# Attitudes to FDI and MNC in Denmark in the 20th Century

**Kasper Szöke Skovgaard, Peter Sørensen.**

**Kurt Pedersen**

Aarhus School of Business &

Centre for Business History,

University of Aarhus

*Abstract.*
*One remarkable feature of the 20th century was the internationalisation of business. Part of the pattern was the emergence of the multinational firm that controlled operations across national boundaries. The dispersion of activities was based on MNC marketing of their products as well as sourcing of inputs. Denmark was a fairly well-developed small country located between some of the leading industrial nations, and in consequence enjoyed the advantages of being host country for a wide variety of inward FDI from advanced multinational firms. The paper focuses on the reception of foreign FDI in terms of the attitudes developed by political parties, authorities, labour unions and the press. Twice in the century attitudes in general changed radically; in the late 1920s they became negative, and in the mid-fifties attitudes generally changed towards the positive. The paper will focus on the latter event and present not only the general change in opinions, but also offer a "map of opinions" that characterised the time.*

## 1. Multinational corporations in Denmark in the 20th century

Based on the material that has been collected in the "Tuborg Project on FDI", a reasonably precise picture may be drawn of international direct investments in Denmark during the last century, and the general picture of foreign capital in Danish business.[1] It is obvious from the material that the last century falls into four time periods. Until World War I FDIs grew steadily, and after the end of the war they continued to grow. From around 1929/30 FDI activity was heavily reduced due to the international economic crisis and the prevailing "beggar-thy-neighbour" policy. After World War II the international trade regime established by EPU, OEEC, IMF and other institutions gradually opened for trade and later FDI. From the mid-fifties foreign direct investment grew spectacularly,

[1] The Tuborg project on FDI ran 2005-2008 and has resulted in the construction of three databases as well as a number of scientific articles, book chapters and international conference papers. Besides the authors of the present contribution, professor, dean Jesper Strandskov and senior researcher Kenn Tarbensen were employed in the project.

and the Danish membership of EEC (1973) attracted a new wave of investments from abroad. Since the mid-eighties the globalisation wave has created an open environment that shares several features with the period of a hundred years ago.

The years preceding the world crisis of 1929/30 are characterised by a few hundred inward FDI into Denmark. Both before and after World War I, American firms were the leading investors, followed by German and English firms. The number of observations in 1900-1919 was doubled in the following twenty years. Denmark was a small, fairly wealthy and politically stable nation which over the whole period was attractive to foreign investors. An analysis of the FDI leads to the observation that they came in five distinct "waves": (1) an infrastructural one, including a number of the worlds leading electro-mechanical companies (Siemens, AEG, ASEA, Ericsson, GE) which significantly helped the industrialisation of Denmark; (2) an agricultural wave with English, Dutch and German investments into the Danish meat industry, and to a lesser extent the dairy industry; (3) a new mechanical industries such as tobacco and shoe production with complex standardised production. (4) Automotive and oil industry, with significant investments by Ford Motor Co. and General Motors, as well as a number of international oil companies. Finally (5), there was a wave of investments in the new entertainment industry (movies, gramophones etc). Even if the waves overlap to some degree, they are quite easy to identify. The 1930s witnessed a significant decline in inward FDI.[2]

World War II naturally enough cut off FDI, even if there were a number of German establishments, and after the war international investments only recovered slowly. The economic situation of Denmark caused some concern, and until the EEC membership FDI was subjected to strict control by the Central Bank and the Ministry of Trade. The membership itself triggered a new interest among foreign companies, mostly those situated in other Nordic countries. In this context, the EU "single market" caused a marked rise in FDI, also because it coincided with a far more general globalisation trend. At this point of time, the vast majority of FDI took the shape of mergers and acquisitions that became as dominant as green-field investments had been prior to the world crisis. The number of M&A per year hovered around 80 per year, and in 2002 Denmark hosted 2.640 foreign companies with 198.000 employed, accounting for 13,4% of private employment. The most

[2] The noticeable exception was German FDI that actually increased. It is beyond the fantacy of the authors that the occupation (1940) took place in order to protect German investments.

noticeable, and by far the largest acquisition took place in 1987 when American Amitech bought the national tele-monopoly, Tele-Danmark.

Table 1 summarises the development of the latter part of the century. The reader should note that of the 198.000 employed in 2002, 174.000 were due to business take-overs in the 16 years from 1983-1999.

