Lard, lice, and longevity: a comparative study of the standard of living in occupied Denmark and the Netherlands, 1940-1945
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Citation for published version (APA):

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Small States in a Total War

Introduction

In 1987, the economic historians Jeffrey Mills and Hugh Rockoff lamented that:

Economic historians, with some distinguished exceptions, have neglected wars, regarding them as temporary aberrations in which the normal principles of economics no longer apply. This attitude, we believe, is a mistake. It is precisely within these periods of intense economic change and experimentation that one can test economic ideas.\(^{16}\)

Their complaint was not unjustified. In the late 1980s, over 40 years after the end of the Second World War, knowledge of the economic dimension of the conflict had hardly been developed. Yet more than any other war, the Second World War was a conflict in which economic factors were decisive, and that impacted economies more strongly than any previous or later war. The German occupation forcibly included Denmark and the Netherlands in a multinational economic block geared towards waging total war.

Total war – a term with a long genesis and a somewhat vague meaning – is used here to describe the type of conflict that arose, depending on one’s definition, in the 1860s, in 1914, in 1940 or even as late as in 1942. Whatever starting point is chosen, the epithet ‘total’ sets the wars of the early twentieth century apart from what had gone before; the wars of the eighteenth and nineteenth centuries, by contrast, had been ‘limited’. The changeover from one kind of war to another marked the beginning of a phase in which war necessitated the complete mobilization of the productive capabilities of nations and peoples. Bound together by nationalism and strengthened by industrialization, societies had become willing and able to devote resources and lives to warfare that simply defied comparison with the expenditure on previous wars. War was no longer ‘a continuation of politics by different means’, as Von Clausewitz put it, but had become a life or death struggle between entire

peoples. As had become evident in the First World War, especially after 1916, belligerents in a total war cannot and will not limit the resources they devote to their war effort without ultimately paying with defeat. At bottom line, outcomes on the battlefield were a result of the ability of a nation (or an alliance of nations) to churn out people and material, and to minimize competing civilian consumption. In the first half of the twentieth century, millions of people accepted, often willingly, a dramatic decrease in their standard of living in the pursuit of national victory. Moreover, as the waging of war had become economic, economic warfare gained a central position in military strategy; the destruction of a country’s economy, for example by blockades or bombardments, became as important as fighting on the battlefield.

Reason enough, then, to investigate the economic history of the Second World War. Also reason enough to undertake such an investigation in a quantitative fashion: rarely is the question ‘How much?’ as obviously important as in a war of attrition. Recent years have seen an increase in the volume of work devoted to economic aspects of the Second World War. Richard Overy’s 1995 study Why the Allies Won, for instance, is a prominent example of a military history of the war that takes due account of economic factors and does not shy from quantifying them. Mark Harrison edited the multi-authored comparative study of the main belligerents’ economies – The Economics of World War II – which is a rare example of a more or less systematic quantitative analysis of the economies of belligerent states. In a recent, as yet unpublished paper, the latter author claims that economic output was indeed the one decisive factor in the outcome of both world wars, far outweighing strategy, morale and troop numbers. Not only was the Second World War decided, at least to a large extent, by economic factors, but the war also exerted a very

17. A. Milward, 'Economic Warfare in Perspective'. For a critical assessment of the use of the term ‘total war’, see R. Chickering, 'Total War: The Use and Abuse of a Concept'.
18. R.J. Overy, Why the allies won.
marked influence on contemporary economies and on the economic history of the second half of the twentieth century. In her recent, comparative work *War and Welfare*, the American historian Jytte Klausen notes that wartime economic policies had a strong and lasting impact on the development of postwar welfare states in Europe and North America. Country-specific studies have likewise shown that the Second World War was more than an 'aberration' in twentieth-century economic history, but rather a period of enormous dynamism and experimentation, one that resulted in lasting changes. In terms of economic policies, the war years were often a catalyst for political and economic development, as well as a hindrance to growth.  

In Denmark and the Netherlands, the last decade or so has seen a moderate upsurge of research into the economic impact of the Second World War. Until then, pioneers such as Sigurd Jensen (who wrote on the economic exploitation of Denmark) and Gerard Trienekens (who focused on wartime agriculture and nutrition in the Netherlands) remained by and large alone in the field of the quantitative assessment of wartime economic history. The twenty-first century, however, has seen renewed interest in the subject. In Denmark, funds were made available in 2001 for a multi-researcher investigation into the history of Danish business and agriculture during the occupation.  

In the Netherlands, the publication of Hein Klemann's economic history of the Netherlands in the period 1938-48 provided the first overall reconstruction of the Dutch economy under occupation, based on a drastic reassessment of wartime statistics. As these and other works show, investigating the


war years with the tools of economic and social history can yield considerable and often unexpected results.\textsuperscript{22}

Thus far, the impact of wartime circumstances on prevailing standards of living has not been investigated in much detail in either Denmark or the Netherlands. It is clear, however, that the impact of these economic developments on the standard of living in both occupied and belligerent states must have been considerable. How did Denmark and the Netherlands fare in the difficult circumstances of the time? Or to put it differently: how was the standard of living in these countries impacted by the German occupation -- an occupation by a country that was waging the most total and most destructive war in history?

The economics of shortage

Living standards – the term used here to designate the general material quality of life – inevitably suffered as a result of the waging of total war. Ordinary citizens in Europe (and, in a sense, the world at large) footed the bill for the Second World War through taxation and conscription, as well as by making do with much less of most consumer goods than usual. This was the case \textit{a fortiori} in all countries that were under Nazi occupation, which were exploited in order to aid the German war effort. The impoverishment of the Danes and the Dutch during the Second World War has been mentioned by many authors, sometimes in dramatic or even melodramatic terms, but rarely measured. Such measurement, although difficult, is nevertheless necessary to arrive at a proper understanding of the extent of that impoverishment, as well as of its impact in the longer run. This impact may well have been much greater than is generally appreciated, because the war years saw a radical change in the role civil servants and bureaucracies played in economic life. During the Second World War, the responsibility for the quality of life of private individuals was placed unequivocally in the public realm where, to a considerable extent, it has remained ever since. Such matters as how much people ate, what clothes they bought and how well their houses were heated were now at the discretion of administrators rather than

individuals themselves. The individual purchase and consumption of most consumables – be they foodstuffs, clothing or fuel – was by and large decided on by bureaucrats, politicians and, obviously, German officials. In this respect, Denmark and the Netherlands were far from unique. All over Europe and North America, highly interventionist economic policies were introduced upon, and often before, the outbreak of the Second World War.

