

MEDDELELSER OM GRØNLAND

UDGIVNE AF

KOMMISSIONEN FOR VIDENSKABELIGE UNDERSØGELSER I GRØNLAND

BD. 182 · NR. 1

---

---

THE ECONOMY OF GREENLAND

BY

POUL PETER SVEISTRUP

KØBENHAVN

C. A. REITZELS FORLAG

BIANCO LUNOS BOGTRYKKERI A/S

1967

### **Abstract**

Economic problems have during many years been viewed in accordance with the mode of thinking of NEWTON and his followers in the natural sciences.

I think this has been very useful in many respects, but it should also be possible to learn from the mode of thinking employed by natural science in our century. I have endeavoured to do this in the work on the economy of Greenland which I here present to the reader.

The central point is that instead of the idea of the economic man, I have tried to use the idea of the whole man.

I hope that this way of thinking will be of interest not only to people interested in the relation between Denmark and Greenland, but also to others who are interested in problems arising where different races meet.

## CONTENTS

	Page
Abstract .....	2
Preface .....	5
Chapter I. Problems met with in Greenland .....	7
- II. Connotations of the Concepts .....	11
- III. The Concept of Profitableness .....	16
- IV. The Concept of Welfare .....	24
- V. The Background of the Goals set .....	29
- VI. Connotations of the Goals .....	37
- VII. Monopoly or Competition in Greenland .....	45
- VIII. Evaluation .....	53
- IX. Basis for Decisions .....	67
1. Calculation .....	67
2. Origin of the Problem of Decision .....	69
3. The Concept of Cost .....	72
4. Indirect Effects .....	76
5. Uncertain Factors and the Economic Policy .....	80
6. Supplies of Capital .....	87
7. Rationality .....	92
8. Social Planning .....	95
9. Other Forms of Planning .....	100
10. Group Evaluations .....	107
11. Harmonisation .....	110
12. Summary .....	115
- X. Financial Means .....	119
1. .....	119
2. Special Greenlandic premises .....	120
3. Business-economic and welfare-economic .....	125
4. A humanistic view .....	128
5. A constructive view .....	131
6. Forms of trade .....	133
7. Technique .....	135
8. Various conditions .....	137
9. Summary .....	138
- XI. Climate and Productivity .....	140
- XII. Planning .....	144
- XIII. Salaries and Wages in Greenland .....	149
- XIV. Influence of Race Differences on the Economy .....	156

	Page
Chapter XV. Liberalism .....	162
- XVI. The Political Administration .....	168
- XVII. Municipal Self-government .....	172
- XVIII. Democratisation of the Greenlandic Economy .....	178
- XIX. The Principle of Concession .....	184
- XX. Education and Economy .....	191
- XXI. Economy and Sense of Justice .....	196
- XXII. Economic Fluctuations .....	201
- XXIII. The Principle of Acceleration .....	206
- XXIV. Object and Subject .....	213

## PREFACE

In collaboration with other authors or alone I have, during a series of years, published a number of papers on the statistics and economy of Greenland, of which the following may be mentioned: Sammendrag af statistiske oplysninger om Grønland (Beretninger vedrørende Grønlands Styrelse 1942 and subsequent years). Den erhvervsmæssige udvikling i Julianehåb distrikt 1899–1939 (in collaboration with PAUL IBSEN, M.o.G. bd. 131 nr. 7), Den økonomiske udvikling i Christianshåb, Jakobshavn og Ritenbenk distrikter 1899–1938 (in cooperation with E. FRIIS-NIELSEN, M.o.G. Bd. 134 nr. 3). The East Greenlanders Possibilities of existence, their Production and Consumption (in cooperation with EJNAR MIKKELSEN, M.o.G. Bd. 134, nr. 2). Det almindelige Handelskompagni 1747–74 (M.o.G. Bd. 131, nr. 9). Det danske Styre af Grønland 1825–50 (in cooperation with SUNE DALGAARD, M.o.G. Bd. 145, nr. 1). Economic Principles of the Greenland Administration before 1947 (M.O.G. Bd. 150, nr. 1). Rigsdagen og Grønland 1849–1949 (Den danske Rigsdag 1849–1949). Erhverv og Kultur langs Polarkredsen (in cooperation with N. KINGO JACOBSEN, edited by Det grønlandske Selskab).

