of Henry George, whose doctrine was received with great favour by the middle classes, especially by the small farmers, who saw in the introduction of the single-tax system great possibilities for a happy social life. But it did not take root in the towns, where the workmen based their views of life for the most part upon purely socialistic ideas. There was some agitation on the question of the unearned increment in the towns, but it did not exert much influence upon the course of legislation.

As stated above, the Agricultural Commission of 1910 brought forward proposals to release land held in tail and in fief from these restrictions and to enjoin the sale of lands held by the Crown and by the church. At this point we meet with an interesting turn in the tide of public opinion. Toward the middle of the last century the old-fashioned leaseholds had been abolished. Free proprietorship had come to be considered the best guarantee of social happiness, and there are many people to whom this principle still seems indisputable. Its application brought about, in 1903, the abolition of tithes; in 1918, of leaseholds and other land restrictions, a fixed sum being paid annually instead of the contributions according to the price of grain. Of late, however, the pendulum of public opinion has swung in the opposite direction. Fear has been expressed that if the public lands are sold for cash legitimate interests will be injured by reason of fluctuations in the value of money. A new principle has therefore been advanced, namely, that land, instead of being sold for the full amount in cash, should be subject to an annual assessment to be revised at regular intervals so that it should correspond to the current purchasing power of gold. On these terms the church and other institutions may part with their land without misgivings. This principle was presented by the

Agricultural Commission of 1910 in its reports, and the government accepted the principle.

This is the point which we have now reached in Denmark, and apparently without any influence from without. The new ideas would have made their way even if the war with its enormous revolutions had not come.

Change of Conditions caused by the War

I have tried to describe the development of social ideas in Denmark up to the outbreak of the World War in August 1914. A question now remains to be discussed: How have circumstances influenced or changed these ideas during the past five years?

It is worth while to consider some salient facts which underlie all the changes that have taken place since the beginning of the war.

Denmark has not, within its small domain, the varied wealth of raw materials to be found in larger countries. It has no minerals worth mentioning, no coal fields or mines. It is an agricultural country. Industries may be and have been developed, but only by procurement of the necessary raw materials from abroad. Before the war there was a brisk foreign trade, which brought coal and other necessaries into the country and carried out large quantities of agricultural products; but during the war all this was suddenly changed. Various markets were closed; supplies from abroad were procured under ever-increasing difficulties; and certain industries were compelled to either shut down altogether or else to keep going under great disadvantages. Agriculture suffered from lack of fertilizer and cattle from lack of fodder; margarine factories lacked oil; textile factories lacked wool and cotton, etc.

When the World War broke out Denmark had a large supply of live-stock. The number of horses was 567,000, and there immediately began a large foreign sale of them at high prices. This was stopped by the government, however,

and in the summer of 1917 the number was the same as it was three years before; but in July 1918 the scarcity of provender had brought it down to 545,000.

With regard to cattle, also, it was necessary to take measures to prevent a too rapid reduction of their number, which in the summer of 1914 was 2,500,000. To this end an export duty on cattle was established in 1916 for the benefit of the home market. In the summer of 1917 the number of cattle had reached the earlier mark; but here also the scarcity of fodder brought about a new loss, reducing the number to 2,100,000 in 1918. Most striking, however, was the loss in swine, of which before the war we had 2,500,000. In the summer of 1917 we had only 1,700,000. Still, even this was more than we had in 1909; but the difficulty of getting feed, coupled with the bad harvest of 1917, caused a further decrease, so that in 1918, in spite of all efforts to stimulate hog-raising, the number had fallen to 621,000, or less than a fourth of the number of four years before.

The grave condition of Danish agriculture, and the effect it necessarily had upon the food situation throughout the entire country, may be shown by the commercial statistics. The net imports of unground wheat in 1913 totalled 132,000,000 kilos; of maize, 403,000,000 kilos. The wheat imports declined from year to year, and in 1917 they totalled only 35,000,000 kilos; and in the same year the maize imports totalled only 241,000,000 kilos.

Of oilcakes of all kinds the net imports in 1913 were 585,000,000 kilos; in 1917, only 154,000,000 kilos; the import of these goods was thus only a fractional part of what it was a few years before. The imports of fats for the manufacture of margarine, which had become an important article in most households, likewise gradually decreased; in 1917 they were between a fourth and a fifth of what they were in 1913. The decrease of imports was reflected in the exports of butter, which in 1917 were only two thirds of what they had been four years before. The imports of fertilizers were also

reduced and in 1917 were only a fraction of what they had been.

Of course, it was not only agriculture that suffered under these circumstances. The supply of coal fell below one-half of the normal quantity, and the people had to be most economical in the use of it. The scarcity of coal and raw materials forced many industries to shut down.

