Lard, lice, and longevity: a comparative study of the standard of living in occupied Denmark and the Netherlands, 1940-1945
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Introduction

As should be clear by now, the war years were not an easy time for housewives. Shortages primarily affected the work sphere traditionally dominated by women, namely clothing and feeding a family, and heating and cleaning the home. Housewives had no choice but to change their ways in the wake of ever more limitations. If they did, as Dutch and Danish authorities never tired of pointing out, it was possible even under these difficult circumstances to maintain cleanliness, to be sufficiently clothed and, crucially, to prepare a decent meal. It was reiterated time and again that as long as people were willing and able to adapt, and had the necessary knowledge to do so, nothing could really go wrong. The working-class housewives were not alone, however: in the Netherlands, groups of middle and upper-middle class women felt that they shared the responsibility to help, and they set out in the early 1940s to convey domestic knowledge to their less economically fortunate sisters. They began, first things first, to teach working-class women to cook wholesome food within the limits set by rationing, and organized cooking classes and exhibitions. The idea undoubtedly stemmed from good intentions, but it soon stranded on the harsh realities of working-class life. The meals that poor and supposedly ignorant women were expected to learn to prepare, cost roughly twice their normal daily expenditure on food. The well-to-do women behind the newly developed recipes had taken account of the limitations set by rations and fuel shortages but not, apparently, of budgetary constraints. Working-class women, rather than being thankful, were angry and at times even riotous. The help so graciously offered by their affluent sisters was felt to be degrading rather than enlightening.  

It is not as obvious as it may seem that Dutch working-class people were concerned about the price of food. After all, the aim of many of the economic controls introduced at the time was to ensure that consumption would be independent of income. Price controls had been introduced in the Netherlands, as well as in Denmark, to ensure that essential consumer goods were at all times affordable to all.

186. NA, RBVVO, Weekverslagen inv. no. 49.
The haunting memory of galloping inflation during the First World War had inspired the introduction of stringent price controls throughout Europe. A comment made in 1940 by John Maynard Keynes illustrates the popularity of price controls: 'price fixing and propaganda against price raising are much more à la mode today than old-fashioned inflation.' Price controls, like rationing, swept through Europe like a fad. All over the continent, as well as in North America, governments set price ceilings in order to curtail inflationary tendencies. Inflation was to be averted, nearly everybody agreed, and measures to that end were introduced. But did the measures actually work?

Despite controls, prices increased in both Denmark and the Netherlands during the Second World War, albeit less explosively than had been the case during the final years of the First World War. Prices nevertheless rose considerably, and did so to the dismay of many. The Dutch working-class women mentioned above would perhaps not have reacted quite so angrily to the initiatives of the wealthier members of their sex, had the latter not added insult to injury by suggesting that the former buy expensive foodstuffs at a time when food prices were rising at a worrying pace. Indeed, many observers at the time claimed that food prices were rising so strongly that many people were unable to afford even their modest rations. In Denmark, the situation was possibly even worse, at least during the early years of the war, when inflation was truly explosive and rising food prices enriched the much-maligned 'goulash baron' farmers at the expense of the urban proletariat.

Inflation, needless to say, was the Achilles heel of representative rationing systems. Had controls failed to keep prices low enough for people to purchase the goods to which they were officially entitled, the pattern of consumption that civil servants had so intricately designed would have been compromised. The many claims that wartime inflation was detrimental to the poor for the most part lack quantitative underpinnings; but if they are true, then the assessment of the quantities of goods available through rationing, as made in the previous chapters, is not

188. Pruijt, Prijsbeheersing; de Jong, Het Koninkrijk vol. 7, 2nd bind, 175.
obviously representative of actual consumption. This chapter therefore presents a reconstruction of the extent and the impact of inflation in Denmark and the Netherlands during the occupation period and immediately thereafter. This requires a two-tier approach. First the development of prices will be investigated, and thereafter the possible impact of rising prices on consumption will be assessed. The latter is of course a question of the most immediate pertinence: did prices rise so strongly as to affect consumption by the relatively poor? And, if so, which goods were consumed less?

The bureaucracies of price control
Despite the general agreement on their necessity, the introduction and administration of price controls appears to have been a largely improvised, ad hoc affair. Both Denmark and the Netherlands reacted to the German invasion with a universal price freeze – the bluntest form of price control imaginable. Prices were, at least officially, rigidly frozen, and allowed to rise only with explicit permission from the relevant authorities, which in turn were not always clearly defined. In the Netherlands, specialized institutions were set up to manage the process of centrally led price formation only months later, and in the case of Denmark, over a year later.

When the price freeze became effective in Denmark, it had to be implemented and enforced by makeshift bureaucracies. At the time, there were two organizations that could possibly take on this task. The oldest of these was the Priskontrolråd (price control council), which had been established in 1937 to monitor compliance with anti-trust legislation. The second was the Prisudvalg (price committee), which had been set-up in 1939 with the aim of containing war-related price rises. The latter consisted of a nationwide network of smaller committees that during the pre-invasion months had proven to be hardly up to their task. Only in November 1941 was the secretariat of the Priskontrolråd expanded and transformed into the Prisdirektorat (price directorate), which was to concern itself with the day-to-day work of setting and enforcing prices until well into the 1950s. When the Prisdirektorat took over the administration, however, price controls had officially been effective for over a year.

