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The Economic Consequences of the Size of Nations: Denmark in Comparative Perspective

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Queen Gertrude advised her son to “cast thy knighted colour off / and let thine eye shine like a friend on Denmark.” We do not have Hamlet’s problems, find little that is rotten in the state of Denmark, and certainly regard ourselves as friends of the country. This is scarcely surprising: we have now spent large chunks of our lives in Copenhagen and have accordingly been drawn ever more into understanding the political economy and culture of Denmark, seen in comparative and historical terms. Explaining the research journey that we have taken and have yet to complete is an idiosyncratic way of addressing the title of this chapter, and we hope that it will prove to be illuminating.

THE SOCIOLOGY OF SIZE AND NATION

Let us begin with two memories. The initial responses that we received in the 1970s when asking about the character of Danish politics all stressed factors to do with social class, seen as the underpinning of social democracy. There is of course truth here, as Ove Korsgaard’s second chapter in this volume makes clear. But the image that was often presented to us, probably as the result of a measure of Marxist-like influence in both popular and academic life, suggested a society of great conflict, torn apart by visceral hatreds. It did not feel like that to us. Danes seemed to be Danes, highly similar and blessed with a huge consensual background that kept conflict within bounds. Perhaps we felt this because of basic knowledge of the factors that created really vicious conflict within the

deeply divided societies of Europe. What mattered there was the layering of conflicts, to use Dahrendorf's (1959) expression – above all the way in which class factors in combination with nationalities problems could create real social dynamite, as Ernest Gellner (1983) so brilliantly demonstrates. Hence Bernard Shaw (1907, xxxiv–xxxv) helps us understand Denmark: “A healthy nation is as unconscious of its nationality as a healthy man of his bones ... But if you break a nation's nationality it will think of nothing else but getting it set again. It will listen to no reformer, to no philosopher, to no preacher, until the demand of the Nationalist is granted.” To put it bluntly, the Danes had forgotten the national homogeneity of their society and were unaware of how much this influenced their politics. The likelihood that a consensual background mattered made us suspicious of the claim made in the late 1970s by Michael Porter (1990), the guru of the Harvard Business School, that Denmark was on the rocks, bound to decline, adrift in a sea of conflict. Conflict there was, but one sensed that Danes would, in the end, pull together. After all, had not previous crises been resolved over beer and smorrebrod?

Our initial attempt to understand Denmark, through a series of working seminars organized in conjunction with Ove Pedersen, led to *National Diversity and the Varieties of Capitalism: The Danish Case* (Campbell, Hall, and Pedersen 2006), a book containing a series of chapters on many elements of contemporary Denmark. We were particularly encouraged to find ourselves in the midst of scholars who did take the national question in Denmark seriously. The views of Uffe Ostergaard and Ove Korsgaard were immediately important, and they are well represented in this volume. It is worth noting the difference in the emphases. Ostergaard's analysis of the move from a multinational composite monarchy to a homogeneous nation-state contains an element of regret, not least as he follows John Ruskin in noting that “golden ages” of cultural flowering often have as their base complex societies in which all sorts of people interact in unpredictable ways. In contrast, Korsgaard seems to have a more positive view of the power of fraternity created by national solidarity. But the contribution of the Irish economic historian Kevin O'Rourke (2006) is, if anything, more important still. The most striking finding in his subtle and careful account of the way in which the Danes replaced the Irish in the English butter market concerns social homogeneity. The best way for the Danes to make money, especially given the influence of Grundtvigianism, was to set up cooperatives and, in so doing, to improve their product. The Irish case was wholly different: money could be made in the courts, claiming back land held

by Protestant English aristocrats. Homogeneity seemed to be linked to efficiency, national conflict to a lost market.

With these factors in mind we began to think about the economic consequences of the size of nations. It seemed to make sense to join together two literatures that had ignored each other, to their mutual disadvantage. The classic account of the economic performance of small advanced capitalist democracies remains that of Peter Katzenstein (1984, 1985). He notes that small European states were likely to have relatively few natural resources, which made them dependent on the external world. Furthermore, a limited domestic market necessitated involvement in international trade so that economies of scale could be achieved. Moreover, the behaviour of small and large states differed in the world polity: the great could bend the rules of the international political-economic game to their own advantage, whereas the puny had no option but to manoeuvre within rules that they could hardly influence. In general, smallness translated into vulnerability vis-à-vis international political and economic forces. Paradoxically, this very vulnerability lay behind the success of small countries. Shared fear created the capacity to limit internal conflict, to plot and plan, and to cope with international vulnerabilities by designing policies allowing small states to swim in the seas of larger international social forces. Crucially, small size allowed all interested parties to gather around a single table and to work together. This led Katzenstein (1985, chap. 1) to appreciate social arrangements in small states that provided great capacities for learning and flexibility, specifically (1) a centralized system of interest groups, (2) voluntary coordination of conflicting objectives through continuous political bargaining, and (3) an ideology of social partnership expressed at the national level.

