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From Military State to Welfare State

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Abstract and Keywords

Compared to most other countries, Denmark was only marginally affected by the two world wars. However, this does not mean that war had no impact on the historical development of the Danish welfare state. First, the formation of the nation state is directly linked to war and military defeats. As a result, Denmark gradually went from being a medium-sized European power to a small nation state with a very homogeneous population. Second, being a small state, the overall Danish security strategy was a passive one from 1870 to the end of the Cold War with a focus on domestic issues. The welfare state is part of this story. Third, as a consequence of this, the voice of the military was marginalized in politics and almost completely absent in debates on social issues. Still, war was a reality and both world wars affected the Danish social security system in various ways.

Keywords: Denmark, welfare state, social policy, warfare, world wars, state-building, neutrality, military defeat

Introduction
Compared to most other countries, Denmark was only marginally affected by the two world wars. And if we take a bird’s-eye perspective of the development of the welfare state, it is characterized by continuity throughout the twentieth century. Social rights were expanded step by step, and after 1945, Denmark became an example of what in comparative welfare state research is labelled the Nordic model: characterized by universalism, tax-financed, and with comprehensive social security and social services organized by the state. At first glance, the impact of the major European wars on Danish welfare state history appears to be marginal and mainly negative.

However, taking a closer look and a longer perspective it becomes clear that the Danish welfare state was not unaffected by the wars. In this chapter we locate three types of effects: First, wartime was a critical juncture leading to extraordinary interventions that sometimes strengthened existing tendencies, and in this way, war was a pacemaker for significant changes in the long run. Second, war had a direct positive impact on the growth of the state. Third, we find indirect effects, where the wartime experience changed the social, economic, and political contexts for the development of the Danish welfare state.

In this chapter, we take our point of departure from three main arguments. The first argument is related to discussions of war and state formation. The history of the Danish state features high levels of continuity, but the formation of the Danish nation state is directly linked to war and to military defeats in the Napoleonic Wars and especially the Schleswig Wars, when Denmark ceded Norway to Sweden in 1814 and Schleswig and Holstein to German states in 1864. As a result, Denmark gradually went from being a medium-sized European power to a small nation state with a very homogeneous (p.291) population in terms of religion, language, and ethnicity. These are historical factors that existing research has highlighted as foundations for the development of comprehensive universal welfare states (Pedersen 2014).

The second argument is related to the small state. War looks different from the perspective of a small state compared to the major European powers. Small states do not seek war and mostly realize that war is not a feasible strategy for solving problems with neighbouring countries. This means that both the preparation and the war phases of small states involve different political dynamics from those of the major European powers. From 1870 to the end of the Cold War, the overall Danish security strategy was a passive one, based on the intention to avoid war and rather to focus on inner stability and legitimacy. The welfare state is part of this story. Still, war was a reality, even though it has to be understood mainly as an externality (an unwanted change in the historical context), and both world wars affected the Danish social security system in various ways.
We also hint at a third argument that might merit further development. As a consequence of Denmark’s status as a small and weak state since the 1860s (at the latest) and the subsequent policy choice of a very defensive neutrality with a strong focus on domestic aspects, the voice of the military was marginalized in politics and almost completely absent in debates on social issues. The military played a smaller political role than in larger and more militarized countries. There are, however, some indications that the military tried to improve its status and role from the 1930s by positioning itself as a defender of the developing welfare state. Thus, one might argue that the welfare state came to be used as an argument for the development of the military, rather than the other way round.

A SMALL PEACEFUL DEMOCRATIC NATION STATE BORN IN WAR
The traditional master narrative of Danish history is strikingly parallel to what Herbert Butterfield famously labelled ‘The Whig Interpretation of [British] History’ (Butterfield 1965). In the Danish version, a combination of benign rulers and an almost innate capacity for compromise secured the transition to modernity from the late eighteenth century onwards without any major bloody confrontations, revolutionary upheavals, or civil wars. While this narrative cannot be dismissed as pure fantasy, the Danish monarchy did undergo dramatic shifts in its transformation from a multi-ethnic absolutist state to a constitutional nation state, and this transformation was closely linked to both revolution and war.

(p.292) In the mid-nineteenth century, the absolutist regime came under growing pressure from a nationalist–liberal opposition that combined demands for a liberal constitution with a nationalist agenda (Frantzen and Jespersen 2008, 26–73). The latter focused on the duchies of Schleswig and Holstein, which were ruled by the Danish king but not integrated into Denmark proper. To Danish liberals, the linguistically split Schleswig should be incorporated into Denmark, while the Holsteiners ought to pursue their German destiny as part of a future German nation state. Unsurprisingly, German nationalists in the duchies (and elsewhere in the German states) contested the interpretation of Danish liberals, and Schleswig became a bone of contention between the Danish and German nation-building projects. This became decisive for the path of Danish history from 1848 onwards.
In the spring of 1848, the European wave of liberal revolutions fed into the competing national projects in the Danish monarchy. In Copenhagen, liberals marched on the royal palace demanding a constitution, while liberals in Kiel demanded not just liberal reforms but also a German future. The king gave in to the former and refused the latter. This led to a rebellion in Holstein, and soon the Danish monarchy descended into a civil war fought in Schleswig and parts of Jutland. This civil war was quickly internationalized as German states (and volunteers) joined the rebels and drove back Danish forces. International pressure forced the German states to drop their engagement in the conflict, and in the second phase of the war, Danish military returned to the offensive. Once again, the Great Powers intervened and forced a settlement that confirmed status quo ante.

In Denmark, the impact of the war was massive. The new liberal constitution of 1849 was negotiated under the pressure of war, which led to the introduction of a broad male suffrage as a necessary corollary to national conscription. The 1849 constitution did not feature social rights but included a general statement (§89) declaring that ‘[H]e who cannot provide for himself or his family, and who is not to be provided for by somebody else, is entitled to public help, under the conditions stated in the law.’ This not very explicit statement of rights survived later revisions of the constitution and framed subsequent political struggles over social political principles.