190. Bundgård Christensen et al., Danmark besat 211; Bundgård Christensen, Den Sorte Børs 24; Jensen, Levevilkår under besættelsen 38.
During that first period, prices had mostly been negotiated, not very successfully, in the much-maligned Erhvervsøkonomiske Råd.\textsuperscript{191} Here, various sectors of industry had defended their interests with such vigour that price controls had not been particularly effective. After the establishment of the Prisdirektorat, the influence of the Erhvervsøkonomiske Råd on price controls declined.\textsuperscript{192}

In the Netherlands, as in Denmark, legislation against hoarding and the driving up of prices had been introduced in 1939. This law made it possible, in theory, to prosecute any entrepreneur who was charging ‘unreasonable’ prices. In practice, however, the law proved difficult to enforce, because no clear norms had been formulated to establish what was reasonable. In the absence of effective price control administration, these tasks were carried out primarily by the Department of Economic Affairs and the Rijksbureaux. In November 1940 – rather on the late side, but over a year before its Danish counterpart – the Gemachtigde voor de prijzen (price authority) was established as a separate body, after German model. The Gemachtigde, which enjoyed the support of German officials in the Netherlands, came under the leadership of an avowed National Socialist, H.C. Schokker. Schokker’s influence on actual policy was limited and there is little ground to describe the institution as such either as National Socialist in outlook or as pro-German in policies. The fact that the office of the Gemachtigde remained operative, virtually unchanged, after liberation is at least an indication that despite the highly suspect political convictions of its wartime leader, it functioned quite satisfactorily.\textsuperscript{193}

In terms of manpower, price control agencies remained relatively small. The Danish Prisdirektorat and the Dutch Gemachtigde were and remained far smaller than the bureaucratic mastodons, such as the Direktorat for Vareforsyning and the RBVVO. Neither the Prisdirektorat nor the Gemachtigde ever had either the bureaucratic clout or the manpower to control prices on their own. The enforcement of price measures was consequently to a large extent left in the hands of the Krisepoliti (crisis police) in Denmark and the Economische Controledienst (economic

\textsuperscript{191} See page 91.

\textsuperscript{192} Bundgård Christensen et al., \textit{Danmark besat} 211; Bundgård Christensen, \textit{Den Sorte Børs}, 124.

control service) in the Netherlands. Even then, however, the pace at which production costs and other circumstances changed was well beyond what price controllers, with their limited resources and limited manpower, could monitor let alone manage. It became necessary to be able to act retroactively: ways had to be devised to allow entrepreneurs themselves to calculate prices, which would be checked only afterwards, if necessary, by price inspectors. To this end, especially in Denmark, but to an extent also in the Netherlands, maximum profit regulations were introduced. These regulations allowed price controllers to act against any producer or entrepreneur who made profits above a certain percentage of total revenue, or had exaggerated the costs incurred in the production process. Although this type of legislation was both practical and enforceable, it necessitated the introduction of a second law, namely one against ‘chain trade’. Where what was subject to control was not the retail price but the profit of the individual entrepreneur, a group of entrepreneurs could drive up prices by buying and selling products among themselves, and each time making a legal profit. Thus, the introduction of maximum profit regulations made it attractive to reap ‘reasonable’ profits in an unreasonable (or at least inefficient) succession of transactions, a trick that subsequently had to be outlawed. 194

Maximum profit regulations required a relatively high degree of compliance on the part of entrepreneurs. Rather than being forced to adopt a specific price, they themselves were to calculate the legal price of the commodity they sold, by adding up their costs, in accordance with a number of regulations, and on the basis thereof calculating a legal retail price. Such an approach was obviously rather sensitive to fraud, as the ability of inspectors to actually check all calculations was limited. Entrepreneurial compliance may have been stimulated by the fact that disgruntled buyers (or competitors) could always file a complaint against fraudulent sellers, although there is little evidence that such cases were particularly common. In theory, every consumer was a price control agent, but in reality the majority of them were not keen to turn in their suppliers.

A third method to calculate prices – one commonly used in the Netherlands but not in Denmark – was the use of a ‘model company’. The underlying notion was

194. Pruijt, Prijsbeheersingpolitiiek 60; Jensen, Levevikår under besættelsen 93.
that, rather than investigating production costs in their entirety, one producer of a
certain good would be monitored intensively and used as an example, so as to
estimate production costs and on the basis thereof calculate an official price for the
product in question. It could matter considerably, of course, which company was
chosen as representative of an entire sector. Especially if an only moderately
competitive company was selected, as occasionally happened, more efficient
companies could reap the benefits of a stable high-price level.\footnote{Pruijt, Prijsbeheersingspolitiek 63; Klemann, Nederland 279.}

In the course of the war, both Denmark and the Netherlands developed price
control administrations and the necessary legislation, but these certainly took their
time to come into being. One may thus wonder whether they succeeded in keeping
the price level low enough to maintain access to important goods for those on a low
income. That is not to say that a comprehensive evaluation of price control policies is
to be undertaken. Such an evaluation would have to include a proper assessment of
all the difficult choices prices controllers had to make. Here, what matters is only
whether the development of prices impacted the consumption patterns of the least
well-off.