The first years of the war, however, occasioned comparatively little privation in Denmark; even 1916 was a good agricultural and commercial year. It was not until America entered the war that real trouble began. This is shown by the statistics of unemployment for 1917 and 1918. The great efforts made through commercial treaties with the belligerent countries to obtain supplies could not make up for the general scarcity. In 1916 organized workmen were unemployed 1,900,000 days; in 1917, 3,600,000 days; and the statistics for 1918, calculated on the basis of the first nine months of the year only, show a new doubling to 7,000,000 days.

Legislative Measures rendered necessary by the War

It is not surprising that the government was now forced into a series of encroachments upon the economic life of its subjects. Denmark was living under the same conditions as most of the other countries, and was having, on the whole, the same experiences. Immediately after the outbreak of the war an act was issued (August 6, 1914), whereby the Minister of Justice was authorized temporarily to prohibit the exportation of certain goods. On the following day a provisional act was promulgated authorizing the government to take steps to regulate the price of foodstuffs and other commodities, and permitting it, after full compensation, to take over such supplies as were necessary for the life of the nation. On the following day, again, a Price Regulating Committee was appointed with authority to take such measures as it deemed necessary to supply the country with essentials. In this way there was initiated a state socialism

of which nobody could have dreamed before. At the same time need was felt of taking other measures which completely overturned all previous ideas. To prevent runs on the savings banks, as well as on the other banks, an act of August 2 provided that the Secretary of Commerce could limit strictly the amounts which might be paid out on pass-books or deposit-vouchers; and since a run was made on the National Bank by people anxious to exchange notes for gold, so that the square in front of the building was literally jammed, another act was passed on the same day suspending the obligation of the National Bank to redeem the notes, leaving it to the discretion of the bank to redeem them or not. The first of these two acts soon became superfluous; for as soon as the people had recovered from their first panic, money flowed into the banks to an extent never known before.

The neutrality of Denmark during the World War created for her unique economic opportunities. There was a great demand for goods which she had on hand or could readily procure. Shrewd merchants and manufacturers recognized their opportunity, and in a very short time many of them made large fortunes. But this was not to the advantage of the majority. In the eager race to purchase the commodities which Denmark was able to deliver, prices rose and the populace was in danger of serious privation. It required an enormous amount of negotiation with the belligerent countries to secure export licences for the goods which Denmark needed in return for those which she was able to deliver, and it was not an easy task for the representatives of commerce and trade on whom it devolved to conduct these negotiations to make satisfactory arrangements.

The measures taken to secure the necessary goods for the population brought forth a steady stream of export prohibitions, besides an extraordinary number of price regulations. In most cases these regulations established maximum prices, sometimes by agreement with the manufacturers concerned. But it is obvious that such measures could not be satisfactory

in the long run. Once a scarcity of goods is felt, fixed prices are of no use; and confusion necessarily results when there is no rise in price, as in a free market, to bring about the balance between the supply and demand. Various regulating measures on the part of the state became necessary, and such measures characterized the whole period of the World War, as well as the first period following its termination. When to all other difficulties was added the bad harvest of 1917, one can readily understand the many reasons for the socialistic policy that was adopted. But in reality the policy of Denmark did not differ from that of other countries in which the populations were living under similar circumstances.

Very soon the scarcity of various foodstuffs was felt. As early as the end of August 1914, the state felt obliged to take over the stores of wheat in the capital, after making due compensation to the owners, and a few days later these stores were handed over to the municipality of Copenhagen. At the end of the year the state took over large quantities of rye, and early in 1915 a shipment of wheat flour from abroad. But this was not enough; the freedom of the farmers was early interfered with, and after consultation with existing organizations of farmers it was voted to prohibit the use of rye and wheat for fodder and for spirituous liquors. The first of these prohibitions was issued in September, 1914; they were later extended to include sugar and sugar-beets. Moreover, the production of rye and wheat bran was restricted. In the autumn of 1915 an assessment upon grain was levied; a certain part of the rye and wheat harvested was reserved for human food, every farmer being notified of the quantity he was bound to deliver. Pursuant to an act of April 3, 1917, the state took over the whole crop of rye and wheat, with the exception only of the quantity necessary for each farmer's household. This was consequent upon the rationing of bread and flour which had begun on April 1, 1917, and which allowed a rather large quantity for each person. The system involved the well-known apparatus of bread-cards. A Corn Act of August 3, 1917, authorized

the Secretary of the Home Office to take over all the rye and wheat of the uncommonly poor harvest of that year, as well as a portion of the barley and oat crop. It further authorized him to command every municipality to purchase potatoes for its inhabitants, even if it were necessary to compel the farmers to sell. The quantity of grain to be surrendered was calculated according to the value of land as tillable soil. The arrangement had its drawbacks, as, for instance, it might follow that farmers could scarcely get the necessary fodder for their horses. But here, as wherever regulations were made, a series of committees was appointed; one Permanent Agricultural Committee, the members of which were for the most part elected by the organizations; a general Food Council and local Food Councils for each separate district.