Comparative political economists have written a great deal about the first two points but little about his suggestion that an ideology of social partnership is also important (e.g., Hemerijck, Unger, and Visser 2000; Hicks and Kenworthy 1998; Smith 1992). Where does such an ideology of social partnership come from? What are its roots? How does it work? In all fairness, these questions were not central to Katzenstein's agenda. His basic point is that this ideology stemmed from collectively held perceptions of vulnerability associated with the nation-state's small scale. However, he also notes briefly that the degree to which nation-states were ethnically homogeneous affected how they reacted in response to such perceptions (Katzenstein 1985, chap. 4). He did not pursue this second point in great detail, but others have.

Ernest Gellner's contribution seems crucial. His focus, in part because of his own experience of the collapse of the small nation-states of Central Europe during the interwar period, is on the vulnerability and economic development of nations (Gellner 1973, 1983; Hall 2010). He makes two specific points in this regard that are pertinent for our purposes. First, societies that are deeply divided ethnically often cannot cooperate and, as a result, cannot coordinate their political or economic activities because the different sides want different things. Similarly, the ability to endure sacrifice for the sake of the nation often results from the sort of strong national sentiment found among people with a common culture. All of this led Gellner (1983, chaps. 3, 6) to conclude that a common culture emanating from ethnic homogeneity was often a precondition for economic success. This is an argument that has resurfaced in various forms among those who today see links between nationalism, social capital, national economic prosperity, and globalization (e.g., Bates 2008; Helleiner and Pickel 2005; Putnam 2007). The point is that ethnic homogeneity and the nationalism that often stems from it can provide the critical social foundation for the ideology of social partnership that Katzenstein suggested was crucial for small states. Second, one way to develop the common culture needed for cooperation and sacrifice is to provide people with a common educational background that instills a strong sense of national identity. For Gellner the rigid status barriers – often based on ethnic differences – that prevented occupational mobility in preindustrial times had to be reduced in order to expand opportunities for everyone and, in turn, help to forge a common national identity, not to mention labour market flexibility, upon which industrialization and economic performance depended. Central to the removal of such barriers was the rise of mass education and the widespread cultivation of human capital among all ethnic groups. Arguably, a common educational background, elevated human capital, and strong national identity can enhance people's capacities to learn and respond flexibly to a wide variety of challenges, not just those in the labour market. Hence, for Gellner (1983, chap. 3) common education can, to a degree, counter-balance problems otherwise associated with ethnic heterogeneity and improve economic performance accordingly.

These theoretical considerations led to a description of Denmark's social formation (Campbell and Hall 2010). Absorbing secondary sources allowed us to describe the creation of a notably homogenous nation-state and to suggest that the success of its political economy likely resulted from this very fact. Differently put, we were writing wholly in

the spirit of this conference, *avant la lettre*, and would have done much better had we been aware of its findings! But this particular piece of work moved in a slightly different direction, speculating about Finland, Ireland, and Switzerland – that is about countries whose small size combined with national homogeneity to form a political economy capable of swimming with notable success inside international capitalist society. We ended very firmly with a point that can usefully be stressed here as well. To say that this political economy has advantages in the modern world is not – not for a moment – to suggest that the rest of the world should move in this direction. We issued no call for downsizing and offered no mandate for ethnic cleansing. Description stood above prescription.

FROM THEORY AND DESCRIPTION TO NUMBERS

There is a large difference between being suggestive, on the one hand, and nailing down a hunch with detailed empirical investigation, on the other. In order to move forward we decided to apply, as is now popular, a mixed-methods approach combining statistical analysis designed to detect a general linkage with case studies that could go beyond this – as our work to that point had not done – by specifying the mechanisms that allow size and solidarity to so positively affect economic performance.