**Quality deterioration**

Although price controllers succeeded in keeping prices low, another, not entirely
expected problem arose: where prices per unit or volume were controlled with some
success, the quality of goods often deteriorated. In other words, prices may have
been more or less stable, but the value people were getting for their money was not.
In part, quality deterioration stemmed from circumstances extraneous to price
controls. During the war, quality deterioration was impossible to avoid as the
availability of certain raw materials fell dramatically. These, however, were not the
only causes of quality deterioration. Price controls were themselves a driving force
behind the decline in quality. Since prices were set well below the economic
equilibrium, retailers were almost guaranteed to sell out of every product they
offered, almost irrespective of quality. This gave them little incentive – apart from
professional pride or the need to retain the loyalty of customers for the more distant
future – to maintain quality standards, nor did it give them a disincentive to let them
deteriorate. Products with minor (and, occasionally, major) deficiencies were routinely sold at maximum prices.\textsuperscript{196} Not maintaining quality standards, moreover, could provide the least scrupulous of entrepreneurs with interesting opportunities. For example, by using smaller quantities of desirable raw materials in the production process, such raw materials could be freed for the production for the black market. In the absence of price competition, culpable, or indeed criminal, quality deterioration could be highly attractive to individual entrepreneurs.

Although legislation was introduced to curtail quality deterioration (a typical example of one form of economic control necessitating another one), fraud soon proved to be rampant. It is difficult to reconstruct the scale of the problem, but the available examples are telling: a 1942 investigation of bread weights in the Dutch province of Friesland revealed that a mere 19\% of loaves met the official minimum weight.\textsuperscript{197} Around the same time, Danish butchers were found to have developed entirely new ways to cut up carcasses, so as to have more cuts that were more or less passable as steak. The average quality of ‘steak’ declined as a consequence, but since any piece of meat categorized as such, quite irrespective of its quality, could be sold at the maximum price for steak, this quality decline had only positive financial implications for the butcher. The price of low-quality meats could be increased by letting the quality of better cuts slip.\textsuperscript{198}

Quality deterioration is relevant to the investigation at hand. This is for two reasons. First, as quality deterioration was at least partly caused by price controls, it should be included in any assessment of the impact of price controls on the prevailing standard of living. Second, quality deterioration inevitably meant that people received less for their money. While not nearly as obvious as rising prices were, declining value at stable prices also constituted a form of inflation, though perhaps a less dangerous one.

\textsuperscript{196} Klemann, Nederland 320; Bundgård Christensen, Den Sorte Børs 156.
\textsuperscript{197} NIOD Gemachtigde voor de prijzen, 192b.
\textsuperscript{198} RA, DfV, Prisdirektoratet, Beretning 1-12-1942; The strategy was also common in the United States. See: G. Katona Price control and business: Field Studies among Producers and distributors of Consumer Goods in the Chicago Area, 1942-44 (Indiana 1945) 119.
Food prices

Food prices were by far the most important to control. People on low incomes – the prime beneficiaries of price controls, at least in theory – spent as much as half their income on food, and rising food prices were an immediate threat to the budgets of these groups. Moreover, food rations had been carefully designed to maintain public health, especially in the Netherlands, and rising prices could have driven people to consume a different, cheaper diet, one considerably less conducive to maintaining their health. Hence, food prices were just as central to price control as food coupons were to rationing.

Efforts to keep food affordable were not helped by the fact that there was strong upward pressure on agricultural prices. The outbreak of war and the German invasion had brought about drastic changes in the domestic markets for agricultural products. During most of the 1930s, both Denmark and the Netherlands had operated in a global economy where food was plentiful and prices were low. Caught up in the economic realm of the Reich, both countries suddenly found themselves in an economic sphere where food production, because of limited acreage, lagged behind demand and where prices consequently were comparatively high. This was of course good news to farmers and others in the food business, who now found themselves in a seller’s market after a decade during which the global slump in food prices had been a major threat to their livelihood. Price controllers, however, set out to let them produce below market equilibrium prices.

Or, at least, somewhat below equilibrium prices: in reality, in both Denmark and the Netherlands, agricultural and food prices were allowed to rise, and indeed rose considerably. Price rises were used to stimulate production and to deter producers from diverting food to the lucrative black market. In the Danish case, moreover, the German authorities eagerly let agricultural prices rise to increase farmers’ Lieferfreude (supply pleasure) as much as possible, and to limit indigenous consumption through price incentive rather than stringent rationing. A delegation headed by Dr Alex Walter negotiated a high price level with Danish farmers’ organizations united in the Ministry of Agriculture’s Exportudvalg (export commission). The Danish government had remarkably little influence over these negotiations, which effectively left the decision making process to two parties that had an outspoken intent to let prices rise, namely farmers’ organizations – which
were eager to increase agrarian incomes – and German officials, who were eager to increase food production at the expense, ultimately, of the Danish central bank and domestic consumption.\footnote{Rostgaard Nissen, \textit{Til fælles bedste} 117.}

In the Netherlands, contrary to the Danish situation, German interest in agriculture was negligible and the setting of food prices remained largely in indigenous hands. Nevertheless, here prices rose as well, not least because the production and the transformation of agriculture were stimulated through price manipulation. Price incentives were part and parcel of RBVVO policies, both to ensure the compliance of farmers and to stimulate the agricultural transformation. Dutch food prices did not rise as suddenly as Danish food prices had done, but rose gradually over the course of the occupation. Increased prices should be ascribed predominantly to the RBVVO’s carrot-and-stick policy to ensure farmers’ compliance with controls and planned production, as well as the need to raise prices towards the German level.\footnote{Trienekens, \textit{Tussen ons volk en de honger} 157-161.}