The war in 1848 resulted in a widespread nationalist enthusiasm in Denmark. Unsurprisingly, the military was placed in the centre of this wave of nationalist fervour, and the common soldiers with rural backgrounds were hailed as the heroes of the day. Even the famous leader of the Royal Danish Ballet, August Bournonville, joined the nationalist chorus advocating targeted policies for war veterans and their families (Fenger 2011, 5). However, the outcome of the war left the basic problems not just unsolved but aggravated. The political divisions within the realm had become sharper, with Denmark proper now a constitutional state, while the duchies remained under quasi-absolutist rule. In the 1850s, the government tried to solve this imbalance by seeking to create an overarching constitution for all the parts of the realm, but these attempts were vetoed by the German Confederation of which Holstein was a member. In 1863, the Danish government tried to cut this Gordian knot by promulgating a new constitution for both Denmark and Schleswig, thus incorporating Schleswig into Denmark against international agreements. The German states, led by Prussia and Austria, saw this not just as a provocation but as an outright causus belli leading to the Second Schleswig War of 1864 (Noack 2014). The war proved catastrophic for Denmark (Glenthøj 2014). On the battlefield, the Danish army suffered unequivocal defeat, and in the subsequent peace treaty Denmark had to cede the duchies to Prussia and Austria.
The war left Denmark as one of the smallest and weakest states in Europe. At the same time, however, the war resulted in Denmark becoming an ethnically homogeneous nation state. For our purposes here, two other consequences of the war are even more important. First, the war forced the insight on the Danish political establishment that Denmark was too weak to wage revanchist wars and that neutrality was the only feasible option in foreign policy. Second, in the aftermath of the war, the Danish constitution was revised in 1866. The revision secured the hegemony of the social and economic elites within the second chamber of parliament and further granted the government the right to rule by decree, thus enabling governments to override parliamentary majorities. This established the framework for a forty-year-long constitutional struggle, with Conservatives and right-wing Liberals defending this revised political settlement and the Agrarian Party and the rising Social Democrats fighting for a return to the more democratic set-up of the 1849 constitution. It is noteworthy that several of the social reforms mentioned below were legislated in this highly conflictual political setting, and it is clear that the Conservative government wanted to utilize social reforms as one means of building bridges between Conservative and Liberal–Agrarian interests (Levine 1978; Petersen et al. 2010, 574–5). In this way, the nationalist wars of the nineteenth century indirectly influenced the first wave of social legislation from 1891 to 1907.

The Social Policy Effects of the National Wars
In the mid-nineteenth century, the existing rudimentary social security system was still based on the 1799 Poor Law, where the receipt of benefits also meant the loss of civic rights (loss of property, the right to marry, etc.) (Kolstrup 2010, 237–47). However, the 1848 war did lead to some of the first exceptions to the draconian consequences of the Poor Law, with the Ministry of Justice decreeing that municipalities could (not should) offer social assistance to families of soldiers in need without this specific help leading to the loss of civic rights. This exception for a special group in need was anticipating the discussion on ‘worthy’ and ‘unworthy’ recipients that some decades later would lead to the first wave of modern social legislation in Denmark.
Reforms in other areas progressed from the events of 1848 that pointed towards new social policy departures. One example is the introduction of an old-age pension scheme for civil servants (Petersen 2010, 348–9). Another is that the end of absolutism also triggered discussions on labour market regulation. A newly established interest organization for Danish manufacturers (Industriforeningen) advocated a law allowing skilled labourers to be employed outside the guild system (Jacobsen 2011, 23). This request was declined by the government, but pointed towards what was later implemented through the ‘Freedom of Trades’ law passed in 1857. Finally, during the 1840s, discussions on poor working conditions started to take off, especially in Copenhagen, focusing on workplace accidents and the poor health of certain social groups (Jacobsen 2011, 19–41). However, this consideration of the population as a national resource seems to have been driven by economic rather than military considerations.

While it was evident that the outcome of the First Schleswig War was unsustainable, there is no evidence that Danish authorities (including the military) contemplated social reforms to improve Denmark’s capacity to wage a coming war. However, as in 1848, the 1864 war did result in a few reforms directly related to the wartime situation. During the course of the war it became the general rule that help for poor families of soldiers should be offered without the harsh conditions of the Poor Law, and in 1876, war invalids were also offered help on a similar basis (Kolstrup 2010, 245–8).

Thus, the direct impact of the two wars on social policy development was quite limited. There is also little evidence to suggest that military concerns constituted a clear motive for the social reforms that were introduced in the late nineteenth century, when the transnational social question emerged as a live issue in Denmark. It was rather the combined effects of agenda-setting, national state-building, structural modernization, and state capacity that resulted in a series of social reforms: an old age pension reform act and a new poor law in 1891, sickness insurance in 1892, worker’s accident insurance in 1898, the law on child welfare in 1905, and a national system for unemployment compensation in 1907. Even if these reforms displayed a diversity of social policy principles, the overall key to social rights became national citizenship (Petersen et al. 2010).
These reforms, often characterized as the origins of the modern Danish welfare state, were clearly not directly caused by war. It took three decades of social policy debate after 1864 before reforms were implemented, and in the parliamentary debates over the reforms, we find no explicit references to war or military considerations, while *Militært Tidsskrift*, a journal published by Krigsvidenskabeligt Selskab since 1871, that served as the public voice for the military establishment, simply did not engage in debates on social issues. (p. 295) Neither did the navy oriented *Tidsskrift for Søvæsen*. A reason for this could be that the military, which had suffered severe economic cutbacks after 1864, did not have the capacity to call all potential recruits into military service (in the 1880s, around 50 per cent of a male cohort were called to serve) (Kornerup 1888, 256–7). Under these circumstances, concerns about the physical quality or health of young men from the lower classes might not have seemed a very important issue to address for editors of journals that did not otherwise shy away from addressing political issues, not least when they involved perceived underfunding of the military (for an example, see Lesser 1894, 289–303).

While military concerns were conspicuously absent from social debates, the wars and Germany’s subsequent bogeyman status as the national arch enemy did to some extent hover over these debates. While German social political debates were closely followed in Denmark, there was a strong scepticism about German ideas simply because they were German. In the debate on old-age pensions, the prominent Agrarian politician Niels Neergaard clearly illustrated this when he described the German model of mandatory pensions as a construction that ‘only could have been thought out by sick German bureaucratic minds’ (Neergaard 1890, 840). In this way, the Prussian–Danish war had a clear impact on patterns of social policy diffusion.

If we turn our attention from social rights to the financing of social rights, there are some traces of wartime experience affecting the formation of the Danish tax system. The government introduced new war-financing taxes in both 1848 and 1864 that triggered discussions among both experts and politicians (Olsen 2000, 612–14; Møller 2009, 71–89, 121–50). Nationalist politicians used the need for military power as an argument in favour of an income tax, whereas liberal antimilitarists criticized income tax as being unsuited to a small neutral state, but rather the tax system of a revanchist warlike country. However, even though debates on income tax initially emerged from discussions on the financing of the national wars, when a general income tax system was introduced much later in 1903, war-related arguments do not seem to have played any significant role as motivation or legitimation for the change of tax system.

The Long-Term Effects of the National Wars
The defeat in 1864 and the loss of the duchies resulted in Denmark becoming an extremely homogeneous nation state in ethnic, linguistic, and religious terms (Pedersen 2014). Social cohesiveness was further strengthened by having the new Germany as the relational other to Danish national identity. These were features that can be claimed to have facilitated the early moves towards universal social reforms from the 1890s onwards, but they simultaneously meant that the notion of the military as an important inculcator of national identity did not have much traction. In the eighteenth and early nineteenth centuries, Denmark was one of the most militarized states in Europe (Lind 1999). This changed dramatically in the decades after the 1864 defeat (Figure 11.1). The military establishment was clearly marginalized in the process that forged the constitutionalist state, and the relative importance of the army declined in terms of both manpower and military spending.

