

The book's conclusion is that the hope of the poor "is simply the same as the hope of every human being" (211). Is not the material poverty of the poor worth worrying about? To take non-Baconian examples: Deuteronomy enjoins against exploiting the poor; Samuel's mother Hannah sings of how God lifts up the poor, and Nathan compares David's crime to stealing from the poor. There are more than a hundred references to the poor in the Sapiential books. Jesus brings glad tidings to the poor, points out the distress of Lazarus, and asks the rich young man to give his possessions away to the poor; and Paul, in accordance with a request by Peter, James, and John, frequently takes up a collection for the poor.

Yet the book baldly asserts that "material poverty in itself does not generate an obligation to assist" (93). Maybe this is mere hyperbole. If the point of the book is that we cannot worry about material poverty while ignoring everything else that makes life worthwhile, it is a point well taken.

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**Danish Capitalism in the 20th Century: A Business History
of an Innovistic Mixed Economy**
Stefan Kirkegaard Sløk-Madsen
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One of the enduring mysteries of international economics is the variation in growth and prosperity across nations at a point in time, and the variation in a single nation over time. Simplistically, it would appear that differences should not persist, since whatever "works" for one nation can be copied by another. And it seems obvious that poor nations "should" grow faster, in the earlier part of their development path, as the accumulation of capital rapidly increases the marginal product of labor.

That prediction, or perhaps intuition, has been consistently falsified by empirical experience. The standard mechanical explanations—natural resource factor endowments, human capital, and physical infrastructure such as access to power and transportation networks—do seem to matter, but they matter (much) less than a mechanical viewpoint might predict.

Another possibility, one that has been much more in vogue in the past three decades, is the power of institutions, culture, and ideas. Famously, after winning the 1993 Nobel Prize in Economics, Douglass North did the usual world tour of developing countries. When asked what policies or government actions might spur growth, North would always pretend to think, and then say, "Well, the first thing you'll need is a different history." It is true enough that the "institutions" or "ideas"

that were emphasized by McCloskey, North, Ostrom, and other new intuitionists matter a great deal.

But as Sløk-Madsen reminds us in *Danish Capitalism*, these are “macro” categories. To understand anything about the possible moving parts of development and economic prosperity, it is necessary to look at “what people actually do,” as Ronald Coase often put it. Sløk-Madsen uses “business history,” at a granular and intimate level, to understand the specifics of the Danish experience, and the sources of Danish prosperity.

Sløk-Madsen drily (he’s Danish) mocks the (misplaced) American obsession with Denmark as a socialist, or at least welfare-state-dominated, nation. After seeing his country invoked as example of “socialism” by Bernie Sanders, in the Democratic Party presidential debate, Danish Prime Minister Lars Løkke Rasmussen gave a speech in which he said “I know that some people in the US associate the Nordic model with some sort of socialism. Therefore I would like to make one thing clear. Denmark is far from a socialist planned economy. Denmark is a market economy.... The Nordic model is an expanded welfare state which provides a high level of security for its citizens, but it is also a successful market economy with much freedom to pursue your dreams and live your life as you wish.”

The contribution of *Danish Capitalism* is along the same lines. The title itself establishes, obliquely but bluntly, the nature of the society being discussed: Denmark is a market economy. Like all modern economies, it is technically “mixed,” since a number of sectors are heavily regulated, and some activities are entirely state-owned and operated. Sløk-Madsen emphasizes (rightly, in my view) that an important contribution of the book is deceptively simple: It uses Danish-language sources, some of them unlikely to be found by English-speakers unfamiliar with Denmark, to consider what people actually do, and why. The method is broadly historical, but Sløk-Madsen is careful to note that the focus and emphasis are likely to be different from someone trained in history, because Sløk-Madsen is an economist. We all pay attention to the things we focus on, and this book focuses on how business history has created a business environment.

There are three main research questions animating the work. First, given the unique, even strange, cultural and institutional setting, how have Danish companies been so consistently successful in international commerce? Second, the growth and dominance of these companies had an outsize impact on Danish capitalism, precisely because the domestic setting and total level of economic activity are relatively small. What does Danish capitalism owe to the influence of its large international companies? Finally, Denmark is raised up as a case study, not dispositive but illustrative, on the comparative impact of “innovism” against the traditional “growth model” variables of weather, natural resources, and availability of capital.

The answers offered by Sløk-Madsen are hard to summarize concisely; good history, like water, cannot be compressed without changing its nature. But he works to analyze the three questions listed above, and adds a very interesting fourth: Would Denmark have been even wealthier on an alternative path? To put it more simply, did Denmark “max out” its economic success?

Sløk-Madsen ends by concluding the following:

- Denmark does appear to have maxed out on its redistribution, but not its prosperity. Whether this is an optimizing choice depends on one’s views, of course.
- The unique setting of Danish culture and infrastructure did in fact nurture and encourage the expansion of companies that might have had more trouble expanding in a different context. But over time the need to compete globally reduced at least some of these unique local features.
- The resources afforded by the success of large Danish companies provided an independent power base, and source of political determination, that helped preserve at least a degree of independence in the period of German domination, and afterwards. But those businesses accepted—they may have had no choice, but still—a political exchange where private property and shareholder capitalism were mostly preserved, but in which economic prosperity was annexed and conscripted to serve the goals of welfare state redistribution.
- The fact that Denmark was able to thread this needle—preserving dynamic capitalism in large enough measure to finance a substantial welfare state—makes it a case study that supports the value of “innovism.” Institutional logics, and in some cases institutions themselves, evolved steadily in service of improved adaptation and innovation, with many of the inspirations for change emerging from market forces rather than from “top down” systems of planning and industrial policy.

I found the book interesting and provocative. It is quite fair-minded and careful to distinguish conclusions based on evidence from those derived from the author’s ethical predispositions. Most of all, I knew embarrassingly little about Danish business history, it turns out, and the information provided here helps understand a number of things about doing business in Northern Europe.

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