*Table 1. Acquired Danish companies by nationality, turnover and number of employees, 1983-99.*

| Country | Number of M&A | Turnover, Mill. DKK | Employment |
|---|---|---|---|
| **Nordic countries** | 445 (44%) | 73.988 (40%) | 56.587 (32%) |
| Of which: Sweden | 320 | 34.977 | 38.541 |
| **European Union** | 337 (33%) | 53.751 (28%) | 57.887 (33%) |
| Of which U.K. | 123 | 23.796 | 22.946 |
| Of which Germany | 92 | 14.646 | 15.380 |
| Of which Holland | 76 | 6.521 | 5.912 |
| **Rest of the World** | 238 (23%) | 61.870 (32%) | 59.699 (35%) |
| Of which U.S.A. | 138 | 39.593 | 41.938 |
| Of which Switzerland | 42 | 7.500 | 10.695 |
| **Total Global** | 1.020 | 189.609 | 174.173 |

Source: The Tuborg FDI Project: Strandskov og Pedersen (2006)

To sum up: Denmark has traditionally been low-tariff nation with a generally liberal attitude to international trade and investment. The international economic climate forced Denmark to break with traditional attitudes towards international business from around 1930 to around 1960. Over the span of 100 years it has remained a small, wealthy nation which undoubtedly has benefited from taking part in the international division of labour. One important aspect has been the inwards FDI which have not only generated employment and influenced the external balances, but has contributed to general upgrading of consumption and production by technology transfer (even if the precise impact may be more than difficult to calculate). The following section looks into some typical FDI business models; it further provides a framework for the assessment of FDI effects that may be the ultimate determinants for attitudes toward foreign companies operating on Danish ground.

On this background the paper has been structured the following way. Section 2 gives a rough outline of the business models that govern FDI activity as well as a discussion of FDI/MNC effects in the host country. Section 3 presents opinions in the period of international crisis, war and the first few years after the war (1920-1956). Section 4 offers the "map of opinions" as it looked in 1956, including political parties, organisations, economic experts and the authorities. Section 5 covers the period of the "second internationalisation" in which FDI placed itself as an integrated part of the commercial environment. Finally the conclusion attempts to specify "the long lines".

## 2. FDI – business models and economic effects

Research into inward FDI has revealed that they follow some well-defined patterns in relation to modus chosen (green-field or acquisition) and motives. In some cases no national industry has been developed, and foreign firms are attracted to set up production (or sales) subsidiaries in order to become an early mover into the market. In the 1960s a number of leading electronic companies entered Denmark for this reason. In other cases, a national industry has been developed, and multinational companies enter the industry by mergers or acquisitions. One example is the ailing Danish radio and television industry towards the end of the 1950s. The industry had been protected since the 1930s and in the shadow of trade restrictions it had served the little Danish market. In consequence the comparatively small Danish firms had no scale advantages, and technologically they were trailing leading international brands. The liberalisation of international trade and investment in a few years caused a blood-shed; either they went bankrupt or were taken over by foreign competitors looking for market opportunities.

Finally there are cases where local companies, after having developed internationally competitive skills, were taken over by larger international firms and found a place in the larger concern structure. One example is Danish Atlas A/S that was acquired by Swedish Electrolux and developed a niche in that company. It is likely that the take-over not only saved Atlas, but also increased production, employment and contributed positively to the balance of trade.

In many cases, FDI served as a vehicle of technological transfer, in some cases to local companies and in some cases by a green-field operation. In addition there have been several cases of technology migrating with people that had acquired know-how in foreign companies such as General Electric or Siemens. On returning to Denmark, they set up new companies or were employed in existing companies where the new skills were applied.

The effects of FDI in host countries are numerous and varied. They may be divided into political, cultural, economic, technological and possibly others. Political effects may be the real or imagined influence of non-national forces on national policy. Cultural effects may be the introduction of new values or new behaviour. Advertising-and-Americanisation would be the obvious example. In this paper we focus exclusively on the economic consequences of FDI, assuming that they may arguably be classified in (1) long run vs. short run effects, and (2) micro/industry level vs. macro level effects. Figure 1 presents the matrix of FDI effects that will be discussed further below, and which we think to a considerable extent determine the attitudes to international direct investments.