Figure 11.1. Military personnel in Denmark, 1841–2007

Although the main political players agreed that Denmark should pursue a clear neutralist policy, opinions differed strongly on how best to defend neutral Denmark against foreign aggression. The Conservatives and right-wing Liberals that ruled Denmark from 1864 to 1901, and formally merged into the party Højre (The Right) in 1878, were in favour of a defence that concentrated on the capital protected by strong fortifications, while the Agrarians (that from 1870 joined forces in the new Liberal–Agrarian party, Venstre—The Left) argued for a popular army based nationwide. From the early 1880s, the left-wing of Venstre struck a much more radical note, arguing that, as Denmark was indefensible from aggression by a major power, military expenditures were a waste of money. Strongly influenced by the cultural critic Georg Brandes, this argument was developed into what, in Danish politics from the 1890s onwards, was known as the notion of ‘cultural defence’ (*Kulturforsvaret*). Brandes and his followers argued that public funds should be spent on education rather than guns, because education would help to develop a strong sense of nationhood, enabling the Danish nation to survive even if Denmark were to be temporarily occupied by a foreign power. *Kulturforsvaret* was thus based on a proto-idealistic understanding of international relations, but was also inclusive of an understanding that democratic values were central to Danish national identity.

The debate on defence strategies (p.297) became a cornerstone of the constitutional struggle between Højre and Venstre from the 1870s onwards (Dybdahl 1965, 162–221). In the debates on defence, the military establishment clearly supported the government (and supplied a number of arguments for the fortification strategy). Unsurprisingly, we find strong scepticism among liberal–agrarian politicians towards a corps of military officers generally considered as being affiliated with the Conservatives (Lind 1999, 81).

**THE HOME FRONT IN A NEUTRAL COUNTRY**

When the European war broke out in 1914, Denmark was governed by a Social–Liberal minority government based on the support of the Social Democrats. In 1905, the Social Liberals had split from the Venstre, leaving this (larger) party with a clear-cut liberal–agrarian profile and therefore referred to afterwards as the Agrarian Party. For the new Social–Liberal Party adherence to the notion of *Kulturforsvaret* was a crucial element of the party profile. However, when the European war broke out, the government followed the example of its predecessors and mobilized a neutrality guard and declared Danish neutrality. This policy, which had solid backing throughout the Danish establishment, proved successful, primarily because the warring states believed Danish neutrality to be in their own best interests, a conclusion that Danish diplomats did their utmost to underpin during the war years (Bjørn and Due-Nielsen 2003, 502–7). Neutrality meant that Denmark was spared the human catastrophe of the war. However, the war still impacted heavily on Danish society.
The main reason for this was that Denmark had an open economy, deeply integrated into European and global markets and highly dependent on foreign trade. Although Denmark had witnessed impressive industrialization and urbanization since the 1870s, on the eve of World War I, it was still a predominantly agricultural country. In 1913, 90 per cent of Danish exports derived from agriculture—to a high degree processed products (Johansen 1985). A strong shipping sector, with a merchant fleet earning 70 per cent of its income in 1912 from sailing between foreign ports, also signalled the strong internationalization of the economy (Møller et al. 1998, 14, 125). This meant that a major European war was bound to pose massive challenges to the Danish economy and society. This was even more likely as Denmark’s two main trading partners were Great Britain and Germany.

Acknowledging this, in early August 1914 the Danish parliament passed sweeping emergency legislation supported by all political parties empowering the government to ban exports, regulate prices, and confiscate food and ‘other goods of social importance’. In other words, the war paved the way for state (p. 298) regulation. The stated goal of the legislation was to secure supplies for the population, but the ban on exports could also be used as a crucial instrument in negotiations with the warring countries. The legislation envisioned the establishment of ‘government commissions’ to control prices. The task was administratively placed within the remit of the Ministry of the Interior, and the dynamic minister Ove Rode oversaw the establishment of numerous such commissions. By far the most important of these was the Extraordinary Commission (Den overordentlige Kommission), which monitored supplies and prices and advised on policies. During the course of the war, the commission mushroomed into about forty specialized boards and committees as well as local commissions in all municipalities. The members of the Extraordinary Commission itself were high-profile representatives from the key sectors of economic life. They were handpicked by Rode, who reasoned that this corporatist approach would help secure support for governmental interventions and also help bridge the inevitable conflicts between the interests of producers and consumers (Jørgensen 2005).

However, it was evident, as the statistician Einar Cohn was later to put it, that the economy was balanced on a knife edge, and when the USA entered the war and introduced strong restrictions on trade with neutrals, the balancing act collapsed. From the summer of 1917 and well into 1919, with the exception of the other Scandinavian countries and Germany, Denmark was almost entirely cut off from global markets. The result was severe and shortages increased; thus, in the summer of 1917, it was estimated that the grain supply for the coming year would be 40 per cent below normal consumption (Cohn 1928).
The growing regulation of the market economy must be understood as being in its significant aspects a social policy. In general, government regulation and price controls met with harsh criticism from business leaders and especially from agriculture, and it is also evident that the policy of the Social–Liberal government favoured consumers’ interests over those of producers (Rasmussen 1965, 132–45). However, price controls and rationing were far from sufficient for insulating Danish consumers from the immediate economic consequences of the war. According to the retail price index calculated by the Statistical Office, retail prices rose by between 16 and 18 per cent annually during the war, and while food prices followed the general trend, fuel prices almost trebled. The government quickly acknowledged that the income of the poorer segments of the population would come under severe pressure. Therefore, legislation was passed in the autumn of 1914 granting extra funding for poverty relief, unemployment benefits, and the families of the almost 60,000 soldiers mobilized to secure Danish neutrality (Kolstrup 2010).

From 1915, more sweeping initiatives were launched by the government. A law directed against rising prices (Dyrtidsloven) enabled local authorities to give income support to ‘poor citizens’ with two thirds of their expenses (p.299) refunded by the state. The law, originally passed in December 1915, was revised a year later and the definition of eligible recipients broadened to ‘those put in a difficult position by the rising prices’.¹ The law also gave local authorities the right to subsidize essential foodstuffs and fuel, albeit only with a one third state refund of expenses incurred. When unemployment started to grow from mid-1917 onwards, reforms were introduced to compensate for rising prices and to grant easier access to social benefits.

In the cities, housing also became a problem (Bro 2008, 241–4). Migration from the countryside to the cities continued—the population of Copenhagen grew from 498,000 to 552,000 between 1915 and 1919—while the building of new housing came close to a standstill from 1915 on, as investors shied away from real estate because much greater profit could be made elsewhere. Housing shortages led landlords to announce rent rises from the spring of 1916. To counter this, local authorities were granted the right to establish housing boards to control and regulate rents from June 1916. In 1917, new legislation further protected the positions of tenants. As a result, rents increased by only 8 per cent between 1914 and 1918. The government also sought to stimulate the building of new housing units with tax exemptions and government loans to both building societies and local authorities who launched council housing projects. Despite these initiatives, both overcrowding and the number of homeless kept growing.