This radical policy innovation was inspired by experience. During the First World War, several European countries, including Denmark and the Netherlands, had found themselves on the edge of disastrous food entitlement crises. Food entitlements (the term stems from the Indian economist, Amartya Sen) designate people's access to food in a certain socio-economic constellation. As Sen and others after him have shown, famines and other subsistence crises often occur without there being an absolute shortage of food. Rather, in the wake of a crisis, part of a population, being relatively rich, powerful or assertive, anticipates shortages by appropriating such quantities of that good that a subsistence crisis occurs among the remainder of the population. To avoid such problems – and, often, to maximize the quantity of goods that could be withheld from civilians without causing a food crisis – governments throughout wartime Europe introduced centrally administered entitlement of access to all or most consumer goods. Goods, including non-foods, were to be distributed among the population according to need rather than wealth.

Since most European countries at the time were market economies, in which allocation (and hence entitlement) was mostly left to free markets, the sudden introduction of centrally administered allocation was no mean feat, especially since the changeover had to be temporary: few countries wanted to abandon market economics definitively, although those eventually caught within the Soviet sphere of influence would be forced to do so after 1945. Most countries, including Denmark and the Netherlands, aimed to introduce temporary and reversible equality. The market allocation of goods was to be suspended, but not abandoned, which was difficult to do. Governments could not simply appropriate goods and dole them out in

equal portions, without ruining their economy's retail sectors. Nor did they want to nationalize industries or radically redivide income and capital.

The immediate problem of entitling people to certain amounts of goods without fundamentally changing the economic order in the longer run was solved in most countries by introducing a representative rationing system. The representative nature of these rationing systems lay in the fact that it was not goods as such but the right to buy them that was divided according to need. This right was conveyed in the physical form of paper coupons, each of which represented the right to purchase a certain amount of a specified good. By distributing paper coupons among households, in accordance with availability, people could be given the right to buy, through normal retail channels, the amount of a good they were officially entitled to. Retailers in turn were required to take in coupons when selling a product and to return them to the rationing office. The retailers were then allowed, during the next period, to buy new stock in accordance with the number of coupons they had handed in. Representative rationing systems proved difficult to administer and required a tremendous investment in human resources, but in a number of countries, among them Denmark and the Netherlands, they nevertheless functioned remarkably well.

Because representative rationing systems rationed not goods but rights to purchase, a number of additional measures were needed. To make effective use of a right to purchase, of course, prices had to remain affordable (it is of little use being endowed with the right to buy something if it is too expensive to actually do so). Because the First World War had demonstrated that war tends to cause explosive bouts of inflation, leading to entitlement crises, vigorous price controls were introduced. Rationing without price controls would in all likelihood have led to sharp inflation, voiding the entitlements of the poor and channelling foodstuffs and other goods disproportionately to people who were willing and able to pay hugely inflated prices. To avoid a rapid inflation of wages, which would have aggravated these problems, rigid wage controls were also introduced.24

24. Theoretical introductions to rationing and price control policies can be found in J. Buttersworth, The Theory of Price Control and Black Markets (Aldershot 1994); M. W. Dell, Maximum Price Regulations and Resulting Parallel and Black Markets (Amsterdam 1994); J.K. Galbraith, A Theory Of Price Control (Cambridge MA 1980); Rockoff, 'Price controls', in
Although rationing and price and wage controls averted a serious entitlement crisis in the countries at hand until the very end of the occupation, these benefits of economic controls came at a price. Abandoning free allocation, and especially the free movement of prices and wages, brought economies into a state of structural disequilibrium. Economic equilibrium, after all, is achieved by free choice and the free movement of prices: if demand for a good exceeds supply, prices can be expected to rise to a level where demand declines to the amount that can be supplied. Free price formation is the linchpin of any market economy and the mechanism behind economic equilibrium. Where effective price controls are in place, shortages almost inevitably arise. In the case of the wartime economies, all prices were rigidly controlled and disequilibrium pervaded those economies as a whole.

In this respect, the wartime economies of Denmark and the Netherlands shared a number of characteristics with the economies of the erstwhile communist countries of Eastern Europe. In the first place, comprehensive price controls in both wartime and communist economies caused a vast, and growing, amount of money to remain unused, creating a ‘monetary overhang’. Because the total amount of money that could legally be spent on goods was less than the amount of money that was in the hands of consumers, a growing bulge of liquidity developed. Consequently, the value (or rather usability) of money above the threshold expenditure allowed by rationing was very small. In the economies that were under comprehensive price control, demand was structurally larger than supply and hence not all people could be furnished with the goods they wanted to buy at the official price level. In the former communist countries of Eastern Europe, allocation was managed through waiting lists and the queuing that for many symbolized the economic ills of communist systems. Endemic queues and waiting lists, however, need not necessarily signify absolute shortages or poverty, but rather that an allocating mechanism other than the price mechanism prevails. Violent riots such as those that occur every now and then at sales in IKEA stores likewise should not be taken as evidence of a shortage of sofas or bookshelves – they merely indicate that at the price level of the sale, demand far exceeds supply and a different mechanism of

The Concise Encyclopedia of Economics (available at www.econlib.org). See also Chapter 8 below.
allocation develops. The former communist states of Eastern Europe may have had more sophisticated methods of allocation than throwing punches, but the need for an alternative to the price mechanism had to be addressed in one way or another, be it through queues, rationing or favouritism.

In wartime Denmark and the Netherlands, representative rationing, as said, was a mostly effective mechanism for allocation in the price-controlled economy. Although rationing rigidly limited the problem of allocation in a price-controlled economy, it did nothing to ameliorate either unsatisfied demand or the growing monetary overhang. As a consequence (again, communist economies had similar experiences), moneyed and dissatisfied consumers increasingly tried to fulfil their wishes through the black market. Here, prices were usually far higher than in the price-controlled economy, but were not restricted by rationing. The black markets was a clandestine economy in the shadow of the centrally controlled economies of wartime Denmark and the Netherlands, and indeed everywhere in occupied Europe. This problem was further aggravated by the fact that, unlike in communist economies, incomes in Denmark and the Netherlands remained very unequal. Rich people were left with enormous excess liquidity, and hence a strong incentive to engage in black marketeering, after being forced into a relatively meagre pattern of consumption. On the other hand, people at the very bottom of the income scale found themselves hard-pressed to afford the standard pattern of consumption forced upon them. In economies of considerable inequality, representative rationing could become a Procrustean bed on which the poor were stretched and the rich were cut to size.