Figure 1. Economic consequences of FDI.

| | Micro/industry consequences | Macro-economic consequences |
|---|---|---|
| Short run effects | Challenge to incumbents, new products and processes. | Employment, investment, external balance, credit, inflation. |
| Long run effects | New industry structure; creative destruction, innovations, competitive lift. | Economic growth and develop-ment, upgraded technology, depletion of materials. |

FDI tend to change patterns of consumption and/or competition. Without AEG, Siemens, ASEA and others, the electrification of Denmark had been slower, and the impact on production (electrical motors), consumption (electrical light and household equipment) and infrastructure (electrical streetcars, S-Bahn) had been less. Equally the advent of electronics from the 1950s changed production, consumption and the communication infrastructure. In some cases local firms successfully faced the challenge, while in other cases they did not. But industry after industry changed its functioning due to the rapid speed of innovation in the "carrier industries". In his attempt to describe a dynamic economic system, Joseph A. Schumpeter coined the term *creative destruction*. In many cases, multinational companies were the agents.

At the macro level consequences may seem less spectacular, but the effects of FDI always gave rise to considerations. From a Schumpeterian perspective, they added the kind of dynamics that define economic development, and in consequence influenced employment, flows of payments (not least across borders) and investment. They thus changed the holy triangle of savings, investments and net-exports and gave rise to separate problems in macro economic policy.[3] This not least because MNC activities are often considered "foot-loose", i. e. they are more prone to re-allocation than other sorts of business activity. It is a fact that evaluations of FDI have changed dramatically from the mid-century where they were widely seen as a vehicle of capitalist exploitation, to the late part of the century, where developing nations were fighting for them. They have widely been seen as a major change agent in the economic growth of central and east European nations since the fall of the wall.

## 3. Danish attitudes towards FDI 1920-55

During the interwar period Danish governments were positive to inwards FDI. When, for instance, Ford Motor Co. established an assembly plant in Copenhagen in 1919, the centre-left government Zahle (1919-24) agreed that the company paid less duty on imported automotive parts from the USA, and that they set up their own duty office at the factory ground. When Ford Motor Co. built a huge new factory at the quay of the Copenhagen harbour, the social democratic government continued this practice. The prime-minister, Stauning, attended the opening of the new factory on November 1924 and gave a speech at the evening party at Restaurant Nimb at the Tivoli Gardens. The very same year he proclaimed, at an Automotive Exhibition in Copenhagen, that the new car industry was a source to "happiness" in Denmark. The prime minister had employment, capital supply, the trade balance as well as the import of new technology in mind.

Another example of prime-minister Stauning´s positive attitude to FDI was his wholehearted support to the establishment of a Danish subsidiary of the German I. G. Farben, in 1936. This project did not materialise due to an agreement between I. G. Farben and Norwegian Norsk Hydro. In sum, the Danish attitude towards foreign direct investments was very positive, but of course

[3] Here, taxation of MNC subsidiaries plays a certain role along with financial flows between headquarters and subsidiaries in the multinational corporations.

foreign investors should respect local laws, including the *Companies´ Act* (Selskabsloven) of 1917 (1930).

The central bank (*Danmarks Nationalbank*) approved foreign applications of investments in the interwar period. The bank generally had an open and positive attitude to FDI. In the 1930s the central bank should obey a number of rules and registrations imposed during the economic crisis when handling applications. Generally the Bank accepted all types of FDI in the interwar period, for instance several German investment companies, the letting of properties as well as portfolio investments.

The German occupation of Denmark from 1940-1945 changed the rules of almost all games, and very few FDI from outside were undertaken – with German activities as the obvious exemption from the rule. As to foreign companies that had been established before the occupation, Danish authorities were supporting. For instance, Ford Motor Co. and General Motors were allowed to produce and export gas generators (for cars), after having discontinued car assembly due to shortage of automotive parts.

In the first part of the post war period, attitudes were indifferent, or vaguely negative. The liberal government (1945-47) did not express any attitude to FDI, and the two governments under prime-minister Hans Hedtoft (1947-50, 1953-55) opposed the “Americanization of Denmark”, and consequently were sceptical to US investments in Denmark. Hedtoft had a pronounced pro Nordic attitude and was in favour of state dirigisme. The liberal-conservative government under Eriksen and Kraft (1950-53) seems to not have had a well-defined attitude to FDI, but the minister of commerce, Aage Rytter, facilitated the difficult situation for the two large US car companies. It was only when the social democrat H. C. Hansen took over after Hedtoft in 1955 that the general attitude started to turn around.