The statistical exercise took a great deal of time. The data used to specify ethnic fractionalization were dated, defective, and badly in need of improvement. Accordingly, the first paper that we produced a new dataset for postwar OECD countries (Patsiurko, Campbell, and Hall 2012). In particular, this involved constructing various so-called “fractionalization” indexes – that is, measures of how ethnically, linguistically, and religiously homogeneous or heterogeneous the OECD nations were in 1985 and 2000. In addition to simply improving on already existing fractionalization indexes, we were interested in seeing how homogeneous the OECD countries actually were on these dimensions and how much homogeneity varied within and across countries and over time. We were also interested in beginning to explore whether this variation was associated with national economic performance. The results were intriguing.

At the aggregate level ethnic and religious homogeneity decreased significantly but linguistic homogeneity did not change much at all among the OECD countries. Moreover, there were some surprising changes within countries as well. Notably, Belgium and the Netherlands became more ethnically diverse by 2000, while the Czech Republic and Slovakia

became more ethnically homogenous by 2000 after the Velvet Revolution divided them into independent nation-states in 1992. Whether these changes were due to substantive population changes or new ways of counting population subgroups is sometimes difficult to determine, but we have reason to believe that the former is certainly at work thanks, in part, to increased migration facilitated by globalization and European integration. In any case, we also discovered through multiple regression analysis that ethnic fractionalization – our most robust predictor – was inversely related to growth at statistically significant levels. Put differently, the more ethnically homogeneous a country was the stronger its economic performance as measured by its average GDP growth rate. This is consistent with what others have found worldwide (e.g., Alesina et al. 2003; Easterly and Levine 1997).

However, these results gave rise to two questions: (1) Does a country's size matter? and (2) Would the statistical effect of ethnic fractionalization be nullified if we accounted for the possibility that, in some countries, ethnic diversity might not undermine cooperation (and thus economic performance) if ethnic groups were systematically incorporated into political decision making? In other words, was ethnic diversity less important in countries where steps had been taken to institutionalize the political participation of major ethnic groups? To address these issues we wrote a second paper expanding on the quantitative analysis in the first (Patsiurko, Campbell, and Hall 2013). The results were again interesting but contained two surprises.

Consider ethnic fractionalization. We appreciate that ethnic diversity is a tricky variable. All sorts of nominal differences can be passively present in a society. What may matter, however, is the degree to which inhabitants of a country perceive that their ethnic differences are salient politically. Hence, building on the multiple regression model from the previous paper we added into our analysis a time sensitive measure of "ethnic political exclusion," developed by Wimmer and his colleagues (Min, Cederman, and Wimmer 2010). Ethnic political exclusion is the percentage of the total national population that is excluded from the executive branch of government due to ethnicity. To our knowledge this is the only quantitative measure of ethnic political salience that is available for the OECD countries. The results surprised us. We expected that controlling for ethnic political exclusion in the analysis would essentially wipe out the statistical significance of our initial ethnic fractionalization variable. But it did not. As in our first quantitative analysis we found that ethnically homogeneous countries still tended to have stronger rates

of economic growth during the period in question than did ethnically heterogeneous countries. Moreover, the ethnic political exclusion variable did not prove to be a good predictor of growth.

We think we can explain these results. To begin with, researchers who have found this to be significant in other analyses include developing as well as developed countries, many of which, notably several in Africa, are highly heterogeneous and very far removed from norms and institutions of liberal democratic governance. Accordingly, there is more opportunity for ethnicity to be politically and economically salient (e.g., Bates 2008; Posner 2005). Second, there may be some limitations to the ethnic political exclusion data we used insofar as it only measures ethnic groups' relations with the executive branch of government. It says little about representation in political parties or legislatures per se and nothing about unions, civic associations, and citizenship rights more broadly. It may very well be the case that the reason the nominal ethnic fractionalization variable outperforms the more substantive ethnic political exclusion variable in our analysis is that it captures some of these additional mechanisms.

The second surprise was that country size was not a statistically significant predictor of national economic growth. We measured size in terms of population and land mass. It may be possible, again, to suggest why this is so. First, it is important to recognize that the survival strategies of small nation-states vary according to the condition of the world political economy within which they have to live. The widespread protectionism of the 1930s was disastrous for these countries, which have ever since argued for free trade regimes and thus economic openness. In contrast, the late twentieth-century and early twenty-first-century world is rather peaceful in the OECD. Accordingly, land mass is not crucial when an increasingly global economy allows access to raw materials and markets through trade. Similarly, a large population is not crucial when the global economy permits outsourcing and enables workers to move rather easily into and out of countries as needed (as seen, for instance, in Switzerland and Ireland).