Figures 6.1 and 6.2 show how the consumer prices of foodstuffs rose in both countries. In Denmark, a sudden jump in food prices, caused by the lapsed control of the government over the price-setting process, was followed by a period of relative price stability, which lasted until the late 1940s. Prices for most foodstuffs declined slightly in Denmark after the liberation, when the lucrative export to Germany faltered and Danish farming lost its most lucrative customer. From a consumer’s point of view, the impact of rising prices on household budgets was considerable, and was aggravated by the inevitable dietary changes. Margarine – the cheap fat of the poor – became almost unavailable and its consumers were forced to change to more expensive fats, which drove up the cost of their nourishment even further. To aid the particularly hard-hit urban poor, however, discount coupons were issued, allowing them to buy butter at a lower price than the (already heavily subsidized) official one.\footnote{Rostgaard Nissen, \textit{Til fælles bedste} 127.}
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Source: Statistiske Efterretninger, various issues

The increase in food prices in the Netherlands was slower, but by the later 1940s more substantial than in Denmark. The different pace of food price inflation was, obviously, due to the fact that in the Netherlands the steady inflation of food prices was carefully managed by the RBVVO, unlike the sudden eruption that took place in Denmark. After liberation, food prices continued to rise as expensive food was imported from overseas. The driving force behind rising food prices, however, was that high prices were deemed necessary to ensure the farmers' compliance with controls and planned production, as well as the need to raise prices toward the German level to forestall German purchases of Dutch foodstuffs.²⁰²

²⁰² Trienekens, Tussen ons volk en de honger 157-161.
### Figure 6.2 Indexes of official Dutch consumer prices for foodstuffs (1938 =100)

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Source: CBS; Maandschriften, various issues

Compared to Denmark, the changed availability of foodstuffs had a considerable budgetary impact in the Netherlands. Many of the products the poor had consumed in relatively great quantities before the war became entirely or partially unavailable. Not only margarine but also lard and other cheap animal-source products – the dietary staples of the relatively poor – suddenly became in short supply. The urban poor were given coupons for such goods as meat, which they found expensive and had consumed in only small quantities before the introduction of rationing, and lost access to some of the staples of their prewar diet, such as lard and margarine. A remarkable consequence of this shift was the ten-fold growth in the membership of the society of vegetarians within the first year of the war: the members received no coupons for meat but extra coupons for fats. To alleviate their problems, the poor were given a Vetkaart (fat card), which allowed them to replace the butter in their diet with cheaper fatty products. This somewhat alleviated the problems the urban poor faced, especially during the early years of the occupation, but complaints hardly

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203. NA, RBVVO, Weekverslagen, 20-10-1941.
subsided. The urban poor in the Netherlands still felt that they had been robbed of their staple fats and provided only with alternatives they could not afford.

Non-food prices
The availability and quality of most non-food products declined sharply in both Denmark and the Netherlands. On the one hand, the dramatically lowered supply of textiles, shoes and other durables caused the burden of these products on household budgets to decline (what cannot be bought does not cost money). On the other hand, prices rose considerably. Controlling prices for manufactured goods was difficult, because, much more than was the case with agriculture, the production process of many goods underwent radical changes. This was difficult to avoid: the changeover from imported oil and coal to locally mined lignite and turf, the introduction of new materials in the production process, difficulties in transportation and rising wages inevitably affected the cost of producing goods – costs that had to be met, ultimately, by the consumer. Despite the dangers of doing so, the authorities in both countries often had no choice but to allow prices to rise.204

Market pressures were not the only forces driving up the price level. Intervention by Germany was a factor as well, albeit more often in the Netherlands than in Denmark. Germany, as explained in the previous chapter, had little or no interest in Danish industry or the prices of Danish non-agricultural products. Berlin did, however, have a serious interest in Dutch industry. Germany’s initial demand was that the price level in the Netherlands was not to rise above that of Germany, so as to ensure that German companies could buy Dutch industrial products cheaply. Dutch industry, reversely, strived to raise prices to the German level, for fear of eager German buyers who, attracted by the low price level, would buy up much of Dutch industry and industrial production. After the ascension of Albert Speer, however, the close incorporation of Dutch industry into a centrally managed German war industry cut short such deliberations.205

204. Hansen, Økonomisk Vækst 98; Pruijt, Prijsbeheersing.
205. Klemann, Nederland 282.
**Figure 6.3 Index of official fuel prices per unit of energy (1938=100)**

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</table>

*Source: CBS, Statistisch Jaarboek, various issues; DS, Statistiske Efterretninger, various issues; new calculations: composite series based on estimated energy content per ton of fuel. Cf. also Chapter 5.*

As noted, fuel supplies were more troublesome in Denmark than the Netherlands, and the difference is clearly reflected in the price level. The domestically produced fuels that were introduced or reintroduced on the Danish market were far more expensive to produce than imported coal had been. Consequently, Danish fuel prices rose explosively after the outbreak of war. Once lignite and turf production were up and running at the high wartime level, prices remained fairly stable. On the other hand, the calorific value per average unit of fuel declined as a result of the often dismal quality of turf and lignite: since producers were paid by the weight of their turf production, it was highly attractive to them to tamper with the water content of their product. Tricks to increase the quantity of fuel at the expense of quality were all but unknown in the Netherlands and appear to have been less common. After liberation, fuel prices in the two countries diverged even further. Denmark resumed fuel imports at high world prices, whereas the Netherlands, while not entirely...