Social Policy During War
During the war years the state became much more active in the social policy arena, but the key actor was still the local authorities, and legislation left ample space for local decision-making and variation (Kolstrup 1996). Thus only one third of Danish cities created a general subsidy on essential food stuffs which the new laws made possible (Hansen and Henriksen 1984, 75). On the other hand, Copenhagen, the country’s largest municipality by far, was highly energetic when it came to relieving the pressures on living conditions. Here, local authorities engaged in the supply of both food and fuel, and from 1916 Copenhagen pioneered council housing projects in Denmark (Jensen 1981).

The war years witnessed a dramatic expansion of public intervention to ameliorate the social consequences of the war. While public expenditure on extraordinary social relief in 1916–17 (including subsidies on food and fuel) stood at 26 million krone, by 1918–19 it had risen tenfold to 277 million krone (figures from Statistisk Aarbog 1919–20 [1919]). Overall, social expenditure rose dramatically during the war years (Christensen 1996, 25).

Even for neutral states like Denmark, the war thus became expensive. To the social expenditures, and to subsidies to business to compensate them for loss of income due to the war, should be added steeply rising defence expenditure costs due to the mobilization of the neutrality guard. Between 1914 and 1915, and 1918 and 1919, total government expenditures quadrupled. The government countered this trend by raising existing taxes and duties, and introducing a number of new ones. Early in the war, special taxes on shipping and on stock exchange trading were introduced, but the most important novelty was a war profits tax introduced in 1915. By 1918–19, this tax was generating more than half of government income (Statistisk Aarbog 1919–20 [1920]). The tax regime was clearly progressive and served to counter, at least to some degree, the very strong trend of growing gaps between rich and poor in Denmark during the war years (Sørensen 2014, 302). Furthermore, we find a clear shift in responsibility from municipalities towards the state. In 1914, 70 per cent of social expenditure was financed through local taxes, whereas the central state covered 30 per cent. By 1919 it was the other way around (Johansen 2015, 160).
When the war came to an end, Denmark did not face the challenge of large-scale demobilization and war-related social needs (e.g. war veterans, disabled, etc.). Compared to other European states, the transition to a peacetime economy was relatively easy and only featured minor challenges. The incorporation for Northern Schleswig in Denmark in 1920 (after a referendum called for by the Versailles Treaty) created the immediate challenge of integrating the social German security system with the Danish system (Schultz 2002). The gradual process turned out to be complicated as the German insurance funds were economically affected by post-war inflation. Furthermore, even though events in Denmark did not turn out as dramatically or as revolutionary as they had in neighbouring Germany, there was a clear political radicalization in the labour movement in the period 1917–22. The number of strikes and lockouts gives a clear indication in this respect. In 1916, sixty-six strikes were reported in Denmark, but in the following years numbers grew significantly, to 215 in 1917, 253 in 1918, 472 in 1919, and 243 in 1920 (Mikkelsen 1992, 293–304). This wave of political radicalization helped pave the way for the eight-hour working day, which was realized in 1919 (Grelle 2008, 224–40).

The Long Shadows of World War I

As this brief outline of the war years demonstrates, even though Denmark managed to stay out of the war, the impact of the hostilities on Danish society was so massive that one might even talk of a Danish home front with strong (p. 301) parallels to those found in the combatant states. One striking parallel is the dramatic expansion of social welfare during the war years. The parallel should not be overstressed, of course. As neutrals, Danes were not victims of the war’s killing machine. This means that we find no pressure for war-related pension reforms (with the exception of the Northern Schleswig region where the Danish state accepted responsibility for the various war pensions to former German citizens when the region was incorporated in Denmark in 1920) (Mackmann 2005, 10–12). Another key difference from the combatant countries is that the war years did not upset gender relations in Denmark, where service in the neutrality guard only affected a relatively small percentage of the male population. For this reason, the war years did not generate a pressure for gender-related reforms. When Danish women were granted the right to vote in 1915, the reform was unrelated to the war experience, with negotiations for a new constitution well under way when conflict broke out in 1914. Similarly, there is no causal link between the war and the reforms securing women a better social position that were implemented in the early post-war years.
From a longer perspective, assessing the impact of the war is complicated. The social initiatives of the war years were clearly linked to wartime conditions, but the legislation was typically temporary and was rolled back in the immediate post-war period, together with most of the regulatory apparatus that had been built up during the war. If we look at the effect of the war on ongoing debates and reform processes, the picture is also somewhat contradictory. While a long-planned reform of the health insurance system was carried through in 1915, and the workers accident insurance scheme underwent significant changes in 1916, reform of the old-age pensions systems was delayed by the war (although a government committee did issue an in-depth analysis and offered plans for revision in 1915) and not even the social pressures of war could pave the way for free school meals, a reform that the Social Democrats had lobbied for continuously since 1902 (Petersen et al. 2011, 251–64, 354–71, 442–60, 734–8).

Among the victims of the rollback of the regulation economy in 1920 was the war profits tax, but the progressive character of the income tax system remained in place and, for all talk about rollback and retrenchment, total tax revenue in Denmark in the 1920s stood at 14–15 per cent of GDP compared to 8–9 per cent in the pre-war years (Hansen and Henriksen 1984, 136; Johansen 2007, 38–49).

We would argue, however, that the war years left an important legacy for the future development of Danish welfare policies. They served in many ways as a laboratory for state intervention. In a famous speech in the Danish parliament, Minister for the Interior Ove Rode argued that the war experience would, hopefully, lead to a permanent strengthening of the role of the state and offered a vision of the future in which ‘the ideals of the community…would triumph in the work of reconstruction’.³ For Rode and other Social Liberals, the war led to a shift in favour of the social over the liberal element in their policy outlook. For the Social Democrats, the war experience was also extremely important. The reformist strategy of the party was successfully tested under the harsh conditions of wartime. The party also got its first (and positive) experience in the inner workings of government when party leader Thorvald Stauning joined the government in a junior position in 1916. The war years in many ways laid the foundation for the strong political alliance between the Social Democrats and the Social Liberals, the two parties that became the founding fathers of the modern Danish welfare state from the 1930s.
The institutional imprint of these developments was twofold (both based on initiatives by the Social Liberal Minister of Interior, Ove Rode): the first being the establishment of the first Danish Ministry of Social Affairs in 1920 and the second being Rode’s appointment, in the preceding year, of the Social Democrat Karl Kristian Steincke who was charged with the task of reconsidering the basic principles of the existing social security system. A year later, Steincke presented his ideas—as well as the outline for a new set of legislation—based on the principles of social rights elaborated in his book on ‘The Social Security System of the Future’ (Fremtidens Forsørgelsesvæsen) (Steincke 1920–1). Even though the route from idea to implementation proved to take much longer than expected, not least by Steincke himself, this was to a large degree a blueprint for the comprehensive Social Reform Act of 1933 (discussed in the next section) (Petersen et al. 2013).