Second, however, our results show that the more open an economy is to trade, the stronger its economic growth. The results are statistically significant. Following conventions in the literature, we measured trade openness as imports and exports as a percentage of GDP. Some researchers, including Katzenstein, argue that trade openness is a good proxy for nation-state size and so would object to our conclusion that size did not matter. But caution is required here. The statistical effect of

trade openness was quite small. Furthermore, even if trade openness is correlated with size, it cannot be reduced to it. Large countries as well as small ones may pursue policies that facilitate free trade. And we also wondered whether the effect of size on growth might manifest in more indirect ways that transpire over longer periods of time than those we were able to analyze. Indeed, our analysis concerned only the very recent past, the period between 1985 and 2007. It would be wonderful if we could extend our analysis backward to earlier historical periods. But, due to the lack of good historical data on ethnic composition and other important variables, this is not possible. The point is that we need to think more about the nature of nation-state size and what it means for economic performance. One potentially fruitful way to do this would be to develop qualitative historical analyses of key national cases.

CASE ANALYSIS

We began looking at all of these issues through the lens of the Danish case. Then we turned to quantitative analysis to see whether our argument was generalizable. Now we are turning back to specific cases but in a substantially more detailed and systematic way. We have started studying how a sample of small nation-states has managed the onset of severe economic crises. Specifically, we are examining how Denmark, Ireland, and Switzerland (and perhaps Finland) responded to the stagflation crisis of the 1970s and early 1980s and then the financial crisis of 2008. To a significant degree the analysis is based on in-depth interviews with key actors who were intimately involved in coping with these crises (e.g., top-level politicians, state officials, and business leaders). What follows is a preliminary interpretation of data not yet fully digested. But, so far, the data do seem to support our theories. Let us explain with reference to the Danish interviews regarding the 2008 financial crisis.

Denmark suffered a financial crisis in 2008, as did many countries, although in Denmark it was not as severe thanks to the legal restrictions limiting the opportunities for banks to deal in asset-backed securities, credit default swaps, and other complex derivative investments that wrought havoc worldwide. Nevertheless, several Danish banks ran into trouble, and the government moved swiftly to control the crisis by passing a series of so-called “Bank Packages.” These involved, for instance, the state guaranteeing all bank accounts, forcing bank bond and stockholders to take steep financial losses – that is, to incur “haircuts” – and ramping up regulations on the banking and financial services industry.

What is relevant here is how these decisions were made through a consensus-based political process that very much conforms to our models and theoretical expectations. First, just about everyone agreed that the situation was dire due to the fact that Denmark was a *small country* with its own currency and therefore subject to the whims of internationally mobile capital. Put differently, unless the system was shorn up fast, Denmark ran the risk of suffering a serious bout of capital flight. Everyone realized that Denmark's small size made it vulnerable and gave it only limited room to manoeuvre. Second, and also related to Denmark's small size, virtually all of the economists involved in the decision making were trained at either of two university economics departments – Copenhagen University and Aarhus University. Hence, not only did they all share a common paradigmatic view of the situation but they also tended to know each other personally, which facilitated a modicum of trust among them. Indeed, during our interviews we repeatedly heard that, because Denmark is a small country, decision makers tend to know each other well, engage in negotiations of various sorts over and over, and thus develop a sense of trust, which bolsters tendencies for cooperation, compromise, and consensus making on a wide range of issues.

Putting all of this into historical perspective the former CEO of one major bank explained that Denmark is a small country that learned its lesson about vulnerability as early as 1864, when it famously lost a war with Prussia and, with it, substantial territory – a lesson in small-size vulnerability, he explained, that financial, business, and political elites have never forgotten and that still spurs them towards cooperating for the sake of the country. This view was amplified by a senior official from the Confederation of Danish Employers, who told us that, thanks to the strong sense of national vulnerability virtually all Danes, regardless of their political affiliation, share a belief in prosperity, egalitarianism, and a healthy welfare state. He said that, at heart, everyone – even most members of the business community – are social democratic. Indeed, we heard on several occasions that everyone continued to accept the importance of long-standing and rather generous Keynesian-style automatic stabilizers as a way of dampening swings in the business cycle. In short, a rapid consensus-oriented response to the 2008 financial crisis was facilitated by Denmark's perception of small-state vulnerability combined with a strong sense of solidarity and trust borne from face-to-face familiarity and being accustomed to handling its economic problems through repeated episodes of negotiation.