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206. Fraud in fuel and other industries is discussed in detail in Chapter 8.
autarkic, relied primarily on home-produced fuel.\textsuperscript{207}

Although Dutch fuel prices rose less strongly than Danish fuel prices, they did rise significantly. Shortages, not least during the coal crisis of 1941, put strong inflationary pressure on the fuel market. Through their Rijksbureau, fuel producers lobbied to have official fuel prices raised, but met with little success. Fuels were seen as an essential product, one that made up a great share of household expenditure. More importantly, Hirschfeld and other economic authorities were not convinced that relatively low fuel prices would endanger the production of the Dutch coal mines. Fuel prices were allowed to rise, but rather along the lines of general inflation, much to the irritation, admittedly, of fuel producers.\textsuperscript{208}

<table>
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<tr>
<th>Year</th>
<th>1938</th>
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<th>1941</th>
<th>1942</th>
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<tr>
<td>Shoes</td>
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<td>100</td>
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<td>267</td>
<td>311</td>
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<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

\textit{Source: CBS, Maandschriften, DS, Statistiske Etteretninger, various issues}

Few sectors of the Danish and Dutch economies were as hard-hit by the declining

\textsuperscript{207} Hansen, \textit{Økonomisk Vækst} 11; C. Lindbergh, \textit{Post-war shortages of food and coal} (1946).

\textsuperscript{208} Mensink, \textit{De kolenvoorziening in Nederland}. 
availability of raw materials as the textile and leather industries, a problem amply reflected in steeply increased prices. Rising prices, however, were of limited relevance in the light of declining supplies: after all, the price of garments and shoes mattered only if they were available to be bought. More dangerous, perhaps, was the rapid deterioration of quality. If this is taken into account, it is clear that the data presented in figure 6.4 are an underestimation of a far more extreme inflation. People were paying considerably more for far less footwear and clothing.

In both Denmark and the Netherlands, textile prices approximately doubled during the early years of the occupation. A marked divergence between the two countries, however, occurred after liberation. While Dutch prices continued to rise significantly, Danish prices were mostly stable up to 1948. This difference should be ascribed at least partly to the aggressive utility scheme introduced in postwar Denmark. As explained in the previous chapter, the Direktorat for Vareforsyning greatly tightened its grip on the textile and leather industries after the war. By pushing the introduction of cheap, standardized products, it brought down average prices. More importantly, as said, the availability of clothing in Denmark during the postwar period was better than it was in the Netherlands, a difference that may well have influenced inflationary pressure.209

Throughout the 1940s, the pressure on the Danish and Dutch housing markets gradually intensified, but the price of housing remained remarkably stable. Rent controls had been introduced in both countries during the 1930s to protect the poor from greedy landlords. Measures had been introduced both to control rents and to prohibit the unilateral termination of rental contracts.210 In this respect, Denmark and the Netherlands fit a more general pattern: many other countries introduced rent controls during the 1930s to protect low-income groups. By freezing rents, the rising prices of other products could more easily be borne by working-class households. In Denmark and the Netherlands, rents remained stable even during the inflation of the war years. In real terms, hence, rents in fact declined, and made up a declining percentage of household expenditure. The obvious drawback of this policy was that it

209. See above, page 128.
210. Klemann, Nederland 418; Hansen, Økomisk Vækst 104.
diminished the incentive for property owners to rent out living space. As attractive as rent control policies were to people who already rented a home, they may well have been a hindrance to those looking for one. Whether this was a grave problem is difficult to say, since civilian building had come to a halt anyway, although existing housing may otherwise have become more readily available. In the Netherlands at least, price controls were blamed for the housing shortage.\textsuperscript{211}

According to official data, rent controls were an exceptional success. On the other hand, it is likely that rents or premiums were sometimes paid in excess of the legal rents. While the shortage of housing gradually worsened in both Denmark and the Netherlands, it became more difficult to find housing and, hence, attractive to bribe an owner or previous tenant to gain access to housing. It is difficult to reconstruct to what extent such illegal overpayments were made, let alone to estimate the amounts of money involved. The archival traces of Danish and Dutch price controllers do not suggest that these people considered rental housing as one of their main target areas. That said, there were various ways to increase rents. For example, some Danish landlords rented out apartments at the official rent – but on the condition that the furniture in it was also rented (at an uncontrolled – and, generally, very high – price).\textsuperscript{212}

Like rents, real estate prices were controlled. However, these controls were less stringent that those on rents. Besides, much less importance was attached to these prices in the two countries. Of course, the members of the most vulnerable groups in both Denmark and the Netherlands would have rented rather than owned their house, both for financial reasons and because at the time there was no culture of homeownership among the working classes. Nevertheless, the gap between vigorously price controlled rental housing and relatively uncontrolled occupier-owned housing grew. Recent research suggests that such gaps can lead to serious distortions in the housing market and structural excess demand on the rental

\textsuperscript{211} M.D. Bogaarts, \textit{De periode van het kabinet Beel, bind D, 2nd half, a: Wederopbouw en Volkshuisvesting Verkeer en Waterstaat} (Nijmegen 1996) 3904; A highly critical evaluation of rent control policies in the twentieth century has been published by the Fraser Institute: \textit{Rent Control: a Popular Paradox}.