BUTTER BEFORE GUNS: THE INTERWAR PERIOD 1919–39
For the Danish political establishment, the war experience had proved the validity of the neutralist policy line. There was, however, little consensus on how to pursue this line of policy in the future. The military establishment and the Conservatives continued to argue the case for a neutrality guard based on a strong military: ‘If Denmark takes the lead in disarmament, it is likely that other small states will follow, and this will start a process, where great powers will take protectorate over small states, and everybody can see how such a development will inexorably lead to new conflicts and wars’ (Winkel 1928, 14).

However, this position was met with scepticism from the military’s natural political ally, the Agrarian Party, while both Social Democrats and Social Liberals shared an anti-militaristic outlook and the perspective that social reforms and progress were integrated elements in the defence of the democratic nation state. The defence reform of 1922 and the austerity budgets from the late 1920s onwards changed the logic of Danish neutrality policy. With the exception of the Conservatives, Danish politicians started to view neutrality as a cost-saving strategy. This was most evident in 1925 when a Social Democrat minority government (based on support from the Social Liberals) proposed cutbacks in military expenditures by almost two thirds. The proposal was framed in terms of a notion of a peace dividend linked to optimistic readings of the roles of the League of Nations and a new, democratic and demilitarized Germany. At the same time, to the Social Democrats and Social Liberals, military cutbacks were also clearly intended as a means of finding the funds for social expenditure and for paving the way for social reforms (Figure 11.2). The government disarmament proposal was rejected by the Conservative–Agrarian majority in the upper house of parliament. It suffered the same fate in 1929 and 1932, but debates and negotiations paved the way for a compromise with the Agrarians. While the compromise reached in 1932 was far less drastic than the 1925 proposal had been, it still resulted in substantial reductions in the military (Lidegaard 2003, 223–9, 256–9).
This ‘butter rather than guns’ strategy continued into the 1930s, a period in which politics in Denmark was dominated by the problems created by the Great Depression on the one hand and the attempts to found a modern welfare state on the other. The international economic crisis reached Denmark (p.304) in 1930, primarily through the fall in agricultural prices that hit the export-oriented Danish agriculture very hard. From agriculture, the crisis spread to the urban economy with steeply rising unemployment figures as a result: by 1932 the unemployment rate among insured workers had soared to 32 per cent (Dybdahl and Hyltoft 1975; Hansen and Torpe 1977). When confronted with this deep economic crisis, the political system tended to recycle the type of policies adopted during war: State regulation of trade, state regulation of the labour market, and the state as the lender of last resort. This strategy of ‘butter’ rather than ‘guns’ proved to be successful. The prime example was the so-called Kanslergade Crisis Agreement in January 1933 between the Liberal–Agarians (Venstre), Social Liberals, and Social Democrats (Rasmussen 1965, 416–21). This red–green political compromise included support for agriculture and business, a ban on strikes and lockouts, public work programmes, and the acceptance of Steincke’s comprehensive Social Reform Act. The importance of this reform was threefold: It sanctioned the principle of social rights, it systematized the existing social legislation into four laws, and it reformed financing to secure a greater level of spatial redistribution. The news of the Crisis Agreement was symbolically reported on the front pages of Danish newspapers on 31 January 1933 together with the announcement of Hitler as the new Reichskanzler in Germany. While the overall tenor of the decade was one of economic retrenchment and fluctuations, the decade also witnessed important developments in the field of social policy. An important stepping-stone between the two world wars was the severe economic crisis of the 1930s.
The government tried to alleviate unemployment through various employment programmes (with a special focus on the younger generation) as well as major public investments, most spectacularly in infrastructure. Inspired by initiatives in Germany and the USA, politicians advocated the duty to work and established ‘work programmes’ paralleling military service, which ultimately enlisted approximately one third of the male cohort (Sode-Madsen 1984, 59ff.). The underlying motive was to nurture national identity as well as cutting the cost of social assistance. Eventually, when realized, the work camps for young unemployed turned out much less militaristic than the proponents of the German model had advocated in this respect.

The huge unemployment problem not only led to improved unemployment insurance, but also to more far-reaching reforms: in 1936 the age requirement for old-age pensions was reduced to 60 years, in 1938 legislation secured a minimum of two weeks’ vacation for all employees, while substantial reforms in the educational system were introduced in the mid-1930s. These reforms are indicators of a notable trend in the 1930s, most clearly articulated in the formulation of family policies—or as it was conceptualized in the 1930’s: ‘population policy’. While this policy was not framed as a defence strategy in military terms, the development of a Danish (and, more broadly, Nordic) population policy might be characterized as an extension of the ‘cultural defence’ strategy described above, focusing on the importance of mothers and children. This can be illustrated by one of the key documents in the discussion: Gunnar and Alva Myrdal’s 1934 book on the ‘Crisis in the Population Question’ (Kris i Befolkningsfrågan). The book was originally published in Swedish, but was immediately translated into Danish (Banke 2003). It warned that the declining birth rates constituted a genuine threat to society and that, in order to deal with this threat, the state had to develop a progressive and scientific interventionist family policy. Key concepts were state planning, prevention, and a shift from private to public responsibilities. The book advocated a number of social policy measures, such as housing allowances for families, maternity leave and extended daycare provision, as well more controversial elements, such as social eugenics. The Myrdalian argumentation was picked up by the Population Commission (1935–9), and several pieces of legislation embodying these ideas were introduced in the 1930s (K. Petersen 2012, 561–8).
The combination of economic crisis and social reforms made for strong pressures on the public budget. Social expenditure was increasing while the tax base was shrinking. In several ways, the reply to the international crisis was similar to earlier wartime measures: more state regulation and higher taxes. In order to finance the first wave of crisis policies introduced in autumn 1931, the government increased consumption taxes and introduced an extraordinary income tax: 25 per cent additional to the normal tax for the following year (Johansen 2007, 46–9). Such extraordinary taxes (annually between 10 and 25 per cent) were repeated subsequently until 1940.