In the following year another Corn Act was passed. It authorized the Secretary of the Home Office, after agreement with the farmers, to cause potatoes to be raised, and it permitted the state to take over all sugar beyond what was necessary for the population. Further, it made provision for supplying pork to the people. As stated above, the number of hogs had very greatly diminished during the war, and the most sparing consumption of pork was enjoined. By an act of December 10, 1917, the Secretary of the Home Office was authorized to take measures for rationing pork, and the ensuing measures interfered greatly with the independence of farmers. In August 1918 it was decided that slaughtering at the farm could be allowed only on certain conditions and exclusively for household consumption.

The supplies of butter and milk were no less guarded. At the close of 1917 butter had to be rationed. A note of October 20 fixed a maximum price considerably below the export price; and later on there was a further reduction. An act of December 10 of the same year provided that the state should pay the expense of the rationing system arising from the sale of butter at the reduced prices. The milk

supply was regulated by the establishment of an export duty on milk, cream, and cheese. An act of December 21, 1917, which was to remain in force until the end of October 1918, secured a certain quantity of milk for each individual at a fixed price, the state granting a subsidy of 8,000,000 *kroner* to be distributed among the communities according to their population. This act was replaced in November 1918 by a new act to supply butter, milk, cheese, and pork on the same system; and a tax was also planned upon cream sold within the country.

In order to insure the meat supply for the home market at a moderate price, an export duty on live stock was established by a note of July 7, 1916. The duty was to be levied at such a rate that meat in the home market might be sold at a reasonable price. The arrangement was laid down in an act of July 23, 1918. It is tempting to have to remind of 'dumping', only the home price in this case is lower than the export prices.

The list of such measures on the part of the state is by no means exhausted. Directly it was attempted to influence the supply of necessary goods, for instance, by encouraging the production of food at home, one effect of that policy was to increase the production of fuel at home. By an act of April 20, 1917 (amended on March 20, 1918), the Secretary of the Home Office was authorized to enjoin an increased felling of trees on all forest lands. Indirectly the aim of government was to increase the producing power of agriculture through the importation of fertilizers. The Secretary of the Home Office was authorized to purchase Norway saltpetre for the account of the state and to sell it to consumers at a considerably reduced price (act of March 7, 1918). The government also subsidized fishing to a considerable extent, so as to reduce the cost of fish. Various commodities, such as petroleum and oil, as well as technical fats, soap, tea, coffee, and sugar, were placed under control. At the close of the year 1916 the state took over the expense arising from the sale of sugar at a considerably lower price than it

could be imported for, and after February 9, 1917, sugar was rationed.

All these provisions, the preparation and application of which necessitated the creation of many committees and councils, as well as the building up of a considerable administrative apparatus, was necessarily distasteful, of course, to a large part of the population, even though it be admitted that Denmark was better off than most of the neutral countries. The pressure was most severely felt by agriculture, which is the true stronghold of individualism. One of the beneficial, though indirect, results of the restrictions was the falling off in the production of spirits consequent upon the scarcity of grain. While the champions of liberalism maintain that prohibition or limitation of spirits was not according to reason, it is nevertheless a fact that sentiment against alcoholism, which has been growing in Denmark during the last decade, has been greatly increased by the experience during the war.

While the Danish population was thus obliged to submit to a number of restrictions, the fact must not be overlooked that the various trades worked hand in hand with the government, and that their organizations were allowed to take many independent measures designed to control the supply of goods to individual traders. This was especially the case with the ' Joint Council of Trades ', formed in February 1917, and consisting of members elected by the organizations of agriculture, commerce, shipping, and industry. This Joint Council brought about co-operation between these trades: e. g. the Textile Manufacturers' Association undertook to import cotton; the Industrial Council established a Coal Distribution Office for industries working conjointly with two coal councils appointed by government, one for English, the other for German coal. Moreover, the Joint Council succeeded in bringing about the importation of a quantity of turpentine, which was then distributed among painters, etc. This voluntary action was quite on a par with the action of the state.

Recent Social Legislation

Several of the above-described measures were adopted for the special benefit of the lower classes of the community. Where prices were not directly fixed, it was attempted to limit profits from sales. A note of February 1, 1917, prohibited exploitation of the opportunities created by the war, and provided that goods were not to be sold at a higher price than that previously current, if the increased price could not be proved due to the increased expenses for the seller in connexion with the manufacture, purchase, or costs of the goods. It prevented articles which passed through several hands from being sold at more than the original price, thus prohibiting profits by middlemen as far as the transfer from one seller to another might involve an apparent reason for an increase in the price. Other means of limiting profits were devised through the many new taxes established during the last years of the war, as will be shown later.