The coming of control: 1914-40

The economic controls introduced in Denmark and the Netherlands in 1939 and 1940 had a long lineage, dating back to the last years of the First World War. Despite their neutrality in the First World War, the period between 1914 and 1918 had been a

26. Communism came (and comes) in many shades and is of course far more diverse than can be delved into here. A classic account of communist economies can be found in Kornai, The Socialist System: The Political economy of Communism (Oxford 1992).
watershed in the thinking about wartime economics in Denmark and the Netherlands as much as it had been elsewhere. The First World War had become dangerously 'total', at least in the economic sense, when the trench warfare on the Western Front reached a state of deadlock and the belligerents began to attack their adversaries through a strategy of economic strangulation. The position of such neutral but trade-dependent states as Denmark and the Netherlands was a precarious one. From 1917 onwards, U-boat warfare crippled international trade. Fodder imports, which were crucial to the high-grade, cattle-oriented agricultural sector of both countries, dwindled. On the other hand, some indigenous industries grew and developed, freed as they were from foreign competition. Despite fodder shortages, exports of agricultural products to belligerent states enriched farmers in both countries, particularly the Danish 'goulash barons' who made windfall profits by selling canned meats to Germany. However, the good fortunes of agriculture during the war years were inexorably linked to problems suffered by urbanites during the same years. As the war progressed, agricultural and, hence, food prices rose steeply in both Denmark and the Netherlands, impoverishing the urban working classes. In 1917, widespread rioting broke out in Amsterdam and The Hague. In February 1918, mass rallies culminated in a raid on the Copenhagen stock market. Food prices and food allocation were becoming very pressing issues - and this at a time when revolutionary fervour was sweeping Europe.

The Dutch and Danish authorities reacted to the economic problems posed by wartime disruption. Both intervened to reserve certain cereals for human consumption, rather than allowing them to be used as fodder. In 1917, the Dutch government rather belatedly banned food exports so as to forestall the outbreak of famine. As the war progressed, several essential products were rationed in both countries and price ceilings were introduced to stem wartime inflation. Still, these ad hoc measures proved insufficient to stem the growing hardship and discontent. Mounting unemployment in both Denmark and the Netherlands in the later years of the First World War further added to the impoverishment of working-class households.27

The return of peace in 1918 and the gradual restoration of the European and global economies allowed the Dutch and Danish economies to sail in quieter waters. Although the 1920s were not a period of exceptional prosperity, the return to relative normalcy meant that normal trade could be resumed. The gold standard ensured monetary stability and the restoration of the German and British economies ensured sufficient demand for the services of Rotterdam harbour as well as for the products of Danish agriculture. Linked as they were to international economic development, both Denmark and the Netherlands profited from global economic growth. Although there were problems and lesser years during this decade, the overall experience of the 1920s was a positive one for these small, open economies on the North Sea coast. After the lesser years of the First World War, a period of relative economic stability, and even growth, had returned. Regrettably, however, it did not stay long.

The close integration of Denmark and the Netherlands with the global economy had brought great prosperity, but left both countries vulnerable when the world economy contracted, as it did in the Great Depression. After the crash of 1929, global demand crumpled. In 1931, Great Britain was forced to abandon the gold standard and devalue the pound. Denmark, whose currency was linked to that of its main trading partner, saw the krone tumble with it. In the same year, the Reichsmark was made inconvertible, with devastating consequences for trade with Germany. To make matters worse, the Netherlands hung on to the gold standard until 1936, making the guilder an expensive currency and prolonging the crisis. Unemployment soared in both countries, condemning hundreds of thousands to the most abject poverty.

The depression could not have failed to impact public and political opinion in Denmark and the Netherlands. After the confrontation with poverty, mass unemployment and recession, the normally strong confidence in liberal, market

economics was much diminished. Liberal economic policies came to be strongly associated with chaos, unemployment and poverty, and alternative systems of economic order consequently gained some, though limited, stature. The state-controlled economies of the USSR and Nazi Germany appeared to many people to have overcome the problems that so plagued the Netherlands, Denmark and the Western world in general. These sentiments added to the later willingness to introduce a high degree of public control over economic life when another crisis seemed imminent.

There was another reason why the economic problems of the 1930s were instrumental in the development of economic controls in anticipation of the Second World War. In the early to mid 1930s, world food prices dropped to unprecedented lows.\(^\text{30}\) During this price slump, both Denmark and the Netherlands introduced measures to protect farmers. Notably, the governments of both countries restricted imports and paid farmers supplements for agricultural production. The administration of agricultural subsidies necessitated the build-up of a sizeable bureaucratic apparatus, comprising people who were well-versed in agricultural matters. After 1939, many of them became employed by the Dutch and Danish rationing and price control administrations. It was obvious, though perhaps not yet to all, that a new war would necessitate far-reaching measures to keep the population sufficiently fed. Because of the agricultural policies of the 1930s, a degree of mutual goodwill between farmers and government officials developed before rationing and price controls were implemented.\(^\text{31}\)

In both Denmark and the Netherlands, preparations to protect the economy in the case of a new war began as early as the mid 1930s. These preparations were stepped up when, on 3 September 1939, France and Britain declared war on Germany. However, it was still unclear whether Denmark and the Netherlands would be able to maintain their neutrality and, if not, under what circumstances economic


policies were to be administered – provided they could be administered at all. The first of these questions was soon to be answered: neither country remained neutral. On 9 April 1940, the German army launched the invasion of Denmark and Norway; a month later, on 10 May, the invasion of the Netherlands, Belgium and France followed. Both Denmark and the Netherlands were incapable of withstanding what at the time was by far the most powerful army in the world. Denmark did not put up any significant defence at all, allowing the Wehrmacht to progress unhindered, apart from a few insignificant scuffles. The Dutch did put up a fight and at least stalled the invasion, until the Luftwaffe ruthlessly bombarded the city of Rotterdam and forced the Netherlands to accept the inevitable.