In sum, the first ten years after the occupation witnessed a slightly sceptical, from time to time rather hostile attitude to FDI. The conservative party attacked the formation of the *Margarine Company* (1947) between Unilever and two local margarine producers in the Parliament in May 1948. The party feared monopolies and foreign capital in Denmark. Aksel Møller, a prominent leader of the party explicitly stated:

*To a great extent it appears that what has taken place, is a result of a comprehensive victory of a world monopoly over autonomy within Danish margarine production, and the case thus raises the question, whether it is in the interest of Denmark that foreign capital in a vital area comes to this country and will take profit by the Danish consumers when the time is mature.*

The Communist Party (DKP) also attacked the formation of the Margarine Company violently, and later criticised the take-over of the large Danish cheese company, *Peder Jensen Ost*, by Chicago based *Kraft Foods*.[4] DKP was and remained the strongest opponent to inward FDI among the political parties.

*Industrirådet* (The Industrial Board, later the Federation of Danish Industries) represented Danish manufacturing and in the first few post war years it was predominantly occupied with the liberalisation of trade. FDI seems to have been a side theme in its activities, but the attitudes were expressed clearly. It argued in favour of heavy investment in Danish industry, but not by foreign companies, as it seriously feared the competition of superior foreign firms in Denmark. There were rather close links between Industrirådet and the Conservative Party.

In the early 1950s the extremely negative attitude to FDI was softened somewhat. In June 1950 Industrirådet stated that it in principle agreed in the efforts to liberalise capital movements between countries. In May 1956 it even declared that it found it desirable that foreign investments could take place in new industries, which had not previously been represented in Denmark. That means, where local firms were not under threat by foreign competitors in the back garden.

*Nationalbanken* – the central bank – continued to approve or disapprove foreign applications to invest in Denmark until January 1957, when the Ministry of Commerce took over. Over the 1945-55 very few foreign direct investments too place – less than ten per year. German investments were not allowed until 1954. From 1955 the number of foreign investments, including German ones, increased fast.

The handling of the foreign investment applications by the central bank was careful, pragmatic and generally forthcoming. The Bank normally consulted the Ministry of Commerce, the Directorate for the Supply of Commodities (*Direktoratet for Vareforsyning*), other Ministries and industrial

---

[4] The name similarity with the leading conservative politician Ole Bjørn Kraft is a pure co-incidence.

organisations. Only four applications were rejected in the period. The reasons for the rejections were that the investments were "unproductive", contrary to the economic policy of Denmark or that they posed a threat to Danish companies.

Generally the Bank was against unproductive investments such as investment companies, letting of properties and portfolio investments. Reasons given for approval of the applications were primarily the economic advantage of Denmark such as increased employment, supply of capital and inflow of foreign exchange. It is noteworthy that the central bank also carefully considered whether the foreign investments would imply "political" or "national" consequences in Denmark. The resistance to unproductive investments, letting of properties etc. differed from the policy of the inter war period. It was not until 1975 that foreign banking activity was allowed.

## 4. The 1956 Report

The year 1956 became a turning point in terms of Danish attitudes towards FDI. In December of the preceding year, the Minister of Finance, V. Kampmann, had formed a commission with the aim to "*investigate to which extent the economic and payment problems of Denmark were caused by poor cooperation between the institutions of significance for the economic policy*". The board of the committee were appointed by the central bank (1) and the Minister himself (4). Three members should be economic experts. Professor K. Philip was appointed to chair the committee, and the other two experts were professors P. Nyboe-Andersen and P. Nørregaard-Rasmussen. Further general manager S. Hartogsohn, *Nationalbanken*, and J. Toftegaard, manager of the savings bank *Bikuben* (The Bee Hive), were appointed. Ordinary members of the committee represented business and labour market organisations.

The report – *Co-ordination problems in Danish economic policy* – was issued in June 1956. It stated that the Danish rate of inflation was around the West European average, but due to a significant deterioration of the terms of trade[5], the growth rate was well below that of comparable nations. The consequences included relatively high unemployment and limited economic flexibility. The solution was seen as increased industrialisation which would call for extraordinary investments.

[5] The reason was Danish dependence on agricultural products that had faced rather slow price increases. This forced GDP to fall, and the report estimated that real GDP for this reason tracked comparable nations by around 10%.