Two caveats are in order. One is that the proclivity for consensus making was reinforced by the fact that, since the mid-1980s, the political parties began to set aside their ideological differences and turn more towards pragmatic politics brought about by the need to deal with an earlier crisis – stagflation and fiscal imbalance during the 1980s. In particular, we learned that the Social Democratic Party's ties to the labour movement had worn thin during this period, such that its views on key issues began to resemble those of the centre-right parties. This became readily apparent in 1982, when, without an election, a Social Democratic government voluntarily turned over the reins of power to a centre-right coalition simply because it believed that, at that moment, the opposition was in a better position to manage the country's economic problems.

The second caveat concerns cultural homogeneity. Nobody told us during our interviews that compromise and consensus-making was premised on the fact that Danes are a very homogeneous group of people. But, as it turned out, this silence was much like the dog that did not bark in the famous Sherlock Holmes tale. This became apparent in a few interviews when people began to speak about recent concerns about the immigration of people from northern Africa and various Muslim countries. Indeed, the xenophobic Danish People's Party emerged thanks to this issue and formed the lynchpin of a centre-right coalition government during the first decade of the twenty-first century. Some of our interviews told us that immigration, as catapulted into the political arena by the People's Party, had undermined consensus-making in politics around some issues, such as welfare reform and, of course, immigration policy. The sensitivity of the issue became apparent during our interview with a senior official from the Confederation of Danish Employers when he preferred not to comment about how its membership stood on the issue. The point, however, is that the Danish consensus model, which served so well during the financial crisis, was premised in part on the country's cultural homogeneity – a condition that some perceive as changing in ways to the point that it has begun to subvert traditional consensus making.

CAUSAL MECHANISMS

Our results so far are promising in terms of supporting our argument that small size and cultural homogeneity afford countries certain advantages in coping with their economic problems, especially as globalization proceeds to unfold. And our intention going forward is to pay increasing

attention to the important causal mechanisms whereby small size and cultural homogeneity may or may not translate into cooperation, trust, consensus formation, and, in turn, relatively strong economic performance. So far we have in mind several such mechanisms, some of which we allude to above.

One is *social capital* – that is, informal personal connections that facilitate trust and cooperation. We heard during several interviews that this is an important mechanism that helps decision makers reach agreement. A former Social Democratic finance minister explained that, because of Denmark’s small size, people know each other and, regardless of who wins or loses, often go for drinks and conversation following negotiations. Moreover, these people are involved in repeated negotiations, with the result that trust emerges simply due to a constantly repeated scenario. In other words, people learn to trust each other not only because they know each other through repeated dealings but also because they know that, if they violate people’s trust in one negotiation, they will not be trusted in subsequent negotiations and their bargaining position will be weakened accordingly.

But social capital comes in other forms as well. We acknowledge the brilliant discussion of the micro-mechanisms at work in the Danish economy offered by Kristensen and Sabel (1997). They demonstrate the direct linkage between Grundtvigian institutions and the craft tradition of the Danish economy, present in both agrarian and urban life. Danes change employment more than do other Europeans, and their high level of skill has allowed the country to prosper in small niche markets at the higher end of the product cycle. It is worth making a point here about the Danish “flexicurity” system described by Madsen (2006). One way of looking at this system is as a support for the skill of Danish workers. But another equally sensible way of looking at it, as is often the case, is to see it as much a consequence as a cause, as an expression of the nature of Denmark’s social formation.

Another mechanism is *cultural capital*. Cultural capital is that set of beliefs and common understandings that binds people together. For instance, the shared historical knowledge of vulnerability, such as that learned at the hands of the Prussians in 1864, is an integral part of Danish culture and it helps forge a common national identity. Another example is the shared belief in the value of a strong welfare state, automatic stabilizers, and the like. Recall that most Danes hold social democratic principles dear regardless of their political party affiliation. And, at a more limited level, there exists a common cultural capital among

economists trained at the same few universities – a phenomenon similar to that acquired by the political and administrative elites in France who pass through the *Grandes Écoles*, notably the *Ecole Nationale d'Administration*.