Model occupations: 1940-42

However extensive preparations for war a war economy had been, the extent to which they could be executed was now at the discretion of a foreign power. In the event, Germany did allow rationing, price controls and other measures to be introduced (or expanded) by and large as planned, and allowed indigenous officials to implement and manage them. Still, of course, the power of the indigenous bureaucrats extended only so far as Germany was willing to allow. Initially, Germany chose to leave the Dutch and, especially, the Danes considerable leeway, but the balance of executive power between indigenous and German officials was not rigid, and nor was the level of control of indigenous authorities over Danish and Dutch society. The changing behaviour of local officials, bouts of public rebellion and changing German aims all exerted an influence on the balance of power in the occupied countries.

To understand the Dutch and Danish occupation regimes, an understanding of German objectives is essential. That said, those objectives – the reasons to invade these two countries – were far from obvious. Neither Denmark nor the Netherlands was likely to become a threat to Germany, as both countries jealously guarded the treasured neutrality that had kept them out of the First World War. Apart from being harmless, Denmark and the Netherlands were too small to provide Germany with much of the Lebensraum it believed it needed, so there was little reason in terms of territorial gain to invade either country. Finally, both countries were predominantly
populated with members of the perceived Germanic race, whom Nazi racial ideology would sooner consider friends than foes.

There are reasons to believe that the German leadership was considerably reluctant to occupy Denmark. What Berlin was primarily after was not Denmark but Norway, which could produce the aluminium needed for the production of planes for the Luftwaffe. The occupation of Norway was planned in advance of the invasion of Denmark, which apparently was occupied because the Luftwaffe could not fly all the way to Norway without landing to refuel somewhere en route. Denmark was in the unfortunate position of being an ideal airstrip for northbound German planes, and this seems to have been the primary motivation for its occupation. The airstrip Denmark was to provide appeared to be a very expensive one. Occupying a whole country merely because it offered a stepping stone and fuelling station was hardly cost-efficient, especially if the country to be occupied would not contribute anything to Germany or its military efforts. Both British and German intelligence expected the occupation of Denmark to become a considerable net loss to the Reich, because it was surmised that the Danish economy would collapse after its link with Britain was severed.32

In the event, however, the exact reverse was the case. In the course of its occupation, Denmark was to prove to be an important – perhaps crucially important – supplier of high-grade agricultural products (especially pork, beef and butter) to Germany, and a relative bargain to occupy. While this may have surprised some among the German hierarchy, it certainly did not surprise everyone. In February 1940, the Statististisches Reichsamt had produced an extensive report on Denmark, page 60 of which reads: 'The economic value of Denmark for the German Reich lies solely in its agricultural sector. Here, however, it is by all means enormous. The Danish export surplus of meat (including bacon), butter and eggs is sufficient to cover the German supply gap.'33 There evidently was awareness within parts of the German government apparatus that Denmark was potentially of very great value to Germany, but it is unclear whether this knowledge reached the higher echelons of

33. BAI, R3102/altR24/767 *Die Wirtschaftsstruktur Dänemarks.*
the Nazi regime or had any bearing on establishing a very moderate occupation regime in Denmark. Notwithstanding, knowledge of Danish agriculture and its potential were in any case sufficiently widespread for officials to immediately make arrangements for exploiting it when Denmark was occupied.34

As appears to have been the case with Denmark, the reasons for the invasion of the Netherlands were not primarily economic but strategic. An invasion of the Netherlands, which provided Germany with a wide northern inroad into Belgium and France, had in fact been considered during the First World War; however, the idea had been discarded. A further strategic reason to invade the Netherlands was its proximity to Britain. The Netherlands offered a launching pad from which Britain could be attacked. Moreover, not occupying the Netherlands left the possibility that the country would become a foothold for the British on the continent, facilitating an attack on Germany and, importantly, on the nearby Ruhr area. With the occupation of the Netherlands, the north-western continental front was closed. Whilst strategic considerations certainly prevailed, it is easy to see how the invasion of the Netherlands could have economic benefits as well. Dutch industry and technical know-how were certainly a bounty – one that Germany would not have liked to see in Allied hands. A second economic advantage of invading the Netherlands was its sizeable empire. Germany’s lack of a colonial empire had been a long-standing frustration of the political right in Germany, and it was hoped that an eventual inclusion of the Netherlands in the Reich could also land Germany the Dutch East Indies.35

It is worth noting that German aims in Denmark and the Netherlands differed fundamentally from those it had in Central and Eastern Europe. Poles, Ukrainians and other peoples who were considered racially inferior, were to be displaced to furnish Germany with Lebensraum. However, because Nazism did not place the Danes or the Dutch racially below Germans, it recognized their right to exist. A campaign of outright plunder was consequently not ideologically feasible. Quick

economic gain was in any case not the aim of either the northern or the western campaign: occupied countries were to be exploited but not plundered. Finally, there were high hopes, at least initially, that the people of Denmark and the Netherlands could be converted to National Socialism. It was imperative to the German officials stationed in Denmark and the Netherlands to approach the newly subdued peoples with a degree of consideration, not least in economic terms, much unlike the treatment of subjected peoples of occupied Eastern Europe.36

This was true in particular of Arthur Seyss-Inquart, who headed the German civilian government in the Netherlands and had been explicitly instructed to win the hearts and minds of the Dutch. In the event, the vast majority of the Dutch were and remained stubbornly unenthusiastic about the National Socialist project, although a comparatively large number of men did join the Waffen SS.37 Nevertheless, the order to win over the Dutch meant that the highest German authority in the country was eager to protect the economic interests of the Dutch. To this end, he opposed overzealous officials who were trying to extract more resources from the country than was compatible with the aim of maintaining a reasonable standard of living. It also meant, crucially, that the bureaucratic management of economic matters was to go ahead as planned by the Dutch.38

German ideological attitudes towards Denmark mirrored the German ideological attitudes towards the Netherlands. As in the case of the Netherlands, there was at least some hope that the Danes would learn to love Nazism. This, however, was not to be. The Danish National Socialist movement remained politically marginal, sooner inspiring ridicule than awe, although here too thousands joined the SS to fight Bolsheviks on the Eastern Front.39 In other respects, however, the Danish
occupation differed fundamentally from the occupation of the Netherlands. Unlike in the Netherlands – where a small, civilian, German government was installed to head an indigenous civil service – in Denmark the illusion of political autonomy was carefully kept intact. The country was officially an 'occupied neutral state', with its own government, army and king. Even though Germany held the ultimate power in Denmark, it ruled the country mainly through normal diplomatic channels. As an independent state, Denmark was the only occupied country to fall under the jurisdiction of the German Ministry of Foreign Affairs.  