The takeover of the Social Democratic Party as the leading political party occurred at the same time as the situation within and between the nations of Europe was becoming more and more unstable. In the Social Democratic Party’s rhetoric, the party was building a ‘Denmark for the People’ (the title of the 1934 party programme), and to leading Social Democrats, this vision slowly became linked to an understanding that this new Denmark needed a defence plan. This change was closely linked to the rise of Nazism in Germany. Shortly after the Nazi assumption of power, the leading Danish Social Democrat Hartvig Frisch in his book *Plague over Europe (Pest over Europa)* warned of the threat that authoritarian ideologies on both left and right posed to Nordic welfare democracy (Frisch 1933). The commanding general of the army, Erik With, played on the Social Democratic fear of Nazism to argue for increased military budgets and engaged in debates with the Social Democrats’ Youth Organization, in which he argued that the army should be seen as the ‘Army of the People’, thus placing the army firmly as a key institution of Danish democracy (With 1934; Frantzen and Jespersen 2008, 225–7).
This points to the close links between the military and the Social Democrats established after 1945, but in the short-term perspective of the 1930s, this (p. 306) reorientation led only to minimal rearmament in military terms. Danish politicians feared that rearmament would be considered provocative by Nazi Germany. At the same time, it was nevertheless clear for the political establishment that Denmark had to prepare for the eventuality of war. This war preparation discussion involved two main elements. First, there was general recognition that modern technological warfare might well endanger the civilian population in unforeseen ways, with military analysts especially underlining the likelihood and consequences of mass aerial bombing (Norup 1938, chs 7, 9, and 11). Based on such analysis, national strategies for protecting the population were developed involving both war and welfare institutions. Second, the military tried to take a more proactive role and make the best of the crisis for the military. The combination of youth unemployment and the threat of war triggered debate, promoted by the military, on how military service might be simultaneously used to fight both unemployment and the political radicalization of youth. This was partly an old discussion about the possibilities of integrating military training with a more general moral and physical education of young people. Such a strategy was especially favoured by educationalists, politicians, and the National Sports Association. The general argument was that both the educational system and the military were to be considered ‘schools of the nation’, sharing the goals of creating a physically strong and morally upright younger generation for the greater good of the nation. The practical results of this debate were, however, extremely limited (With 1934, 12–13).

WORLD WAR II: SOCIAL POLICY DURING THE PEACEFUL OCCUPATION

After only a few hours of resistance, the Danish government accepted the German occupation of Denmark on 9 April 1940. The Germans presented the action as a so-called peaceful occupation and stated, in a document presented to the government, that Germany had no intention ‘now or in the future of interfering with the Kingdom of Denmark’s territorial integrity or political independence’ (Christensen et al. 2005, 97). It was obviously a fiction, and everyday life would soon show the limits that had been placed on Danish sovereignty (including censorship, imprisonment of communists, deportation of Danish Jews, etc.). Nevertheless, Denmark was a special case in Hitler’s Europe, as no other country had chosen to accept the German occupation. As a consequence, the Danish government continued to function until August 1943, when a conflict with the Germans resulted in leading Danish civil servants taking over the responsibility for administration, working as a (p.307) shadow government. This also meant that it was Danish politicians who made decisions on social policy reforms and Danish civil servants who were in control of the administration. In other words, the war did not become a critical juncture in the same way as in many other countries. Instead, we find a high level of continuity.

Occupation and Business as Usual
Whereas the German occupation of other European countries led to radical shifts in policy, this was far from the case in Denmark. The concept of ‘peaceful occupation’ meant that the Germans generally interfered as little as possible with existing institutions and Danish social policy legislation. Except for a push for Danes to take up working contracts in Germany (see ‘World War II and the Regulation of the Labour Market…’ below), we find no examples of direct intervention and only a limited interest from the German side in the Danish social security system. This was partly explained by the fact that Denmark, being generally considered a pioneer in social legislation, displayed a mature system of social protection in its own right (Mariager and Petersen forthcoming). Danish experts and civil servants also used this perception as part of their strategy for maintaining the existing Danish model. Plans for a Nazi welfare state, developed around Ley Robert and his Arbeitswissenschaftliches Institut, were studied carefully in Denmark (Drachmann 1941a; 1941b) and a Danish public welfare diplomacy campaign, including publications, films, and lectures on Danish social security must be seen as a pre-emptive response to the challenges these German plans were perceived to pose. However, overall, it is striking that social policy discussions (both in parliament and the public sphere) to a large extent took place without explicit reference to the extraordinary situation caused by war and occupation. In a White Paper published in 1942 by a commission with the mandate of proposing changes in Danish social legislation, the war situation was not mentioned at all (Betænkning fra Udvalget vedrørende Ændringer i den sociale Lovgivning 1942).

While not directly influenced by the German occupation power, the combined effects of war and occupation affected the Danish social security system in the short run. Overall, limited resources and war-related inflation had a negative impact on both social services and social benefits. Furthermore, a number of plans for reforms (e.g. on workers’ protection and family policy) were put on hold (K. Petersen 2012, 588–91). In some cases—most notably with respect to old-age and disability pensions—the decline in purchasing power was partly compensated for through a system of extraordinary additional benefits (Friis 1954, 264; J. Petersen 2012, 231–3). For example, the income-tested component of the old-age pensions was improved several times (p.308) and the same goes for other types of benefit, such as sickness insurance and workers accident compensation. Within the unemployment insurance scheme, child allowances were introduced late in 1940 (Christensen 2012, 483–4). This practice of extraordinary benefits continued even after the war-time coalition government resigned in 1943.
Furthermore, state intervention in basic food consumption already introduced during the crisis in 1933 was now expanded (Friis 1945). The system of subsidies for butter, meat, milk, and so on, continued during the war and became ever more targeted towards social groups such as the unemployed, pregnant women, family providers, and people with chronic illnesses. In addition, rationing was introduced in order to secure a more socially fair distribution. This system was only gradually abandoned in the post-war years.

**World War II and the Regulation of the Labour Market and Unemployment**

The strongest war-related impact on the Danish welfare system occurred in respect of labour market and activation policies (Christensen 2012, 473–93; Kolstrup 2012, 161–8). The interrelated effects of growing unemployment at the beginning of the war, loss of export markets, and war-related inflation led to a decline in the purchasing power of most wage earners, especially as the indexation of their social benefits was cancelled. Moreover, the self-regulating labour market system was replaced by a closed corporatist system in which decisions on labour conflicts could be solved behind closed doors (Herz 2000, 462–3).

The war also influenced the balance of power between labour and capital. With the trade unions back on their heels, the centre-right parties pushed through a new crisis agreement in 1940 that included a ban on price, profits, and wage increases (only the latter being really effective), redistribution of labour through a cut in working hours, and compulsory arbitration in industrial relations, which de facto meant a ban on strikes (Sode-Madsen 1984, 116). As a result of this strict regulation, the Danish labour market was relatively peaceful during the occupation years, at least until summer 1943 (Mikkelsen 1992, 312).