The Report explicitly addressed FDI (establishment of subsidiaries, acquisitions etc.), and it was observed that they had been "absolutely dominating" in later years capital movements. It was noticed that FDI had "several advantages", but at the same time "serious disadvantages" as compared to portfolio investments. Among the advantages it was emphasised that capital import, technological know-how and business understanding are joined, and that FDI in many cases generate exports and inflow of foreign exchange. This is seen as the reason for Danish liberal practices in dealing with FDI. Still, FDI were seen as rather insignificant in the total economic picture and it is assumed that foreign companies do "not have strong wishes to invest in Denmark".

The report found that it is unfortunate that "*authorities have only limited power to decide when such investments are carried out. Often they will cluster around the peak of the business cycle and affect a strained balance of foreign exchange even more"*.[6] And foreign companies will "*often attempt to acquire custom protection or otherwise attempt to acquire a preferential position in disagreement with Danish policy"*.[7] The main complaint, however, was that multinational companies exploit the host countries: "*It is a general experience that FDI offer the foreign owners extraordinary large profits. Industrial investments in Europe by US companies are known to give very handsome returns*". Such large scale profit transfers would pose a threat to the external balance, but of course be modified by exports from the multinational subsidiaries. Summing up, the report took a generally quite negative attitude towards FDI.[8] How did this predominantly negative attitude reflect the political, administrative and commercial landscape?

*The politicians*

With the advent of the new social-democratic government under H. C. Hansen, the attitudes towards FDI changed radically. The Minister of Finance was a trained economist, and Hansen himself a staunch friend of the USA. All of a sudden a number of initiatives were taken to promote foreign direct investments in Denmark. For instance a brochure on *Investment of Foreign Capital in*

---

[6] The point also appeared later in the report, when it was stated that "*in nervous periods with a pressured payments account, the firms will wish to re-patriate the investments*".
[7] The statement is squarely in disagreement with the practice of the central bank in the preceding period, as well as the following period where responsibility for FDI applications was divided between the central bank and the Ministry of Trade. The statement is peculiar, not least because one of the two general managers of Nationalbanken was a member of the committee board – he should have known better.
[8] From the comments on FDI it appears that the professors had a somewhat vague understanding of MNC and FDI. This is strange, not least because one of their bright young graduates, Arne Lund, in 1944 had contributed a seminal article on the nature of foreign international investment in the Nationaløkonomisk Tidsskrift. Lund (1944) to this day has remained unnoticed.

*Denmark* was issued in January 1957, specifically targeting American investors. The rationale was to increase the supply of capital and remedy unemployment. Suddenly FDI was seen as a useful politico-economic tool for striking simultaneously internal and external balance. This, of course, went hand-in-hand with a gradually increasing understanding of the necessity of internationalisation of the European and World economy.

The positive attitude expressed by Government[9] was certainly not shared by the political opposition. The liberal party, under E. Eriksen, disagreed violently and found FDI to be an unnecessary competition to local firms, and it consistently backed an inward looking and protective economic policy. One condition for receiving the Marshall aid was to open the borders. As a government party until 1953 Venstre (The Liberals, at the time predominantly rooted in agriculture) accepted the aid, but was most unwilling to open the doors. In this they were assisted by the Danish Communist Party which argued that FDI was a threat to Danish employment. The leading opposition party, the Conservatives, took a middle position. The party top was predominantly recruited from industry and employer organisations. They had been quite active in the committee and probably agreed with the negative opinions on FDI.

*Industry*

Denmark had been a traditional free trade nation, along with the Netherlands and the UK, but in the inter war period much of the liberal spirit faded. Danish industry was protected by import restrictions, and the fear of international competition prevailed throughout the 1950s. OEEC membership implied liberalisation for manufacturing but not for the agricultural sector. Denmark and Danish manufacturing was badly hit by this, and the negative view on FDI expressed by the Industry Board was derived from this “unfair” treatment of Danish manufacturing industries.[10] In all probability the hostile attitude to foreign FDI must be seen in this context.