In view of the stringent need of the lower classes the municipalities were authorized to spend considerable sums for their relief; and the state also made considerable grants. The acts of December 22, 1915, December 28, 1916, and December 21, 1917, authorized gifts of money through the Municipal Relief Funds and other institutions such as the recognized Unemployment Funds, as well as reductions in the price of food and fuel for the whole population and especially for the poor.

The condition of the unemployed was considered. The number of unemployed increased especially on account of the unrestricted submarine war, and they must be helped. The act of 1914 relating to Unemployment Funds had provided that the members should have passed through a period of carene, no support being given to a workman until he had been a subscribing member for at least twelve months. This provision was temporarily suspended by an act of October 27, 1917, and much relief was thereby rendered possible. Eventual provisions that an unemployed member should receive relief only at certain

periods of the year, or after a certain waiting time, were also suspended. A labourer could now be entitled to support even if he had work on four days of the week. Extra sums were paid through the Unemployment Societies to their members in addition to the statutory relief, or as relief extended beyond the time fixed in the statute. A considerable additional sum is now fixed, so that members who pay regular premiums receive at least 1·75 *kroner* ($0·47) a day from the combined sources. The unemployed, on certain conditions, also receive help in paying their rent, and further sums are allowed under special circumstances by the Municipal Relief Fund, e. g. if they have several children, if they are in ill health, or if they have heavy debts. This act was superseded by a new one of February 8, 1918 (to remain in force until June 30, 1918—later prolonged to the end of November), which made still better provision for the unemployed, raising the minimum relief to 2·75 *kroner* ($0·74) a day for full subscribing members with families to support. That the unemployed thus received a considerable amount of support is apparent from the provision that the daily sum should not exceed three-fourths of the current daily wage, not including assistance toward the payment of the rent, support from the Municipal Relief Fund, or a share in the relief measures taken by the municipality, pursuant to the act, for all inhabitants of the municipality or for those whose incomes were under a certain sum. It is the state which in the first instance will have to bear the burden in conjunction with these measures. Again, a new provisional act was issued on July 1, 1918, which in no wise altered the principles of the previous one; on the contrary, it increased the state grants. But between the lines we can read an admission of its own shortcomings, since it provides for the appointment of a committee to make proposals for amending the act, it being presumed—and that is indeed characteristic—that in cases where the support received through the Unemployment Societies is inadequate for the support of a workman's family, the deficit must be made good from the Municipal Relief Funds.

By all this legislation Denmark posits clearly the right of the citizen to exist. This principle has been so far recognized by all civilized countries that they acknowledge as a duty the establishment of a Poor Relief System. But in most countries the relief given through such a medium involves certain limitations of political rights; and, moreover, it is generally rather small. No such limitation, however, is attached to the legislation described, where, indeed, help has recently been given so freely that the unemployed workman is under no great inducement to return to work. The Act of February 8, 1918, was intended to create such inducement by providing that the aid given must not be so great as not to give the workman real economic interest to obtain work. But such a law naturally does not form any bulwark against an army of non-workers, and many complaints have been made of the abuse of its provisions. It is not surprising that a workman, who has a weekly wage of 28 *kroner* and who is consequently entitled to 21 *kroner* weekly in the form of unemployment support, is not tempted to return to all-day labour for a paltry 7 *kroner* more by taking employment but prefers to receive unemployment support and then perhaps supply his income by some odd work which is outside the control. A case in point recently came before the Unemployment Council. A member of an unemployment society in the neighbourhood of Copenhagen refused to accept a permanent position because on some days of the week he could earn 12 to 14 *kroner* per day; he therefore refused the position offered and demanded support from his society for the days on which he had no work. The council, however, decided against him.

To prevent such misuse of funds a new act was issued on November 30, 1918 (to remain in force until the end of 1919), whereby the conditions for receiving help were made more strict. Control of the unemployment societies over their members was increased, and attempts were made to bring about a closer co-operation with the public employment offices. In addition to the current aid, 2 *kroner* per day

during the winter and 1·5 *kroner* per day during the five summer months are now granted to each householder, and assistance toward the rent is a little more liberal. But the source of the difficulty does not seem to have been reached. Still the thought seems to find expression in the new act, that a duty to work ought to be attached to the right of existence; but on this point there will doubtless be much argument before its rationality is made clear.