My original plan was to provide the present work with a number of references to the literature; however, as these would be very comprehensive and largely references to my own papers, I gave up the idea. The present paper should therefore be regarded as an account of the conclusions which in my opinion can be drawn from the above-mentioned works.

I wish to express my thanks to a number of persons from whom I received support in various respects during the preparation of this work, viz. Messrs. M. GAM, E. BRUN, FINN NIELSEN, K. OLDENDORF, EJNAR MIKKELSEN, A. W. NIELSEN, HANS C. CHRISTIANSEN, OTTO JENSEN, NICOLAJ ROSING, ERLING HØEGH, MRS. GULDBORG CHRISTOFFERSEN, Mr. VERNER GOLDSCHMIDT, and Mrs. PIE BARFOD as well as The Danish State Research Foundation.

Special thanks are due to Mr. KAJ JENSEN and the other personnel of the Statistic Division of the Ministry for Greenland for many fruitful

discussions of Greenlandic problems during the years, to Mrs. B. SCHMIDT, who offered good assistance during the preparation of the work, and to Miss E. GLEERUP, who translated the paper into English.

It is my plan to continue my studies recorded here in a forthcoming paper, to show how the fundamental points of view put forward here may be transferred to a number of special problems connected with the Greenlandic economy.

Copenhagen, May 1964.

POUL PETER SVEISTRUP.

## CHAPTER I. PROBLEMS MET WITH IN GREENLAND

Not long after starting my service in the Administration of Greenland about a lifetime ago, I realised that the economic points of view on which the work in Greenland was based were entirely different from those applied in the remaining part of Denmark and in areas then termed colonies, and on the whole they disagreed with many economic theories of the time. It must be a natural consequence of this observation that the economic principles employed in the administration of Greenland were wrong and ought to be altered as soon as possible in accordance with the theories employed elsewhere.

However, before submitting critical remarks on the Danish administration, it was quite natural for an official to attempt to understand the continuity of the economic system which had been employed in Greenland for centuries, and which at that time was not regarded by the public opinion as entirely wrong, but rather as an expression of a specific Danish attitude to a problem which was in itself difficult to solve.

If, for instance, we regard the prices fixed by the Danish administration by virtue of the Greenlandic monopoly, they might, in accordance with both the economic theory as to the cost and price policy and the public opinion as to a sound economy, be regarded as an expression of the arbitrariness of a monopolistic administration in its exercise of the power invested in it, keeping a population unable to offer effective resistance to a miserable standard of life, from which it had no immediate possibility of escaping, at any rate not unless the whole monopolistic system should be given up.

It soon turned out, however, that such a view could not be absolutely correct; the Danes representing the administration of Greenland as well as the Greenlanders I learned to know showed valuable human qualities which were hardly compatible with monopolistic arbitrariness and abuse of power. The term "the settlement of the happy smiles" was often used about Greenland in these years, and this had connection with the mutual respect of Danes and Greenlanders for skill showed by either of them within their particular field.

Gradually I realised that an internal connection existed between the general humane attitudes of Danes and Greenlanders and the eco-

nomic policy pursued. It could not but astonish an economist that the prices were not fixed with a greater regard to the cost, but on the contrary with a view to the psyche and sense of justice of the Greenlandic population. The intention was to fix the prices so that everybody should be able to live in accordance with the common conditions of his settlement and the economic activities going on there. The price level fixed was determined by the Greenland Administration Act, dated April 18th, 1925, which had for its aim that Greenland should be economically self-supporting, though it necessarily had to be poor on account of the climate of the country and its whole economic-geographical structure. It was on this economic-geographical basis that the prices were fixed, more regard being paid to the requirements and the sense of justice of the Greenlandic population than to the possibilities on the world market.

With these aims in view it was endeavoured i.a. to keep away the price fluctuations on the world market. If the prices in Greenland had been allowed to fluctuate with the prices on the world market in accordance with the general economic points of view, it would in periods, e.g. during World War I, have given rise to large profits, which would have permitted a considerable luxury consumption entirely out of proportion to the conditions; on the other hand, the use of the prices on the world market during a depression would have meant such a low income to the Greenlanders that they would have come below the starvation limit, and a humane and socially marked policy must then have had to support an emigration and depopulation of Greenland.