\textsuperscript{212} Kjersgaard, \textit{Danmark under Besættelsen} 225.
market.\textsuperscript{213} Danish data at least suggest that rent controls led to a more uneven distribution of overcrowding. While rental homes became increasingly overcrowded during this period, the inhabitation density of owner-occupied properties remained roughly stable.\textsuperscript{214} This is all the more remarkable since the occupation era had witnessed radically decreased poverty and considerable increases in income, which should have enabled more people to buy a property. As yet, however, a serious investigation of rent controls in Denmark and the Netherlands in the twentieth century remains to be undertaken.

\textbf{Crushing inflation?}

Prices rose considerably in occupied Denmark and the Netherlands. However, this fact alone does not mean that inflation was a great threat to people’s livelihoods. In the first place, the development not only of the price level but also of incomes must be taken into account. This issue will be addressed further in the following chapter, which is devoted to incomes. Before then, however, the development of prices should be set against the changing pattern of consumption. Much of the rise in prices was offset, remarkably enough, by the gradual impoverishment caused by the war. The fact that very little was available during the war greatly lessened the impact of rising prices on household budgets – not the kind of inflation control the poor would have liked best, presumably, but highly effective nonetheless.

The relation between wartime inflation and consumption is a complicated one. From the perspective of administrators, the matter was simple: a standard package of consumables had been made available through rationing, this package had a certain price, and household incomes had to be high enough to afford that price. In reality, the relation between consumption and wartime inflation was more complex. This was partly due to the fact that the black market was thriving and was attracting people even from the lower end of the income scale, who both made and spent some of their money there. Copenhagen police records tell shocking stories of men who spent their family’s income on alcohol, and then sold coupons to raise


\textsuperscript{214} Kjersgaard, \textit{Danmark under Besættelsen} 223.
money for more. Dutch reports made for the RBVVO in the poorer quarters of the larger Dutch cities resound with disdain for the inability of the 'antisocial' to spend their money prudently, causing them to be unable to purchase their ration after two weeks of overspending.215

The impact of wartime inflation on consumption was, in reality, a more complicated matter than many contemporary observers suggested. Just as in an economy without rationing, consumptive choices were and remained related to price, although the relative importance of prices obviously diminished when there was far less to choose from. Nevertheless, even if people had a sufficient income to be able to afford their rations, they may still have preferred to spend their money otherwise (for example on black market purchases) or simply to save it. Price elasticity did not suddenly disappear merely because the economy became controlled.

There are two ways in which the impact of wartime inflation on Danish and Dutch consumption can be assessed. First, the development of official prices and legally available quantities can be used to calculate a price index to illustrate the price development of the legally available package of goods. Second, the changes in household behaviour can be investigated by using contemporary investigations into actual households. Both approaches have obvious drawbacks. A price index based on the official price of an official pattern of consumption is at risk of becoming an administrative fiction, as it is based on the assumption of perfectly compliant, rational consumers. Looking at actual consumtive behaviour, on the other hand, has the drawback that data are both scarce and hardly representative. The solution to this problem of measurement, in so far as there is a solution, is to look at both.

The Dutch CBS and the Danish DS each constructed series to investigate the development of the cost of living of the working classes. In Denmark, these investigations were based on rather irregular investigations of consumption among a large sample of working-class households. The results were then compared with the development of prices, to arrive at a series of the cost of living of working-class households. This method, which had been introduced long before the German invasion, was reasonably effective as long as neither patterns of consumption nor the price level changed very rapidly. After May 1940, however, both variables changed

215. NA, RBVVO, Weekverslagen passim; LAS KBB, Domsbøger passim.
drastically, thereby reducing the reliability of the DS series. Between sample investigations, DS had little choice but to adapt their series on a makeshift basis to the changing availability of goods. There was little sense, for example, in continuing to include coffee in a cost of living index when coffee was no longer available. As figure 6.5 shows, according to the DS data the consequences of the explosive development of food and fuel prices during the first year of the occupation were considerable. In late 1941, household expenditure peaked at roughly 145% of normal expenditure. Thereafter, expenses declined. This decline was not caused by a decline in prices, most of which had stabilized, but by a much lower consumption of several goods. The decline in expenditure mainly affected such products as textiles and shoes, which had become available in far smaller quantities.

Figure 6.5: Price index of (estimated) working class consumption package in Denmark, 1938-47 (1938=100)

Source: Statistiske Efterretninger, Statistisk Årbog, various issues

The peak in Danish prices in 1941, which is evident in the above figure, should be judged with some scepticism. This peak occurred just before the major budget investigation undertaken in 1942, the first to take place since 1935. The package of goods used in the calculation immediately before those investigations arguably make it the least reliable of the entire series, because the previous investigation of actual expenditure had been carried out some time before, and since then the changes in
prices and patterns of consumption had been considerable. Perhaps working-class households indeed increased their expenditure to the level suggested by the DS series, but it is certainly conceivable that working-class households economized far more in the early years of the war, limiting their consumption in the wake of rising prices, than is suggested by this graph. While there is little doubt that household expenditure did peak after the sharp rise in fuel and food prices, household expenditure as reported by DS may well be an overestimation of actual consumption and hence an overestimation of the expenditure of the working classes.216