This signals that while tripartite labour market corporatism was in operation during the occupation, power relations between the parties had shifted in favour of employers and the state. During the occupation, the trade unions lost influence as the Social Democrats had to secure the broad wartime coalition by giving in to the centre-right parties’ push for cuts in social rights and tougher administrative procedures. The result was a series of changes in employment policies (mainly unemployment insurance and social assistance) introducing stricter control of potential recipients, a stronger emphasis on the duty of unemployed to take (almost) any kind of work, as well as the duty of local authorities to enforce this rule (Betænkning fra Udvalget vedrørende Ændringer i den sociale Lovgivning 1942). These changes included the introduction of individual ‘Work Cards’ that the unemployed had to show to the unemployment insurance funds or local authorities in order to receive assistance—and in case of employment, these cards should be in the possession of the employer. The justification—mainly voiced by the centre-right parties—was to fight abuse of the social security system.
The wartime government followed a strategy of brinkmanship. It was important to appease German wishes for recruitment of labour in Denmark in order to avoid the occupation regime forcing Danes to work in Germany. This was possible because the Danish government and, from August 1943, the leading civil service, were in control of the major labour market institutions. One element in this strategy was to cover up the real level of unemployment. In 1940, it was decided that certain groups—the short-term and elderly unemployed—would be excluded from the unemployment statistics (Christensen 2012, 480-1). Later this strategy was supplemented by an Employment Plan introducing new public projects and youth camps.

Organized around the Centre for Employment (Beskæftigelsescentralen), established in 1937, a comprehensive system of public employment projects was developed. Its policy goals were to secure energy production, food (agriculture) production, and not least to hide unemployed from the Germans. As stated in a declaration by the coalition government in July 1940, this policy initiative was meant to ‘contribute to diminishing the need for social assistance by making the young and able do work that can serve to secure both the unemployed and society’ (quoted in Sode-Madsen 1984, 122; own translation).

Underlying these initiatives was not only a genuine concern about growing war-related unemployment but also an anxiety that a visible Danish surplus of labour could result in German moves to exploit this resource in the German war economy, either in Germany or in Denmark (Sode-Madsen 1984, 116). The German occupation regime had already launched such ideas in the spring of 1940, when demanding Danish workers to build military airports in Jutland, and a relatively high number of Danes became employed by German military construction projects in Denmark during the course of the war. Furthermore, it is estimated that around 100,000 people (5 per cent of the total Danish workforce) worked in Germany between 1940 and 1945 (Christensen 2012, 477-80). In part, this was due to the pull of the German labour market that offered an alternative to unemployment, but Danish authorities in some instances also urged unemployed Danes to take jobs in Germany (Stræde 1991). There were even cases where inmates in poorhouses—the last remaining groups under the old Poor Law tradition—were, with the active support of local municipalities, pressured to work in Germany (Rasmussen 2015).

(p.310) Other Direct Effects of World War II
The basic structure of the Danish social assistance scheme was kept intact during the occupation. The German occupation regime did not interfere in the day-to-day administration of the system. However, special cases demanded administrative innovation and flexibility on part of the Ministry of Social Affairs. One such case was assistance to families where the (male) provider was detained by the German occupation powers, and another was the organization of material support for Danes imprisoned in German concentration camps. When Danish communists were imprisoned in June 1941, it was evident that discretionary help was needed in order not to leave these families at the mercy of the Poor Law system (Koch 1949, 64–71). At the same time, it was clear that help for this specific group would not be accepted by the Germans. Consequently, the Ministry of Social Affairs decided to offer help to the families in question through Section 281 of the social assistance law that allowed for more generous benefits for families where the provider was undertaking military service in times of crisis or war. Contrary to the normal procedures of legislation and communication, this innovative interpretation of the law was circulated from mouth to mouth on a strictly need-to-know basis. During the last years of the occupation, the number of arrested Danes increased, and in order also to assist the families of Danes sentenced for resistance activities, a system of illegal funds was created under the auspices of the Ministry of Social Affairs, while in other cases help was simply hidden within local budgets (and reimbursed by the ministry).

Even though some groups of social security recipients experienced a drop in purchasing power, and there was an emphasis on controlling costs, new measures such as price subsidies or extraordinary social benefits grew significantly between 1939 and 1945. A calculation by the Ministry of Social Affairs, after the war, identified net growth of 118 per cent (from index 143 to 313) in total social spending (Friis 1954). This had to be financed. Even though Danish military expenditure during World War II was significantly lower than during World War I, inflation, growing social expenditure and, especially, the German account in the National Bank that footed the costs of the occupation and financed German imports from Denmark, all put pressure on public finances. The government sought to solve these problems through state loans, consumption taxes, and additional taxes on income (Johansen 2007, 49–54). In the following years this led to a genuine change in the income tax system, introducing a progressive system of tax rates from 2 per cent for the lowest income groups and up to 50 per cent for the highest income groups. (p.311) Furthermore, as during World War I, a special tax on war-related income increases (existing until 1947) was introduced, as well as mandatory savings for those on high incomes.

The End of the War: Planning for the Future and Immediate Problem Solving
As German military defeats accumulated, planning for the post-war period began. Civil servants and experts started to plan future reforms; the resistance movement (that had grown ever since 1943) demanded social justice and improvement of social benefits; and in the final phase of the war, the political parties also outlined their post-war programmes. The most comprehensive was the Social Democrat’s ‘Denmark of the Future’ that clearly followed a ‘Nordic route’ to the political left, with advocacy of ideas relating to economic and industrial democracy (Olesen 1998; J. Petersen 2012, 348–56). The programme also included a series of social political demands basically following up on the discussions from the 1930s. The Social Democratic prescription was to get back on track with a turn to the left. The other political parties also seemed to prepare for a left turn in Danish politics. Under the leadership of John Christmas-Møller, who had spent most of the war in exile in London and had been influenced by British ideas of equality of sacrifice and social justice (Christmas-Møller 1993), even the Conservative party flirted with ideas about economic democracy. When Denmark was liberated in 1945, there was widespread consensus that the war experience must lead to a new and different future. The left-wing playwright, Kjeld Abell, hailed the end of the war—The Liberation—as ‘the gate-way to a new era when democracy will not just be spiritual in character but permeate all human relations’ (Kirchhoff 2002, 304). This notion that the harsh experience of the war years (and the crisis years of the 1930s) must lead to substantial reforms was also widespread among political elites. In the immediate post-war period, the warfare–welfare nexus was highly visible in Denmark. Elections in October 1945 and in 1947 confirmed the position of the old parties, and the left-turn petered out to a large degree over the summer of 1945. The main political objective in the post-war years became one of getting back to business as usual. The major short-term problems facing the Danish government were twofold.
The first concerned the restoration of welfare benefits with benefits for various groups of recipients—not least old-age pensions—improved in order to restore their pre-war purchasing power (Petersen 1998, 78–81). Housing was also high on the agenda but turned out to be very difficult to solve in the short-run despite the establishment of a Ministry of Housing in 1947 and the extension of the system of housing benefits and cheap state loans (Bro 2008, 601–7). The second concerned the more than 250,000 German refugees that ending up in Denmark by the end of the war (Christensen et al. 2005, 650–3). The German refugees quickly became a delicate political problem. As a result of the occupation, anti-German attitudes were strong and the cost of hosting the refugees was high at a time of scarce resources. At the same time, it was difficult to return the refugees to Germany and so the chosen strategy of the Danish authorities was to isolate the Germans from the Danish population in ninety-eight camps. Life in the camps was characterized by poor health and living conditions especially in the immediate post-war period. In 1945 alone, 13,000 German refugees died. Only in 1949 were the last German refugees returned to Germany.