During the economic considerations concerning Greenland in the inter-war years the idea had to be touched that a comparatively high standard of living might be maintained in Greenland through a subsidy arrangement of some kind or other, which had largely to be determined by the lower productivity of the Greenlandic natural factor than of the natural factor in Denmark, not by the poorer working ability of the Greenlandic population. Economically there was nothing to prevent Denmark from granting a subsidy corresponding to the poorer productivity of the Greenlandic natural factor, and this needed not give rise to any form of inferiority complexes. However, at that time such a form of economic policy was not generally approved by the public opinion in Denmark; this was rather characterised by the feeling that Greenland was in no way to be exploited, but, on the other hand, it found no reason to grant any very large subsidy. It was in agreement with this view that the act on old-age pension in Greenland was passed in 1926; such an act was considered reasonable from Danish social points of view, but it was feared that the economy of Greenland would be incapable of carrying such a burden, and the item of expenditure was therefore placed elsewhere in the Danish national budget.

About the year 1930 the economic views held by the administration of Greenland were influenced by a lecture given by Mr. C. N. HAUGE, Minister for Greenland Affairs, in the Greenland Society. Mr. HAUGE pointed out that in the course of time Denmark had had several colonies which originally yielded a profit, but this was gradually transformed into a deficit, and the colonies were subsequently sold by Denmark. He warned against pursuing an economic policy in Greenland which owing to a deficit might arouse an ill-feeling among the Danish taxpayers and thus cause unnecessary tensions between Greenlanders and Danes.

As will be known, such an economic policy was later abandoned; now Denmark pays all the expenses in connection with necessary measures taken in Greenland, irrespectively whether or not the Greenland community is itself capable of defraying the cost, if only the measure is in accordance with Danish views and is considered reasonable. In consequence, the Danish administration now exerts a greater influence on the daily life of the Greenlanders than ever before.

Previously some Danes were perhaps of opinion that the Danish culture and mode of living were superior to those of the Greenlanders, and that any additional expense undertaken by the Danish taxpayers was a gift to the less developed Greenlandic population, which accordingly ought to be grateful, but which on the contrary was discontent and claimed economic equality.

In this way new problems regarding the relations between Greenland and Denmark will arise. The Greenlanders desire to be regarded as independent people of equal status, who need not have any complexes of inferiority in their relations to the many Danes who in numerous ways interfere with their life.

Thus, to-day the social and economic problems of Greenland are essentially different from those encountered during the inter-war years, and nobody dreams of returning to the conditions of earlier times. Denmark has pledged itself to bear the economic burdens due to the special geographic position of Greenland, but it will hardly ever be possible to disregard these special conditions.

The economic problems of Greenland are in the first place determined by the fact that the authorities voting the supplies to Greenland are aware that the very large amounts granted cannot be expected to be recovered again unless extraordinarily extensive and valuable mineral deposits should be found; however, this cannot be counted upon.

At the same time, however, it must be realised that economic grants do not suffice to ensure continued good relations between Greenland and Denmark; it should be seriously considered whether the old principles did not include elements which will continue to be of value to the Greenlandic economy. While the most frequently employed economic

theory, at any rate in the West-European-American communities, have through generations placed the earning power in the centre, the Greenland economy in earlier times, also, was characterised by the view that the profitableness had to rank second to man; this includes an element which is not foreign to modern views, not in an economic respect, either.

Owing to these new problems, all who are occupied with the economy of Greenland will have to face great difficulties. By using the earning power as a measure, we shall have a criterion by which to proceed, similarly to other regions where people of different races are in economic contact with each other. This may give rise to certain difficulties, though not as great difficulties as are encountered when attempts have been made to make people feel happy and justly treated. Economy alone cannot make the Greenlanders happy, but the basis must be more or less in accordance with the human sense of justice so that it will be more or less fit to interact with other aspects of human life.

Such a conception of the basis of the Greenlandic economy, when it is attempted to combine the best part of the old with the best part of the new, may create a number of difficult problems, which can only be solved through a careful study. As a modest contribution I have tried, in the following pages, to make such a combination in the economic field, and to unravel some of the tangled threads which it will be of importance to elucidate. It is my desire that such a discussion of economic conditions may mean a support to the administration and to the Greenlandic and Danish politicians who are to make the decisions required.

I further hold the view that by subjecting the values found in the earlier work in Greenland to renewed consideration in interaction with the new thoughts of the time, we shall contribute to deepen the Danish line of thought also as regards the relations between the populations in many rich and poor regions in other parts of the world. The special Danish contribution to the future development will probably be an emphasising of the view that profitableness, based on the theory of the economic man elsewhere also, must be supplemented with the recognition that human beings also possess other characters, and that the central object of political and economic formations in future will be a development of harmonious people.