The founding of unemployment societies on the basis created by earlier legislation was a long step in the direction of help to self-help; but in using the unemployment societies as the institutions through which to make government grants legislation unwisely followed the line of least resistance. Through the use of the existing institutions as examining boards and as treasuries their significance as insurance societies became vague, and their position will be difficult when normal conditions are restored.

Future historians will certainly see in the Danish use of the unemployment funds during the present period of high prices a reflection of the English Allowance System of the eighteenth century, which Malthus attacked so vigorously. Just as that system aimed to give the unemployed workman the minimum necessary for his existence, the present Danish system aims to give him an income up to a certain limit. In this connexion it is interesting to note that, according to the act, a workman who is willing to accept unaccustomed work outside his own trade may receive from the fund a temporary addition to obtain the wage which is customary for the workman of that time when he, on account of failing practice, can not earn this wage by his work.

Economic Changes caused by the War

The change of economic conditions during the World War will be the chief excuse for this indulgent policy. Evidences of a surprising increase in the incomes of the majority of the population are numerous, statistics of taxation showing them to have trebled between the years 1906 and 1918.

Before the war incomes had grown rapidly, but nowhere near as rapidly as during the war, when they doubled in the course of three years. Moreover, the capitals of joint-stock companies increased from 854,000,000 *kroner* in about 1912 to 1,330,000,000 *kroner* in about 1917. Savings Bank deposits increased from 575,000,000 *kroner* in 1901 to 858,000,000 *kroner* on March 31, 1914; but in the next four years the figure mounted to 1,255,000,000 *kroner*. Still greater was the increase of business in Banks of Deposit; from 395,000,000 *kroner* at the close of 1901 the sum increased to 906,000,000 *kroner* in 1913, and again to 2,441,000,000 *kroner* in 1917, having almost trebled, accordingly, in those four years. Thus we may go on giving proofs of the rate at which the money economy of the country changed.

In considering these circumstances we must bear in mind that the purchasing power of money greatly decreased. During the war the prices rose on an average by 90 per cent., whereas during the previous fourteen years they had risen by one third altogether, consequently in the proportion of 1 to 2·5. This consideration will greatly reduce our estimate of the amount handled by the Savings Banks and Banks of Deposit. The country's increase in wealth, though real, is not nearly so great as it appears to be.

Various economists have attributed the rise of prices to the great increase in the volume of paper money issued in Denmark as in all other countries. In 1910 the note circulation of the Danish National Bank amounted to 92,000,000 *kroner*; in August 1914 it had reached 147,000,000 *kroner*—an increase which cannot be looked upon as extraordinary in view of the great development of industry and commerce. But during the next four years it increased to 365,000,000 *kroner*, i. e. in the proportion of 1 to 2·5. The above explanation is founded on statistics of earlier days. The truth is more likely to be found in the fact that banks are the instruments of the economic community, and not the reverse; in other words, the banks must adapt their issue of notes to

the requirements of the community, with a change, if necessary, in their foundation regulation.

Proofs of an apparently growing wealth are further furnished by the fluctuation of wages. In 1915 the wages of an agricultural labourer had reached the very modest average of 850 *kroner* ($228) per annum; in 1918 provisional statistics show an increase to 1,390 *kroner* ($373). The figures indicate a gain of nearly 64 per cent.; but in reality the purchasing power of the agricultural labourer had rather decreased during the war.

In trade and industry the figures are considerably higher. The average hourly wage of a skilled mason in the capital rose from 87·5 *öre* ($0·23) in 1913 to 150 *öre* ($0·40) in 1918; that of an unskilled mason from 61 to 117 *öre* ($0·31); and that of a male workman in a boot factory from 52·5 ($0·14) to 113 *öre* ($0·30). These figures seem to indicate that the wages of unskilled labourers have kept pace with the times as regards purchasing power, but that the same scarcely applies to skilled labourers. It is possible, however, that conditions will be more favourable for workmen after the inevitable struggle for higher wages which will be kept up now that the war is over. They will fight to the utmost for the maintenance of the level now reached, even though the price of food, fuel, and clothing decreases. But meanwhile the rise in wages will be neutralized by the rise in prices.

All this reminds one of the old story of Munchausen who pulled himself up by his hair. Prices rise and labourers demand higher prices; increased wages are then followed by increased prices, and increased prices in turn lead to a demand for increased wages, and so on. Only one class of the community loses by this movement, namely, the persons who receive fixed salaries, and who see their capital and income reduced, so to speak, to half what it was. This, too, is a loss sustained by pensioners, annuitants, and officials. Accordingly, officials are agitating for the introduction of a sliding

scale which will automatically follow the fluctuation of prices.