To an extent, the difference between the status of 'occupied neutral' Denmark and that of the 'occupied' Netherlands was legal rather than real. In both countries, indigenous authorities were left ample opportunities to regulate and, to a considerable extent, to govern. This put them in a difficult position. On the one hand, their responsibility was to protect the interest of Danish and Dutch citizens, respectively. They were clearly better able to do so by holding on to their positions than by stepping down. On the other hand, they could retain their position because this was beneficial to Germany, which had an obvious interest in relative calm and order in the countries it occupied. Moreover, to retain an influential position, indigenous authorities had to placate Germany enough to avoid further intrusions upon their powers. As Erik Scavenius, the architect of the Danish 'goodwill policy' put it:

The task of this country's government will under all circumstances be to defend this country's interests and people. This can only be done if the government's policy is based on the existing realities of power, even if one does not like those. These realities will not change for Denmark until the German war machine has been beaten.  

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Scavenius, who was minister of foreign affairs during the first three years of the occupation (and prime minister during the last ten months of that period), was a pure-bred realist who believed that the Danish government had no choice but to submit to German demands: only then could they avoid a collision with Germany and a subsequent takeover of power. Scavenius, with whom the Danish political establishment overwhelmingly agreed, fully accepted the reality that for the time being the fate of the Danes lay in the hands of Germany, and Germany alone. In the face of this reality, he felt the responsibility to care for the Danes to weigh heavier than the (rare) patriotic calls for resistance. The result was a policy of *Samarbejde* (cooperation), in which conflicts with Germany were avoided so as to retain as much power as possible in indigenous hands. For example, in 1942 Denmark signed the Anti-Comintern Pact, as a satellite state of Germany would be expected to do. There is little ground, however, to describe Danish governments as pro-German. *Samarbejde* and goodwill policies were a strategy with which Danish officials tried to maintain a certain degree of autonomy for their country, having accepted that they could not beat Germany and that, for the time being, nor could anybody else.42

Arrangements in the Netherlands were necessarily different from those in Denmark, because the former’s queen and her government had fled to Britain. There was no Dutch government left to head an ‘occupied neutral’ state, even if such an arrangement had been deemed desirable by Germany. The Netherlands, as said, was to be ruled by civilian German officials. However, Seyss-Inquart did not arrive in the Netherlands in a power vacuum: although the Dutch government had gone, it had left Dutch civil servants with ‘instructions’,43 which stated that they were to remain at their posts as long as this was more serviceable to the Dutch population than to the occupier. Most civil servants indeed believed, usually rightly, that their work benefited  

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42. See Lauridsen, *Samarbejde og modstand*, for an overview of academic literature relating to this subject.

the Dutch population more than the occupier, and therefore continued to do their job. Their reaction is perhaps best exemplified by Dr H.M. Hirschfeld (secretary general of economic affairs) and Dr S.L. Louwes (head of the food administration). Although deeply inimical to National Socialism, they felt that their duty was to protect the Dutch from economic chaos, and especially famine, and to accept the cooperation with German officials this necessarily entailed.44

The initial reactions to the German occupation, especially those of officials and politicians, were highly similar in Denmark and the Netherlands. German victory was accepted as an unpleasant reality, and economic and social order was maintained as far as such was possible. However, similar reactions did not necessarily yield similar results. The most striking difference was the fate of the Jewish minority in each of the two countries. In Denmark, there were no anti-Jewish measures while the country was formally independent and the government remained in place. Germany accepted, at least initially, that such measures would have been incompatible with the chosen occupation regime. However, this was not the case in the Netherlands: the deportation and subsequent murder of the Jewish minority, which was much larger than it was in Denmark, was a primary objective of the occupation from the very outset. In the Dutch case, a relatively orderly, well-administered society – which in many respects was similar to the Samarbejde regime that shielded the Danish Jews from persecution – enabled the Seyss-Inquart regime to commit a highly effective genocide in a mostly bureaucratic fashion. Although a strike against anti-Jewish measures broke out in February 1941 and there were other disorderly episodes, the destruction of Dutch Jewry was on the whole an uncannily orderly affair. Although the relative order in the Netherlands did not cause it certainly facilitated the administrative operation that led to the death of more than 100,000

Dutch Jews. By early 1943, the Netherlands had been almost entirely ethnically cleansed, while the Danish Jews had been left completely unscathed.45

Crumbling order: 1943-45

After the German invasion, political and economic arrangements were established in both Denmark and the Netherlands. These arrangements were based on the widespread acceptance by the occupied of the reality of German domination, and on the recognition by Germany of the right of the indigenous populations to a degree of prosperity and autonomy. At least up until mid 1942, German defeat appeared to be highly unlikely and occupation seemed, at least for the foreseeable future, a permanent state of affairs. This apparent reality legitimized the collaborative arrangements between German and indigenous officials: since there was no realistic possibility to rebel against German dominance, it seemed better to try to have as unaffected a life as possible rather than to engage in a pointless fight against a superior power. For their part, German officials – such as Cecil Renthe Fink in Denmark and Seyss-Inquart in the Netherlands – had every incentive to let the relative quietude continue. They had no interest in stepping up exploitation and burdening themselves with the task of repressing the inevitable public discontent.

However, this relative peace did not last in either country. There were three major threats to the mutually beneficial cooperation between indigenous officials and their new German overlords, and these would destroy much of that cooperative basis in the course of the occupation. In the first place, there was the danger of rebellion. The majority of both the Danish and the Dutch people appear to have supported accommodation as long as they were convinced that Germany could not be beaten and that they could lead reasonably comfortable lives despite German rule. When this was no longer the case, their willingness to rebel increased and the perceived legitimacy of bureaucratic collaboration with the occupier declined markedly.