Similar, though less severe problems plague the series drawn up for the Netherlands by the CBS. The CBS calculated a cost of living index similar to the long-running series produced by DS, on the basis of estimated patterns of consumption and official price development. As in Denmark, the observed pattern of consumption during the mid 1930s was used as the basis for these calculations, with adaptations being made for the changing availability of goods. Unlike in Denmark, however, no new large-scale investigation into actual consumption was undertaken until 1947, causing the reliability of data to decline as time went by. Because of the rapidly changing (that is, deteriorating) standards of living in the Netherlands, the roughness of this index severely limits its usefulness for our goals. On the other hand, the general development of the cost of living, which was much less sudden than in Denmark, is well illustrated by figure 6.6. While, on the one hand, no abrupt peak in estimated expenditure ever existed in the Netherlands, as it did in Denmark, the level of expenditure by the end of the occupation was considerably higher. Still, it cannot be emphasized enough that the underlying assumption that patterns of consumption were relatively rigid was, of course, at odds with reality.

Figure 6.6: Price index of (estimated) working class consumption package in the Netherlands, 1938-47 (1938=100)

![Graph showing price index over time](image)

**Source:** CBS, *Maandschriften*

A more useful cost of living index for wartime Denmark and the Netherlands can be arrived at by using official data to calculate a Paasche index. On the basis of official price data and official consumption (that is, in most cases, rations) an index can be calculated reflecting both the changing (official) pattern of consumption and the changing (official) price levels. In figure 6.7, a Paasche index is given for low-income households in Denmark and the Netherlands. The index includes the subsidies given to the Danish poor and the financial alleviation given to the Dutch poor by the Vetkaart.
Figure 6.7: Paasche index of low-income cost of living, Denmark and the Netherlands, 1939-46 (1939 =100)

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
<tr>
<td>1945</td>
<td>156</td>
<td>178</td>
</tr>
<tr>
<td>1946</td>
<td>157</td>
<td>190</td>
</tr>
</tbody>
</table>

Source: see previous chapters and figures 6.1-6.4. Working-class budget for the base year reconstructed from budget investigations used in graphs 6.1 and 6.2.

These newly constructed series resemble the series produced by DS and CBS, but the outcomes are more moderate. The DS and CBS series, because they take insufficient account of the changing availability of goods, are over-sensitive to sudden bouts of inflation. That said, although the newly calculated series are somewhat less extreme, the war years clearly saw a considerable rise in the cost of living, as inflation rates far outpaced the declining availability of consumer goods. The declining availability of goods certainly did not compensate for the considerable inflation of the war years.

Coping strategies

High-income households were hard pressed to spend their wealth in the empty shops of Denmark and the Netherlands, but the economically less fortunate clearly were suffering the consequences of inflation and were forced to be careful in their spending. They developed strategies to cope with the impact of inflation, adapting their patterns of consumption and economizing wherever possible. Their plight did not pass unnoticed, and various economic authorities in Denmark and the Netherlands ventured to investigate how inflation impacted the patterns of consumption among the relatively poor.
The EHN, which was particularly interested in the standards of living of poor citizens, set up a research project of its own, investigating a mere 40 households and focusing exclusively on foodstuffs. Because virtually no other such investigation was carried out in Denmark, it is nevertheless a valuable source for the investigation of the most vulnerable members of Danish society. The EHN, much unlike DS, did not investigate price series but undertook a field investigation approximately every three months. The EHN constructed two series, focusing on the consumption of a number of foodstuffs by the families of both unemployed and employed unskilled workers in Copenhagen. Although these families were not necessarily the lowest income group, which in all likelihood comprised single mothers, they did constitute a sizeable underclass in Danish society and, because of their urban residence, the most likely to fall victim to rising food prices.\textsuperscript{217}

The foremost conclusion of the EHN was that, in strictly quantitative terms, nutritional standards were not threatened in the slightest by increased food prices. It was calculated that even in unemployed families during the difficult early years of the occupation, adults consumed about 2900-3000 calories per day, easily enough to maintain good health. That is not to say, however, that the diet of unskilled workers and their families was income-independent; there certainly were differences with the diet of the more well-to-do. Especially butter, which was subsidized for low-income households, was consumed in quantities that were well above the national average. During the brief period for which data are available concerning both employed and unemployed households, the latter consumed somewhat less butter but by no means worryingly so.

Overall, the investigations of the EHN suggest that even the relatively poor in Denmark consumed considerable quantities of meat. There were slight differences in the choice of products (the poor ate more sausages and mince, while the better-off ate more bacon and beef) but the general picture is one of only minor changes. That is not to say, of course, that the Danish poor did not adapt their pattern of consumption to the impact of inflation, although it does suggest that they did so primarily in ways other than by economizing on foodstuffs. As will be explained in Chapter 8, there is good reason to believe that poor Danes rather economized on

\textsuperscript{217} RA, DIV, EHN, various documents.
fuels, which (as shown in figure 6.3 above) became very expensive during the occupation. Still, the data are sketchy and should not be taken at face value.

In the Netherlands, frequent mention was made, not least in the weekly reports drawn up by employees of the RBVVO, of people economizing on food. Working-class families throughout the country were said to have abstained from eating meat, eggs and other relatively expensive foodstuffs. Bereft as they were of their prewar staples such as lard, observers claimed that the Dutch poor were unable and unwilling to shift to expensive foodstuffs such as meat, but rather chose to seek refuge in eating great quantities of potatoes and bread.218 If true, this would be a strange contrast with the situation in Denmark, especially because the prices of foodstuffs rose in both countries and this could be expected to have had roughly similar consequences for consumption.