These conditions are not surprising. At the very start the war afforded Denmark considerable economic advantages. The shipping trade appeared extremely prosperous, in spite of great losses in tonnage, and the agricultural population at once realized large profits, for instance, by the sale of their horses. But in the following periods the production has declined by reason of failing supplies, whereby the country was largely thrown back on its own resources. Thanks to the good cultivation of the soil, however, and to the high position of our agriculture, the result was surprisingly good, everything considered, though not so good but that the population was obliged to practise strict economy.

Recent Fiscal Measures

The measures instituted to help the lower classes of the population out of all these difficulties could not have been carried through, of course, without imposing great burdens on the state and municipalities. The result is a very great increase in taxes and an enormous growth of the public debt, as well as a deficit in the national budget which it may be very difficult in the future to make good. Danish legislators, like those of all countries, have had to use all their wits to create new sources of revenue. It would be too much of an undertaking to go through all their legislation, but a few outstanding features may be mentioned.

During the nineteenth century the income tax was a municipal assessment; only under certain extraordinary circumstances did it become a state tax. Originally the principle on which it was based was that of a proportionally equal tax for all. In the early part of the century (1810) a tax of 4 per cent. per annum was established on all incomes, with a deduction or exemption of 320 *kroner* ($86) applying to every income. Later on the exemption was somewhat enlarged. An act of February 19, 1861, relating to taxes

in Copenhagen, fixed the same percentage upon all incomes exceeding 2,400 *kroner* ($643); smaller incomes were taxed on a decreasing scale, and those below 800 *kroner* ($214) were exempted altogether. Orthodox economists in the middle of the last century considered such taxation just; some, indeed, maintained that the rich ought to pay proportionately less, because they caused the treasury less trouble. Even such men as John Stuart Mill would not hear of a progressive income tax; and the famous English Income Tax, which has been a model for similar taxation outside the boundaries of the United Kingdom, was not so constructed as easily to admit of a sliding scale. The modern trend of thought is obviously that the individual does not stand as an isolated member of society who receives a service from the state and pays for it, but is a member of an organism who, according to his power, contributes to a common purpose.

It would be extremely interesting to follow more closely this change of opinion which is the basis of the transition to the modern system, with its progressive rates applying especially to persons with very large incomes. Simultaneously with this change of opinion we find in many places, step by step with the advance of socialistic ideas, the centre of gravity removing from indirect to direct taxation. In Denmark this is seen in the Customs Act of 1908, which is one of the few liberal customs acts we now have. The real transition began in 1903, with a change in the entire fiscal system by levying an income and property tax for the state (after the deduction of a certain small untaxable income) of 13 per mille on the lowest income and 25 per mille on the highest, the increase to stop only at 100,000 *kroner*. The property tax was fixed at 0·6 per mille on the value of the property.

These taxes became the starting-point for the later legislation. In 1909, on account of the Defence Acts, income and property taxes were raised, and three years later they were raised again, when the property tax ranged from

14 to 50 per mille, i. e. double the maximum of 1903. The income tax now ranges from 0·67 to 1·25 per mille.

The same principles were applied to inheritance taxes. The act of 1861 provided a progressive rate according to the relationship of the heirs but without regard to the size of the estate. This was changed in 1908, and the tax now had a moderate progression. It was considerably increased in 1915. During the war the rapidity of legislation gave people little time to consider the various proposals that were submitted. Principles went by the board. It was all-important to discover sources for direct or indirect taxes. No originality could be displayed, the given models were followed and money was taken wherever it could be found. To this extent there was something to go by, as the war circumstances had created unprecedented fortunes and incomes, on which the state naturally had its eye. Indirectly, taxation was imposed by an act of 1915 introducing a stamp-tax on the transfer of bonds, the so-called Exchange Act which was increased in 1916 and made to yield several millions; directly, by various acts increasing the tax on incomes and property. The rates were raised in 1915, further an extra-ordinary provisional income tax law was passed providing that the taxpayer should pay, besides his usual income-tax, a considerable tax on the amount by which his present profits exceeded his average profits for the three preceding years. In 1916 the law was amended so that the Excess Profits Tax for very great incomes rose as high as 25 per cent. The following year a provisional supplement was added to the income and property tax applying to incomes of over 6,000 *kroner* and fortunes over 20,000 *kroner* at a rapidly progressive rate.

Besides these there was a series of indirect taxes. The remarkably low duty on gin had been raised in 1912, and in 1917 it was raised again. In the same year an additional duty was also imposed on wine, and a tax was imposed on cigars and cigarillos, and an increased tax on cigarettes.

That the municipalities also devised new plans for taxation can occasion no surprise. Finally, the autumn of 1918 brought a long list of proposals for the establishment of new taxes and the increase of the old taxes, in order to enable the government to make both ends meet. Outside of all this we have further the measures mentioned above, as the duty on the export of cattle, a duty which had its special purpose.