45. The body of literature concerning the genocide against Jews in the Netherlands is extensive. For a recent introduction, see Blom, Fuks-Mansfeld, Schöffer (eds.), The History of the Jews in the Netherlands (Oxford 1992); for an overview of literature, see D. van Galen Last and R. Wolfswinkel, Anne Frank and After: Dutch Holocaust literature in historical perspective (Amsterdam 1996); cf. R. Moore, Victims and Survivors: The Nazi Persecution of the Jews in the Netherlands 1940-1945 (London 1997).
A second threat came from within Germany itself. There were at least elements in the German hierarchy that felt that the exploitation of the occupied countries should be stepped up in order to support Germany’s military efforts. Such an intensification inevitably led to impoverishment in the occupied countries and strained relations with local (both German and indigenous) officials. Finally, there was the danger that a reversal of German fortunes would lead to a return to violent warfare and the collapse of order. In the event, all three things happened to a degree, and they happened primarily as a consequence of the increasingly dire military prospects of the Third Reich.

In Denmark, serious unrest broke out in the summer of 1943. The realities of power, which Scavenius had so often invoked to legitimize the policy of Samarbejde, appeared to be changing. Axis defeats at El Alamein, Stalingrad and Kursk, as well as the fall of Mussolini, contributed to the idea that the Reich was on its last legs, or at least that it was less invincible than it had once seemed. In addition, communist agitators (who were persecuted by their officially anti-communist government) were campaigning to stir up class war as well as political sabotage, which led to strikes in several sectors of military importance, such as the country’s wharfs. Relations between the Danish and German governments had already soured considerably and now broke down altogether. On 28 August, the Danish government was given an ultimatum: it was to introduce a number of repressive measures, including the death penalty for saboteurs, or resign. A day later, the government stepped down and the secretary generals of the ministries took over the management of daily affairs. The Danish army was disarmed, German military presence in everyday life was drastically stepped up and martial law was introduced. Occupied neutrality was over. A sure sign thereof was that in October 1943, deportation of the Jewish population of Denmark was finally instigated. German plans, however, were leaked and the vast majority of Danish Jews managed to sail across the Øresund (Sound) and find refuge in Sweden. Only a few were caught, and the genocide that had taken place in the Netherlands had effectively been averted in Denmark.

The period during which heads of departments ruled Denmark is often seen as fundamentally separate from the preceding period, in that it supposedly marked the end of the period of Samarbejde. This view is not unfounded, in that the facade of Danish neutrality had been very effectively demolished and certain heads of departments on occasions conferred with members of the Danish resistance. On the other hand, almost all the heads of department strove to let existing arrangements continue as before. The bulk of the arrangements between German and Danish officials were not affected by officially changed relations. This is all the more true of the economic contacts between Germany and Denmark. As the American historian Philip Giltner has demonstrated, economic relations between Germany and Denmark continued virtually undisturbed. Only in late 1944 would the stability of bureaucratic relations truly come to the verge of collapse.\(^\text{48}\)

As in Denmark, the events of 1943 did not fail to have an effect in the Netherlands. The Dutch were not oblivious to the Reich's ill fortunes, which promoted if not armed resistance then at least the belief that occupation and German rule were not as definitive as they had initially seemed. However, there were other reasons for unrest as well. Although as noted the German authorities in the Netherlands were far from eager to introduce a higher level of economic exploitation than was strictly necessary, others in the Reich hierarchy had different interests and plans. In the first place, there was the maverick armaments minister Albert Speer, who attempted to step up the exploitation of the occupied countries as part of his, eventually vain attempts to save the Reich and its military campaigns from economic collapse.\(^\text{49}\) Fritz Sauckel had been appointed to squeeze as much labour power out of the occupied countries as possible. From 1942 onwards, the exploitation of the Dutch economy intensified (as a result of Speer's policies), which led to a lower standard of living in the country than had prevailed during the first two years of occupation. Sauckel, for his part, ordered the deportation from the Netherlands of hundreds of thousands of workers, to be deployed in the armaments industry in Germany, a

\(^{48}\) P. Giltner, *In the Friendliest Manner: German-Danish economic cooperation during the Nazi occupation of 1940 – 1945* (New York 1998).

polic y that arguably ran counter to Speer's attempts to increase production within the occupied country.50

The combination of forced labour and economic decline deepened the resentment in the Netherlands. This atmosphere radicalized when it was announced on 29 April 1943 that Dutch troops, who had been released soon after the German victory of 1940, were again to be deported as POWs. The threat of the deportation of some 300,000 men was enough to ignite rebellion. For a few days, a wave of strikes and protests spread across the Netherlands, but they were quickly quashed by German repression. These were neither the first nor the last strikes in the Netherlands but, like those in Denmark a few months later, they did change the relation between the indigenous and the German authorities. Public non-cooperation put pressure on cooperative relations between Dutch and German officials, even if these did not collapse. Like their Danish colleagues, Hirschfeld and other officials, rather than stepping down in protest, tried to limit the damage caused by unrest, compulsory labour service and increased exploitation.51

In an attempt to force people into labour service, in 1943 German officials infringed on the rationing system, and thereby on an area of policy that had hitherto been carefully kept in Dutch hands. The Germans' desire to, for example, introduce a separate rationing system for Jewish citizens had been painstakingly stalled by the Dutch authorities (although the fact that it was never introduced perhaps owed more to the absence of legally resident Jews from the Netherlands by the time it was finally ready to be implemented).52 In 1943, the German authorities began to use food entitlements as a tool for repression. German officials demanded the introduction of a new rationing identity card, in an attempt to deprive people who were in hiding (mostly from labour service) of foodstuffs. Although the measure proved ineffective as a tool to coerce men from hiding, the rationing system lost its purely national and politically neutral character. Numerous armed raids on rationing offices by resistance fighters ensued. The use of rationing as a repressive tool, however ineffective it may

50. Klemann, Nederland 80-88.
51. H.M. Hirschfeld, Herinneringen.
52. NA, Archief Centraal Distributiekantoor 248.
have been, inevitably resulted in the identification of indigenous economic measures with the interests of the occupier and against the interest of the occupied.\textsuperscript{53}

In the course of 1943, pressure mounted on the precarious balance of power between the indigenous and the German officials, but economic and social order was largely maintained. After D-Day (June 1944), the impending end of the Reich became obvious to most. France, Belgium and the southern parts of the Netherlands had been liberated, the Allies were at the Rhine, and German cities were almost defenceless against the endless and enormously destructive Allied bombardments—but Germany would not surrender. Allied penetration of German-held Europe stalled after the fiasco of operation Market Garden. Europe north of the Rhine, including the bulk of the Netherlands and all of Denmark, would have to wait until May 1945 before Germany finally surrendered and Allied troops marched in. This created a difficult economic and political situation. Economically, the Reich was drained of resources by desperate warfare and incessant bombardments; politically, it became increasingly clear to all but a few fanatics that the end of the Reich, and possibly the total destruction of Germany, was imminent.