*The central bank*

Contrary to the opinions expressed in *“The Report”* the central bank had been quite positive in relation to FDI since World War II. As indicated above, in the period 1945-57 only five applications for FDI were turned down, and Nationalbanken was welcoming and flexible towards foreign

[9] It consisted ministers from three parties: the social-democratic party, the Georgists and the social-liberals (”Det radikale Venstre”). Naturally enough the Georgists were ultra-positive to FDI.
[10] During the 1950s the Industry Board even attempted to increase low tariffs by influencing policy makers.

investors. The reasons given for the acceptance of FDI applications emphasised some of the arguments given by the committee, such as employment and capital import. It often considered congruency with current economic policy, and often obtained warranties for the investments from foreign banks. In this sense, the Bank was cautious and obviously felt an obligation to defend the monetary and currency policy. Also mutuality was emphasised, investors´ countries of origin must accept reciprocal Danish investments. The contrast between the "practical economists" in the Bank and the "theoretical professors" in the committee is obvious.

It is an interesting fact that the formerly liberal central bank, after the take-over of the FDI applications by the Ministry of Trade, became more conservative. This was outweighed by the liberal attitude that developed in the Ministry which over the next 15 years approved hundreds of applications.

The year 1956 marked a crossroad. The "progressive" views of the central bank and the social-democratic government paved the way towards a new era in Danish economic policy. H. C. Hansen and after him even more J. O. Krag changed the national mindset, and internationalisation became the key word in the second half of the century. Danish industry soon proved itself internationally competitive and former attitudes soon vanished. This all would have happened anyway, but the visionary politicians, far more than the conventional economists, were agents of change.

Still, there were bumps on the road. The 1968 upheavals were rooted in Marxist, or other leftist, thinking and targeted MNC exploitation, particularly in the *third world* (at the time, Communist nations defined the 2. world). The attitudes found support in popular books on the MNC topic, such as Jean-Jacques Servan-Schreiber´s "Le Défi Américain" (1967).[11] At a more convincing scientific level, the work of Stephen Hymer developed into an increasingly MNC sceptical direction. The hostility was regularly reflected in the UN, where the second and third worlds cooperated to control activities of multinational companies. With Deng Xiao Ping´s open door policy (1978), the liberalisations in India (1991) and the fall of the Iron Curtain (1989-91) globalisation ultimately took over.

[11] In the 1960s and onwards Helge Andersen was a critical – but not a Marxist – Danish voice in the general debate of ownership and control of big business in Denmark. His generally sceptical assessments included but was not confined to international ownership. Probably his best known book was *Hvem ejer Danmark?* (Who owns Denmark) from 1966, which was followed by *Er det udlandet der ejer Danmark?* (Do Foreigners own Denmark?) from 1968.

## 5. Conclusions

One obvious conclusion is that the 20. century contains *three distinct periods*, characterised by very different attitudes to multinational corporations and FDI. Until around 1930 there was a generally positive feeling, and foreign investments were welcomed. They brought new methods and products to the country and were seen as forces in a change to the better. The positive reception was carried by a general understanding of the long range perspectives of FDI. The example of prime-minister Stauning stands out. In the following quarter-century international changes necessitated a far more restrictive policy, even if established multinationals never became unpopular. Restrictions and tight regulation severely affected FDI, and this attitude gradually entered the mind of many decision makers, as has been shown in the section on the 1956 report.

Opponents to FDI focused on the short run effects at micro as well as macro level that is the threat to local firms as well as aggregated employment and the external balance. It is easy to map the attitude of the liberal and conservative parties as decided by short run micro considerations, the attitude of the social-democrats as decided by short and long run positive macro effects, while the central bank, and later the Ministry of Trade, actually had very balanced assessments covering micro and macro aspects in a short as well as a long run perspective. The views of the communist party were guided by factors rooted outside economics, even if economic consequences of FDI were always put forward (negative effects on employment being the preferred one). From the late 1950s the nation as a whole changed the perspective towards the general and generally acknowledged advantages of an open international economy, and FDI simply crept into the pattern.[12] Towards the end of the period, new emphasis emerged on “international capitalist ownership” (exploitation of national competences) by hedge foundations and some public concern when “national icons” were sold off to large international competitors.

The paper, secondly, proves the importance of *political change agents*. The general atmosphere was in 1956 somewhat negative towards FDI, as both large parts of business, conservative, liberal and

---

[12] All along there were counter movements such as the *Attack*, but they proved unable to put any stamp on the development. To many people FDI and MNC still were something esoteric, even mysterious. To the memory of one of the authors, a Danish prime-minister in the 1970s was basically against FDI, and at the same time wondered how Denmark could become more attractive to multinational companies.

communist parties as well as the economic expertise was more than sceptical. The social-democratic party and its leaders (Hansen, Krag) virtually changed the general attitude and relied on the central bank and the Ministry of Trade to execute their policy. There are several examples that ministers took an active part in the administrative decisions.