On the whole the outstanding feature of the modern system of taxation in Denmark lies in a certain principle of equivalence; as in the age of mercantilism, several duties were used to cover special expenses. A duty was imposed upon the Life Insurance Companies for their control, another upon the Savings Banks to cover their control, another for censorship of theatres determined in the licences, and still another for inspection of boilers, etc. An act of 1916 provided that the shipping trade should contribute toward the supplies of the country, partly in tonnage, which through the Council of Freight should be procured as cheaply as possible, and partly in money, a sum of 11,000,000 *kroner* being imposed in proportion to the taxable incomes of the companies.

Effect of Recent Fiscal Measures

The effect of these measures on the finances of the state will appear from some figures. In the fiscal year 1910–1911 the current revenues of the state totalled 91,000,000 *kroner*. In 1913–1914, or immediately before the World War, they totalled 124,000,000 *kroner*. During the war they swelled to such a degree that in 1917–1918 they had reached 375,000,000 *kroner*. The income and property taxes, which seven years before had yielded 12,000,000 *kroner*, now yielded 239,000,000 *kroner*, or nearly two-thirds of the total revenues. In 1910–1911 the taxes on commercial transactions and the inheritance tax brought in 9,000,000 *kroner*, and in 1917–1918 they brought in 40,000,000 *kroner*, of which 19,500,000 accrued from the stamp-tax and 13,000,000 from exchange duties. During

the same period consumption duties rose from 46,000,000 to 71,000,000 *kroner*, of which duty on gin brought in 18,000,000 as against 4,000,000 in earlier years; the duty on beer, 11,000,000 as against 6,000,000. Meanwhile, the customs duties yielded during the war conditions so adverse to commerce only 30,000,000 *kroner*, as against a previous 32,500,000 *kroner*. A falling off of income is found in government enterprises, as in the state railways, which showed a deficit of 10,000,000 *kroner* in 1917–1918, against a surplus of 5,000,000 *kroner* in 1910–1911. The large incomes during the war did not prevent a great increase in the national debt, which was nearly doubled between March 31, 1911, and March 31, 1918. On the latter date it was 603,000,000 *kroner*, an amount which, however, a wealthy country such as Denmark can easily carry, and which is very small in comparison with the debts weighing upon the belligerent countries.

It is especially in the budgets of the Secretary of the Home Office and the Secretary for the Defence that we find the very large expenses corresponding to these figures. In 1910–1911 the expenditures of the War Office were about 20,000,000 *kroner*, of which between 4,000,000 and 5,000,000 were for fortifications, buildings, etc. In 1917–1918 they had increased to 86,000,000 *kroner*, of which 68,000,000 were for the measures of safety on account of the war. For the Navy Office, the expenses rose from 9,000,000 to 26,000,000 *kroner*, of which 17,000,000 were for measures of safety. The budget of the Home Office increased from 13,000,000 *kroner* in 1910–1911 to 124,000,000 *kroner* in 1917–1918; of the latter sum 18,500,000 *kroner* were used for purchase of corn and flour; 2,900,000 *kroner* for subsidies for importing maize; 1,300,000 *kroner* for the production of yeast; 4,200,000 *kroner* as compensation to the rye and wheat growers for grain surrendered. Butter producers received a subsidy of 13,900,000 *kroner*, a sum which will be much greater in the coming financial year. The reduction to the

people of the price of milk cost the state 8,000,000 *kroner*, and the slaughter-houses received 13,100,000 *kroner* for the slaughtering of hogs for the home market. As some small compensation for these extraordinary expenses, there is a surplus from fuel of upwards of 1,000,000 *kroner*, and a penalty on farmers for insufficient deliveries of grain of 800,000 *kroner*. The relief funds received a grant of 3,300,000 *kroner*; aid to the unemployed amounted to 14,900,000 *kroner*; while the municipalities received from the state 19,200,000 *kroner* pursuant to the laws passed to alleviate the high cost of living. Of course, the cost of the whole rationing system and of the numerous councils was not small. Besides 900,000 *kroner* for the administration of grain supplies, more than 500,000 *kroner* was spent on price-regulating boards, councils, and committees, and 760,000 *kroner* on food-cards. To all this, finally, must be added from the accounts of the Finance Department the increase in salaries of functionaries to make up for the high war prices, amounting to upwards of 30,000,000 *kroner*.