One attempt to investigate the diets of the working classes was undertaken by the Polscommissie (Pols committee), which was headed by the nutritionist, Eijkel. Prompted by concerns about the food consumption by especially the urban poor, this committee conducted a number of surveys into the food consumption by various professional and income groups. Its findings suggest that the impression gained from qualitative sources – namely that income and diet were closely linked during the occupation – is correct. On the other hand, there have been suggestions that the reliability of these data leaves much to be desired. During the 1980s, Dols claimed that investigators had mislead the Germans by tampering with the data in order to suggest a lower intake of nutrients than people actually consumed. However, the report was published in 1953, by which time there was little strategic need to fabricate falsifications. Moreover, the internal memorandum Dols wrote about the report in the early 1950s does not mention these falsifications. With some caveats, then, it seems worthwhile to investigate the data collected by the Polscommissie.219

Here, the per capita consumption of three marker nutrients (carbohydrates, animal protein, plant protein) have been related to the incomes of manual workers. To this end, the data taken from the Polscommissie reports have been adapted to

218. NA, RBVVO, Weekverslagen passim.
219. The remarks of Dols are mentioned in: Trienekens, Tussen ons volk en de honger 365. Dols’ original memorandum can be found at NA, Archief gezondheidsraad 450.
reflect income and consumption per adult male equivalent. The 1941 data represented in figure 6.3 reveal that the consumption of especially animal protein was related to income, a relation best described by a log-linear regression. This log-linearity is easily explained by the nature of the relation between food and income: the amount of food one can consume is quite strictly limited and consumption does not normally increase after a certain level is reached, irrespective of income. Although the relation as such clearly existed, the spread is considerable. In all, income statistically explains about a quarter of the intake of animal proteins in the data. This is due to two factors: first, these data were collected nationwide and include at least some data relating to rural dwellers, whose access to animal-source foodstuffs was relatively good; second, because all the data relate to manual workers, income differentiation within this group is relatively small. If a representative sample of the urban Dutch population had been available, more may have been revealed. Such an investigation was not undertaken at the time.

Nevertheless, the difference between the richer and poorer households in the amounts of animal protein consumed was quite marked. In the early years of the occupation (when manual labourers had a low income), a five-guilder increase in income typically led to a doubling of animal protein consumption. Since all sources of animal protein (dairy products, meat and eggs) were rationed, it is evident that the combined effort of rationing and price control did not render income irrelevant. Poor people in fact continued to consume far less of the more expensive (that is, animal) products. The effect of incomes on consumption of the other macronutrients under scrutiny (carbohydrates and plant protein) was far less marked.
Figure 6.8 Consumption of animal-source proteins (grams) by manual workers' households, related to income (guilder cents), the Netherlands, 1941

\[ y = 14,158 \ln(x) - 59,159 \]

\[ R^2 = 0.2456 \]


To assess more precisely the influence of income on nutrition, one needs to investigate the development over time of the relation between income and nutrition, and hence of the impact of the price level on actual consumption. While Appendix B provides the analysis of the Eijkel data in more in detail, here only the general pattern is of immediate importance. What is most remarkable about the findings in the Eijkel research, as presented in Appendix B, is that the consumption of animal source foodstuffs was related quite strongly to income, but that this relation was much weaker in 1943 than in other years. Indeed, throughout the period 1941-42, the impact of budgetary constraints on the consumption of animal-source foodstuffs clearly declined, despite rising prices. This effect should be ascribed, at least partly, the fact that the availability of, and hence the budgetary impact of, animal source foods declined. Secondly, rising prices were offset at least partly by the gradual rise in wages and improved employment opportunities.
Conclusion
Were price controls a success? Yes – to a certain extent. Price controllers in both Denmark and the Netherlands managed to keep prices well below equilibrium level without completely disrupting production. Compared to the situation in the later years of the First World War, the achievements of price controllers in the Second World War were nothing short of spectacular, especially when one takes into account the amount of work and the painstaking process of price setting. Although price controllers were popular with few, their work was necessary to all. Without price controls, the economic arrangements that were in effect during the occupation would in all likelihood have collapsed well before liberation. That said, prices did rise in both countries, driving up the cost of living. The complaints about rising prices that feature prominently in much of the contemporary material are quite understandable in the light of the cost of living index calculated above: life was becoming expensive during the occupation, and it was becoming expensive fast.

That said, data concerning the impact of rising prices on consumption are sketchy at best. While there is sufficient evidence to expect that wartime inflation had an impact on consumption in Denmark and the Netherlands, neither the nature nor the extent of that impact can easily be reconstructed. In the very roughest of terms, it appears that Dutch people were more inclined to economize on food than were the Danes, but given the nature of both EHN and Polscommissie data, there is little certainty about the reliability of that observation, let alone the possibility to make any definitive claims about the magnitude of that impact. Prices made up only one part of the puzzle that must be solved in order to establish how people dealt with the onslaught that inflation, as we shall see, really was.

The first step, rather obviously, is to investigate the development of incomes. As everybody has experienced, the impact of any price level on consumption is strongly linked to one’s income. Incomes changed quickly and considerably during the war years, which altered but did not altogether neutralize the impact of rising prices. Incomes, hence, are the subject of the following chapter.