Finally the brief history has shown that attitudes are based, in most cases, on economic arguments. Politicians and other representing Danish manufacturing were afraid that the firms that were born and had operated behind barriers would not survive the gale of competition in an international competitive environment. The economists assumed that foot-loose multinationals would react in ways that would be pro-cyclical and thus damage the national economy. The experienced bureaucrats in the Bank and the Ministry had a basically non-theoretical assessment of the foreign investments, and looked at a broad range of short and long run consequences of FDI. Labour unions largely followed the views of their political orientation (social-democratic and a few Communist).

But the story also tells that attitudes change rather slowly. Attitudes never got hostile between1930-1960 (except for German investments), and after 1960 they gradually changed towards the pattern preceding World War I. That is, FDI are seen as a part of the international economy, and Denmark must find its place in the global economy.

## 6. Literature

Bjørn, Claus (2004). *H. C. Hansen*. Forlaget Fremad.

Boje, Per (2000). *Multinationale virksomheder i Danmark før 1950*. Odense.

Dunning, John H. (1988). *Explaining International Production*. Unwin Hyman, London.

Dunning, John H. (2000). The eclectic paradigm as an envelope for economic and business theories of MNE activity. *International Business Review*, 9, pp. 163-90.

Estrup, Chr. (1989). *Udlandets overtagelser af virksomheder i Danmark – en empirisk undersøgele af udviklingen siden 1975*. Erhvervsøkonomisk Forlag. Odense.

Jensen, Ole B. (2005). *Besættelsestidens Økonomiske og Erhvervsmæssige Forhold*. Syddansk Universitetsforlag.

Hoffmeyer, Erik (1968). *Pengehistorie 1931-60*. Danmarks Nationalbank.

Hymer, Stephen (1960). *The International Operations of National Firms: A Study of Direct Foreign Investments*. MIT Press.

*Investment of Foreign Capital in Denmark* (1956). The Royal Danish Ministry of Foreign Affairs, Det Berlingske Bogtrykkeri.

Lidegaard, Bo (2006). *H. C. Hansens liv og tid*. Gyldendal.

Lund, Arne (1944). Kapitalbevægelses-teorien og de direkte investeringer. *Nationaløkonomisk Tidsskrift*, pp. 28-57.

Olsen, Erling (1968). *Dansk pengehistorie 1913-31*. Danmarks Nationalbank.

Pedersen, Kurt and Jesper Strandskov (2008). Multinationale selskaber i dansk elektrisk industri før 1972. *Erhvervshistorisk Årbog*.

*Samarbejdsproblemer i Danmarks økonomiske politik* (1956). Finansministeriet.

Skovgaard, Kasper (2007). *Industrirådet og handelsliberaliseringen. En analyse af Industrirådets holdning til OEEC´s liberalisering af den europæiske handel samt af de europæiske markedsplaner i perioden 1953-63*. Speciale ved Aarhus Universitet.

Strandskov, J. og K. Pedersen (2005). Direkte udenlandske investeringer i Danmark 1840-1940. *Erhvervshistorisk Årbog*, pp. 62-90.

Sørensen, P., Strandskov, J., Pedersen, K. and Boje, P. (2003). Ford Denmark and the Scandinavian Market. In: *Ford – The European History, 1903-2003*, pp. 267-310. PLAGE, Paris.

Sørensen, P. and K. Tarbensen (2005). Det multinationale gennembrud. Udenlandske investeringer i dansk erhvervsliv 1945-72, pp. 70-91. *Den jyske Historiker*.

Sørensen, Peter and Kenn Tarbensen(2008). US Investments in Denmark 1945-72. *An Overview with Focus on Motives and Attitudes*. In: US Firms in Europe, Geneve.

Tarbensen, Kenn (2002). *Danish Attitudes towards Foreign Ownership, 1945-73*. Paper for the EBHA conference, Helsinki.

Vernon, R. (1966). International Investment and International Trade in the Product Cycle. *Quarterly Journal of Economics*, 80, pp. 190-207.