A third mechanism that appears in our interviews is the revolving door that facilitates *professional mobility* in this small country. One reason there is such high familiarity among Danish elites is that, over the years, many have worked in the same organizations. Notably, many of the top economic elites began by being trained in the two top economics departments and then getting jobs in the Ministry of Finance, after which they moved on to other positions. We were told in one interview that one reason that the Ministry of Finance, National Bank, Danish Financial Stability Company (*Finansiel Stabilitet*), and Danish Financial Supervisory Authority (*Finanstilsynet*) could easily agree and reach consensus on how to handle the 2008 financial crisis was the high degree of occupational mobility among this set of public organizations.

Finally, it is impossible not to believe that institutions matter too, and one of these the *proportional representation* electoral system. After all, this system forces compromise on politicians who, for much of the twentieth and twenty-first centuries, have had to form coalition governments since only very rarely has a single party garnered a clear majority in any national election. This, of course, is also one reason that the Danish People's Party was able to fight above its weight during the early 2000s – its participation was deemed necessary in order to form a centre-right government. In this historically exceptional case, however, proportional representation may have served to undermine rather than to reinforce consensus making, which further bolsters our point that we need to pay further attention to detailed historical case studies in order to adequately sort out the important mechanisms by which small, culturally homogeneous nation-states manage economic crises.

Another institutional factor concerns the extensive *system of negotiations* through which virtually all important policy decisions are made in Denmark. Perhaps the most notable are the extensive labour market negotiations that involve the Ministry of Finance and peak business and labour associations. However, Denmark also relies heavily on a vast array of ad hoc commissions that are staffed in large measure by experts but that operate in close contact with social partners (Campbell and Pedersen forthcoming, chap. 5). The reliance on expert commissions is reflected in how the 2008 financial crisis was handled. We learned from a senior official at the agency regulating the banking industry that,

because the issues involved were highly technical and very complicated, most decisions were made through negotiations among the Ministry of Finance, the Danish Financial Stability Company, the Danish Financial Supervisory Authority, and the Danish National Bank. The political parties recused themselves from participating for fear of letting politics undermine quick and effective decision making during the crisis.

CONCLUSION

Our arguments regarding how Denmark handled its financial crisis are preliminary. But what we have learned in our interviews so far is consistent with our theoretical approach as well as with the results of our quantitative analyses. We think that our research proves that the legacy of Grundtvig is alive, retaining its structural role as the basis of the success of Denmark's political economy.

A first point is obvious: the Grundtvigian legacy is somewhat troubled. Due to immigration, in part mandated by limited fertility, Denmark is no longer as homogeneous as it once was. The numbers are not especially large, but they have nonetheless, as noted, turned Danish politics upside down. Interesting questions arise. Is it possible for Denmark to remain flexible if new Danes are not fully integrated? To put the matter in a repulsive way: Is national social democracy, excluding minorities, actually possible? Alternatively, is it the case that Denmark will be able to assimilate immigrants – that is, to become a civic nation – given that, in light of its homogeneous background, multiculturalism is not really an option? We know that immigrants wish to get in and that it is possible for them to leave their own communities (Schmidt and Jakobsen 2004; Shakoor and Riis 2007). But we also know that there are few “out marriages,” that it is hard for immigrants to enter the host society in the most important way. But there is nothing special about Denmark in this regard: a similar set of social patterns is visible in another homogeneous nation-state – Switzerland (Wimmer 2002). And a final thought applies equally to all such countries. The ability to adapt flexibly may no longer be the crucial ingredient to economic success that it once was. Innovation may now matter more, and that precious quality may benefit from a rich and diverse pool of talent.

A second point is that, in our own research, Denmark remains very much under scrutiny. One point that concerns us particularly is that of Denmark's uniqueness within the general category of the small and nationally homogeneous advanced states. Not all countries of the type that concern

us have done as well as has Denmark. Does Grundtvigianism give a bite to the mechanisms, noted above, that are missing elsewhere? The brilliant article by Kristensen and Sabel (1997) seems to suggest this. They show that the Grundtvigian emphasis on popular education led to technical innovation both in agriculture and in crafts, with interesting flows between them as particular individuals moved back and forth between the country and the city. Further, we must ask: Does Grundtvigianism underlie mechanisms that we have failed even to recognize?

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