Summary and Conclusion

At this early date it is impossible to decide whether the government has acted wisely or unwisely in pursuing the policy outlined above. Criticism will scarcely condemn its efforts to check the exportation of goods which were needed by the populace, or to cut down by taxation the large incomes resulting from abnormal market conditions during the war, or to control prices and regulate the consumption of bread, sugar, butter, etc. These measures are interesting as proof of the enormous growth of the power of the state during the last generation. In France, in 1792–1793, attempts were made in vain to supply the nation with the necessaries of life. The Convention prohibited, under penalty of death and seizure of the produce, the exportation of grain and flour. On September 29, 1793, maximum prices were fixed for a number of goods, and the exportation

of all raw materials was prohibited. Just as lighting was recently regulated in Denmark, so too it was prohibited in Paris to prevent a rise in the price of candles. But before the close of 1794 the law fixing maximum prices had to be repealed. In the modern community conditions are entirely different. Of course, there have been many violations of the law, both large and small, as well as many attempts at smuggling and profiteering. On the whole, however, it may be said that the laws have worked satisfactorily. Posterity will probably be more critical of the many measures regulating agriculture, as the branch where, as mentioned before, individualism has a strong influence. The question will be asked: Could not the powerful agricultural organizations have accomplished the task of securing the necessary supplies for the country without any interference from the state? Further, the measures that were adopted to relieve the pressure of high prices will be looked at askance. The increase of salaries for the hordes of functionaries who otherwise would have been unable to make both ends meet under the great increase in the cost of living will not be censured, and much has been said in praise of the efficient support given to the unemployed, although it need not have been done through the recognized unemployment societies whose whole rule of being, as above mentioned, was thereby quite upset. The main question will be whether, on the whole, it was prudent for the state to act as guardian of the population, and in that capacity to procure commodities at a cheap rate for the people and at a large cost to the state and municipalities, and whether so many direct grants should have been made. It will be asked whether a little less interference would not have been better. No doubt the consequence would have been that wages would have risen as prices rose. The working classes would then have needed no outside aid, and the upper classes would have had heavier expenses but lighter taxes. Most people will prefer such an arrangement, even though the result, whether surplus or deficit, be the

same. It would have involved a greater increase in the salaries of functionaries; the officials and employees of the state and municipality would have had to be helped; but the administration, on the other hand, would have been much more simple. Many pros and cons may be put forward by critics according to the view they take of society. The many new laws, taken together, constitute a great advance toward state socialism; but it is a question whether this advance has not been so strenuous that wide circles of the population will not feel a reaction and breathe a sigh of relief when the former conditions are restored; or whether, indeed, the pendulum may not swing back beyond the limit attained before the war. The events of the war have influenced movements which were in process of gradual development before they began, and it is a question whether the slow but sure development then progressing might have been the happier for the country.

It must not be overlooked that strong forces are in operation to bring about an entirely new social order. While the Danish social-democracy is really a conservative party, the aim of which is gradually to secure real progress for the lower classes by means of energetic legislation, and as far as possible to co-operate with the other parties in so doing, for several years there have been elements within the ranks of the party which, under conceivable circumstances, may cause great trouble. The younger members of the party have often shown impatience with the slow and cautious methods of the older men. In Denmark, as in all other countries, the Syndicalistic Movement regards itself as the more genuine expression of the teachings of Karl Marx. Parliament is looked down upon as an anachronism, and there is a desire for immediate and vigorous action, which would bring us to the verge of anarchy. We cannot impeach the motives of these young men. They may be firmly convinced that the community will adjust itself wisely to unchartered freedom when the old bonds have been broken; that the people of their own

accord will work unanimously in friendly co-operation for the common good; and that the resulting conditions will be happier than those under which we are now living. But it is to be wished that this end may be approached, not by the exhortation of the untaught masses, but by studious deliberation and quiet reflection on the lessons of history. These ideas were growing among the social-democrats of Denmark during the last years before the outbreak of the war, although the party was so strictly disciplined that it presented on several occasions a solid front to the other parties. During the progress of the war conditions naturally changed. Foreign elements, largely of Slavic origin, appeared in Copenhagen; and when Bolshevism conquered Russia it won much sympathy in certain quarters here. The Syndicalistic Movement thereby gained ground, though it met with strong opposition from the old social-democracy. Especially within certain trades these teachings, with their touch of idealism, supported, as it is, by the longing of youth for immediate action, have secured a firm foothold. The party has a press which openly defies all its opponents, and not the least the old leaders of the social-democratic party. For some time to come they may not essentially disturb the quiet development of affairs; but our day has been so full of surprises that here, too, we may look for the unexpected to happen. We are justified, however, in holding that few countries are better armed against sudden catastrophes than Denmark; and, if she is spared bolshevist or syndicalistic influence from without, she shows signs, as I hope will appear from this treatise, of a healthy and independent progress, on the lines of her past efficiency and the ideals of her population, toward the solution of the social problem in such a way that it may offer an example to be imitated in several points.

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