In the (apparent) wake of victory, the ranks of the resistance in both Denmark and the Netherlands swelled and resistance activity became more militant. The German authorities became increasingly nervous.\textsuperscript{54} Accommodating officials in both Denmark and the Netherlands found themselves in a difficult position. Their policy of cooperation with the occupier had relied on the mutual interest of the occupier and the occupied in maintaining a relatively orderly society, and on keeping on speaking terms with the occupier. Mutual interests, however, were quickly evaporating with the approach of the Allied forces. Resistance groups set out to bring German rule to its knees with strikes, ambushes and arson. German officials either chose to lie as low as possible to avoid punishment at the hands of the victors, or set out to defend German interests with the ruthlessness of the desperate.

In Denmark, the latter course was represented by Gestapo chief Bovensiepen and Höhere SS und Polizeiführer Günther Pancke. Bovensiepen—a career Nazi who had headed the Gestapo of Greater Berlin from 1941 to 1943—arrived in Denmark in

\textsuperscript{53} Klemann, \textit{Nederland} 524.

\textsuperscript{54} Moore, \textit{Resistance in Western Europe} (Oxford 2000).
January 1944 and instigated a radical, violent suppression of resistance activities. Pancke, an underling of Himmler, was under pressure from his superior to take harsh measures in Denmark, which placed him on a collision course with Werner Best and other German officials who preferred the soft approach of the early years of the occupation. In September 1944, Pancke took the remarkable decision to disband the Danish police, at least partly for fear of it becoming a fifth column of resistance fighters. As explained in more detail in Chapter 8, Denmark now entered a chaotic period, one in which crime, black marketeering and unrest became the order of the day.

As in Denmark, the last phase of the war saw an escalation of tension in the Netherlands. However, the consequences were far more disastrous. As the Allies were approaching the Rhine and preparing a paratrooper attack, the Dutch government-in-exile called for a national rail strike to hinder German troop movements. The strike was not called off after the failure of operation Market Garden, even though its impact on German military mobility had proven minimal and the front was again frozen. As a reprisal, the German authorities forbade the transportation of foodstuffs from the agricultural north and east of the Netherlands to the heavily urbanized west. Although the German ban on food transports was lifted on 30 October, many skippers were unwilling to sail to the west for fear of confiscation of their vessels, and soon ice began to block the waterways. The railway strike continued well into February, and the western Netherlands was struck by a brief but vicious famine that caused thousands of deaths. The stubborn refusal of the Dutch government-in-exile to end the strike, even though Seyss-Inquart had promised not to harm the strikers if it did, may seem bizarre today. The continuation of this failed strategy led to no, at best, minimal military gain at the direct expense of a humanitarian disaster. Yet from the perspective of the people in London, liberation appeared to be imminent and the famine fitted the 'blood, sweat and tears' rhetoric that was so powerful at the time, stressing the need for sacrifice in beating Nazi Germany. The famine itself was to prove an excellent propaganda tool after the liberation, especially for international consumption.

After liberation

Five years after the invasion, liberation finally came. Hitler was dead, Germany lay in ruins and Berlin had been overrun by the Red Army. On 4 May 1945, admiral H.G. von Friedeburg signed the unconditional surrender of German forces in north-western Europe. Denmark and the Netherlands were free.

In Denmark, liberation came at a limited human cost. The bulk of the German troops in the country disarmed readily. A German battalion in Holsterbro initially refused to surrender to non-uniformed authorities, but later surrendered to a local postman. Only the Baltic island of Bornholm suffered the hardships of war in 1945. The island was bombarded by the Soviet Union as part of its Baltic campaign, and then occupied for eleven months (until April 1946). Otherwise, German surrender was achieved in Denmark without much trouble.56

In the northern Netherlands, liberation was a more painstaking process. Unlike Denmark, much of the Netherlands was not surrendered but forcibly conquered. By that time, Allied troops were already streaming in through Germany, so that the fall of the Reich was ostentatiously inevitable, but many German troops and their local henchmen put up considerable resistance. This resulted in destruction and casualties, as for example in the cities of Groningen and Zutphen, which were severely damaged and suffered numerous casualties.57

The German surrender put an end to exploitation of the Dutch and the Danish economy, but did not lead to an immediate return to prewar prosperity. Nor did things look particularly hopeful. Allied troops provided both countries with the necessary emergency aid, but the long-term prospects were dire. The damage the war had done was considerable, especially in the Netherlands, but that was not nearly the worst of the problems. Both countries faced a monetary crisis (or rather a shortage of US dollars), which meant that they could not purchase goods on world markets, as

56. Bundgård Christensen et al., Danmark besat 614-616.
57. P.G.J. Breukink, De bevrijding van Zutphen (Zutphen 1980); Duijvendak and de Vries, Stad van het noorden (Groningen 2004).
they had done before the war. Hence, imported goods remained in short supply in both countries for several years.\textsuperscript{58}

An even greater problem was that neither Denmark nor the Netherlands was in a good position to earn dollars. Great Britain – normally a major export market for both countries – was heavily indebted to the United States and rather strapped for cash. Germany – the other main export market in normal times – lay in ruins. The Dutch had lost effective control over the Dutch East Indies, and with it their main source of dollars. The net result was that both Denmark and the Netherlands were not only penniless but also had every prospect of remaining so. There was even the possibility that the plight of Germany would continue for a long time to come. The country had been divided into four zones and there was a very real possibility that it would never be reinstated as a single state. In the meantime, the ethnic cleansing of much of Eastern and Central Europe, and especially Poland, caused a stream of impoverished ethnic Germans to stream into the demolished, and shrunken, motherland. The Soviet Union was draining its zone of resources to pay for its own restoration, whereas the French, British and Americans tried to rule their zones as separate, autarkic entities. In Paris, London, Washington and Moscow, there was ample support for Walther Morgenthau’s vision of the Germany of the future: an agrarian nation, permanently unable to industrialize and hence unable to win or even wage a war against the industrial powers surrounding it. Also in Denmark and the Netherlands, there were those who preferred to see Germany indefinitely reduced to a state of primitive poverty, and many even desired the annexation of large stretches of German land.\textsuperscript{59}