While the combined effect of these challenges slowed down the development of social rights and social reforms, the long-term effects of World War II were quite limited. From the perspective of the late 1940s, it is clear that the war was more of a parenthesis than a genuine departure from the path set in the pre-war decades. However, for our purposes, it is important to stress that, in at least one area, the war experience turned out to be crucial. The German occupation signalled the failure of Danish neutralism, and while the strategy pursued first by the Danish government and then, from the summer of 1943, by senior civil servants, vindicated the Kulturforsvaret-thinking that had dominated centre-left ideas since the 1880s, in the immediate aftermath of the war a new and very different understanding of the strategy as a cowardly and dishonourable giving in to German pressure emerged. This paved the way not only for Denmark’s hesitant path into the Western alliance after the war but it also created a broader consensus on defence. While the Social Liberals stuck to their fundamentalist anti-militarism, the Social Democrats fully embraced the new consensus, seeing the military as part and parcel of the democratic welfare state that they had been building since the 1930s.

WAR, SOCIAL REFORM, AND THE GOLDEN AGE OF THE DANISH WELFARE STATE

Denmark is very far from the smoking gun example of the impact of war on social policy reforms. Even though our point of departure was that the Danish nation state clearly was a ‘child of war’, our overall conclusion is that war had a limited (but some) impact on the way the welfare state developed in Denmark throughout the long twentieth century. If we take a closer look at the mechanisms outlined in the introduction, we find that some played a role in Denmark, while others did not.
In the war preparation phase considerations related to war had almost no impact on Danish social policy debates and reform. This is not very surprising. The Schleswig wars of the mid-nineteenth century had left Denmark as a European small state pursuing neutrality and a policy of non-provocation vis-à-vis their far stronger German neighbour. Related to this, the combined effects of defeat and democratization were that the Danish military lost political influence and manifested little, if any, social policy agency. We do not find examples of educational reforms, population policies, or health initiatives motivated by military concerns. Rather the opposite was the case, at least from the 1910s onwards, when Social Liberals and Social Democrats pursued policies that prioritized social spending over military spending based on the explicit rhetoric of the *Kulturforsvaret* strategy developed in the late nineteenth century. According to this view, Denmark was indefensible from aggression by a major power and the survival of the Danish nation could best be secured through democratic and social reforms. Under the auspices of this ‘butter rather than guns’ vision, the foundations of the modern Danish welfare state came into being in the interwar period. Danish policymakers were, as in the rest of Europe, clearly aware of the risk of war and acted on this assumption, but favoured a strategy of ‘passive preparation’ in the hope that neutrality would safeguard the country. This strategy was more successful during World War I than during World War II, but even during the German occupation of 1940–5, Danish policymakers remained in control of the Danish social security system.

Moving to the war phase itself, the impact of war clearly becomes stronger. Even though Denmark was not directly involved in either of the two world wars, several mechanisms linked the effects of war and welfare state development. During World War I, the Social Liberal government pursued an expansive social policy agenda designed to shield the lower classes from shortages and inflation and also as a means of legitimization. In World War II, we encounter an opposite trend with the Liberal–Agrarian Party using the logic of coalition government as a window of opportunity for enforcing stricter labour market policies. The single strongest impact was related to the growth of the state. Both world wars resulted in increased state regulation of the market, the economy, and society in general. This included a shift of responsibility from municipalities to the state, both in terms of regulation and the financing of social rights (Figure 11.3).
The wars led to more centralization motivated by both national and social concerns. The wars also strengthened state capacity. This involved several dimensions, from the learning experience of civil administrations to the growth of the tax state. These had long-term effects. The accumulated learning effect of Danish policymakers from the 1930s and on through World War II can hardly be overemphasized. It created what sociologist Ron Eyerman (1985) has labelled a generation of ‘rationalizing intellectuals’ that, in the 1950s, became midwives of the modern welfare state (see also Petersen 1998, 46–52). In a similar vein, the growth of the tax state was clearly related to war. However, Danish state budgets did not grow because of military spending but rather because of expanding social expenditure. This growth was paid by an often dramatic growth in taxes (mainly income taxes) that was only partly reduced after the war. Furthermore, wartime clearly fertilized ideas of ‘equality of sacrifice’ and burden sharing. These changes occurred within the logic of the existing welfare system, fuelled by tendencies already in place, and were rather a pacemaker of change than a game changer. The basic features of the Danish welfare system were—even to a surprisingly high degree—left intact after the impact of two world wars. This was partly due to mechanisms that did not play a role in the Danish case: First, Denmark did not witness large-scale destruction nor had generations of Danes suffered on the killing fields of war. Second, Denmark was (even if occupied by the Germans in 1940–5) not a victim of coercive policy transfer. The only social policy transfer of significance in the first half of the twentieth century was a Nordic cooperation that was not directly related to war. Third, the war did not have any significant

![Figure 11.3. Municipality and state shares of social spending in Denmark, 1891–1947](image)

**Note:** Inter-Municipal Redistribution covers two mechanisms (*Refusionsforbundet* and *Udligningsfonden*) for redistribution mainly between municipalities with high and low social expenditure and between rich and poor municipalities.

effect on female labour market participation and gender roles comparable to the impact in countries such as Britain or Germany. The real growth in female labour market participation was a result of a return to normality, the growth of the post-war welfare state (and the continuation of family policy formation) rather than what happened during the war (Åmark 2006, 309). Finally, in the final phases of the war, Denmark was also in a unique situation as demobilization was hardly an issue at all (the influx of German refugees in 1945 being the only exception).

In a similar way, in the post-war phase the short-term effects of the war were also limited compared to other countries. In both political and economic terms, the cessation of hostilities was immediately followed by a return to normality. In the welfare arena this manifested in a strong emphasis on also returning to normality by the re-establishment of pre-existing social standards and benefit levels. However, overall, war-related social needs were rather limited. Probably, as a consequence, it is difficult to talk about a genuine popular preference shift beyond the short-lived ecstasy of the liberation.

In the long term, the effects on the state with respect to capacity and learning among elite groups were probably the two most important effects of the two wars. These two mechanisms came to have a significant influence on the Danish welfare state into the Golden Age: the shift of initiative and responsibility from the local level to the state level, the shift from private to public, and the growth in the tax financing of welfare were all influenced by the experience of the wars.6

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Notes:


(2) These figures do not include the general strike of 1920.

(4) The German occupation was financed through a set of special accounts in the Danish National Bank allowing the Germans to finance both the construction of military infrastructure in Denmark and food exports from Denmark to Germany —leaving the actual bill to the Danes.

(5) Even though this cooperation was established in the aftermath of the conflict, it built on established traditions. See Petersen 2006.

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