The Danish and Dutch proponents of a radically weakened, partially annexed Germany as a solution to the ‘Teutonic threat’, however understandable their angry vengeance may have been, failed to take into account economic realities. Although a weak and divided Germany might have furnished Denmark and the Netherlands with permanent protection from their aggressive neighbour, it would in all likelihood also have reduced them to lasting poverty. As many politicians, civil servants and captains of industry were acutely aware, Germany was essential to rebuilding the European economy.

\textsuperscript{58} See Chapter 4 below.

\textsuperscript{59} A.G. Maris, \textit{Grenswijziging Nederland-Duitsland} (Amsterdam 1948).
economy. Reducing it to poverty would mean condemning Denmark and the Netherlands to poverty as well, at least for the conceivable future.\(^6^0\)

Denmark was in a precarious position in that what it had to offer – namely almost exclusively high-grade agricultural products – was in low demand. Consequently, it could not buy the industrial raw materials and coal that it could not produce itself. The Netherlands was in a similar, though worse, position. Germany had always been its main export market. Rotterdam’s harbour, a powerhouse for the Dutch economy, functioned primarily as a node between the Ruhr area and the Atlantic. Its normal agricultural exports, also to Germany, consisted mainly of dairy products, meat and vegetables, much as was the case with the Danes. These were not in high demand, at least not if hard currency was needed in exchange. The Netherlands had expanded its industrial capacity during the war, but lacked the fuels and raw materials to produce. Because it had to import goods to maintain even a basic standard of living, the Netherlands developed a dangerous balance of payments shortage.\(^6^1\)

Two developments in the late 1940s were eventually to cure the macroeconomic ills of Denmark and the Netherlands, and much sooner than was anticipated by most. In the first place, although its importance has been disputed, Marshall Aid solved the immediate problem of the currency crisis in both countries and gave them the necessary breathing space to enter world markets.\(^6^2\) It is difficult to see how rebuilding Denmark and the Netherlands would have been possible without Marshall Aid. Secondly, the position of both countries improved greatly as a result of the shelving of all plans to reduce Germany to the status of an agricultural economy, to divide it into a number of weak countries, to give up parts for


\(^{61}\) H. Zoetewij, De Dollarschaarste in West-Europa (Leiden 1949); van Zanden, Een klein land 174.

annexation, or any of the other plans that centred primarily on avoiding a new incarnation of an economically powerful Germany. Hence, the alternative policy – namely to allow Germany to resurrect itself as an industrial nation – was eventually preferred in London, Washington and, finally, Paris. The Russian zone (the later German Democratic Republic) was separated from the new federal republic, and with it most of what had now become communist Eastern and Central Europe. To Denmark and the Netherlands, this was an economic bounty: now that Germany could no longer buy its foodstuffs in the East, not even in eastern Germany, it had to purchase them elsewhere – not least in Denmark and the Netherlands.

Of course, the postwar macroeconomic situation affected living standards in Denmark and the Netherlands. Most of the major economic problems were solved with relative ease, but many imported products that people had dearly missed during the occupation (such as chocolate, tobacco and coffee) remained available in only very limited quantities. The era of rationing and price controls had not to come to an end and did not appear to be about to. A number of foodstuffs remained rationed until 1948 or 1949 in both countries, while coffee became freely available in Denmark only as late as 1953. The wartime economic bureaucracy in Denmark was not completely abolished until 1960, when the once all-powerful Directorate for Vareforsyning (directorate of provisions) was dismantled.63

The slow dismantling of economic controls owed much to the continuing economic problems in Denmark and the Netherlands. Yet in Belgium and France, where wartime problems had in many respects been worse, the return to free consumption occurred much sooner. The rapid dismantling of the economic control bureaucracy must have been partly inspired by the dismal functioning of that bureaucracy in wartime, although it may also be taken as evidence that in Denmark and the Netherlands, as in Great Britain, the continuation of controls was inspired at least partly by the desire of especially (though not exclusively) left-wing politicians to permanently appropriate a decisive influence over patterns of consumption. What

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63. Riksarkivet, Henvisninger om Valutacentralens og varedirektoratets administration og arkiv.
began as emergency measures could, and in certain cases did form the basis of a new postwar economic order.\textsuperscript{64}

**Conclusion**

In certain respects, both Denmark and the Netherlands were well prepared when German troops marched across their borders in the spring of 1940, though not in the sense that they were ready to mount a realistic defence: neither country would have been likely to have succeeded at that, whatever the preparations. Economically, however, both states were prepared, indeed more so than other countries. Wisened by the experience of the First World War and sceptical of the ability of markets to cure the ills of wartime economies, the Danish and the Dutch government had been at pains, albeit often only after some prompting from the ranks of the civil service, to introduce extensive measures to intervene in consumption and in economic life in general. Preparations for economic controls had been more extensive in Denmark and the Netherlands than elsewhere, and the wartime experience of both countries bears witness to the wisdom of well-prepared and professionally executed economic controls. In comparison with most other occupied countries, the Danes and the Dutch enjoyed (if that is the appropriate word) a relatively high standard of living during the occupation. Whilst, materially, the success of the Dutch and Danish civil servants is beyond question, the moral dimension was not unproblematic at the time. To avert until the very end of the occupation the entitlement crises that affected so many other countries, civil servants had to perform a difficult balancing act between German officials, the indigenous populace, and their own conscience and sense of duty.

This leaves the question to what extent Danish and Dutch policies for the protection of the standard of living in wartime were successful. Although food rationing and price controls certainly helped avert many of the problems experienced elsewhere, the extent to which the public was protected by these infringements upon their economic freedoms remains to be investigated, especially since, as noted in the introduction, there is a stark demographic indicator that all was not well in the

Netherlands – or at least much less so than in Denmark. It is to these issues that we now turn.