To give prominence to this view in the economic work will be extremely difficult; I trust, however, that the experience made in Greenland and the future discussions of these problems will contribute to an increased interaction between humane and economic viewpoints.

## CHAPTER II. CONNOTATIONS OF THE CONCEPTS

### 1

During the most recent generations science has shown a growing tendency to specialisation, due to some extent to an increasing material in nearly all fields, not least as regards Greenland. On the one hand this has been an advantage, because science could get nearer to the bottom of obscure relationships than before. On the other hand, however, the method has been connected with certain difficulties, for specialists often lack knowledge of many fields which have a certain indirect relation to their own studies. Hence, many branches of science have taken an interest in establishing contacts with other branches of science through the medium of so-called cross-scientific work, and discussions between specialists have proved very useful. The establishment of a closer contact between the work of various sciences in special geographic fields likewise proved of significance. Thus, scientific cooperation concerning the Greenlandic problems has been practised during several generations by the Committee on Scientific Research in Greenland, and in the most recent years by the Committee on Social Research in Greenland, and to my knowledge it is generally agreed that such a working method has been even exceedingly useful.

### 2

During the centuries in which Danes and Norwegians have been at work in Greenland, considerable scientific efforts have been made, both as regards natural science and humanistics. Of achievements of particular humanistic importance those of HANS EGEDE, HEINRICH RINK, and KNUD RASMUSSEN should primarily be mentioned; it would not be justifiable, however, out of regard to these world-known personalities to omit mentioning that many others have contributed valuable work to our understanding of the conditions for existence and mode of living of the Greenlandic population, not least in former times. The results gained are recorded in a number of publications. A classical work in this respect is a book on the Eskimos by K. BIRKET-SMITH.

The work carried out in Greenland by these researchers bear evidence that they were highly engaged in their work. Hardly any of them can

be characterised as mere cool observers looking at the Greenlanders in the same way as natural scientists making observations, or in the manner in which primitive people in some parts of the world are subjected to scientific observation. These three Danish researchers endeavoured to understand the Greenlanders' thoughts and feelings, and accordingly they could provide vivid accounts of their personalities and points of view, for they liked the Greenlanders and felt themselves personally associated with them.

In this way an understanding of the Greenlanders' mind was acquired, and this was at any rate of importance for the development of a special knowledge of the Greenlanders as human beings, and the desires of a suitable social structure which are perhaps more latent in Greenland with its difficult geographic conditions than is generally realised.

### 3

The method of acquiring an understanding of the Greenlanders by living among them has been of great significance to science, enabling the scientist to clear up personal conditions which are not all of them equally accessible to the observer. The Greenlanders studied are more likely to open themselves to the kind than to the cool observer. This method, however, may be difficult to practise; thus, it may be claimed that owing to his sympathy the observer may put something into the observation which is actually derived from his own feelings, and which cannot, therefore, be characterised as objective.

It cannot be disregarded, therefore, that the view may only have a relative justification, for the scientific observer must keep his personality and his immediate sympathy for the Greenlanders distinct from that which he is to describe. According to NEWTON's theory, as will be known, the scientist lives in an ivory tower, whence he makes observations without taking any interest in the happenings about him. Great progress has been made from this attitude, and many interrelations, notably in regard to Nature, have been elucidated; the rate of scientific development seems to have been increasingly rapid, and man has been given possibilities of good life conditions unknown to any earlier period, not least in Greenland.

However, this method has not been entirely satisfactory either, not even as regards natural science; criticism has been voiced most emphatically by the nuclear science, which claims that science cannot keep entirely out of things, for the picture is altered by the mere observation. This view has gradually been recognised by other branches of science, also. Several modern epistemologists do not accept the so-called ivory-tower view; the incapability of man to entirely disregard the observation applies to all branches of science, though probably to the

greatest extent to such as deal with the human being. In recent years such a view has fairly often been voiced in papers issued by the UNESCO.

If we try to transfer this altered epistemological attitude to the scientific problems concerning the Greenlander, we shall find that neither the observer nor the observed person will be the same after as before the observation. On answering questions, the observed Greenlander will be affected by many feelings not directly concerned with the subject-matter of the question. He may be interested in making an impression in some way or other, and he may, consciously or unconsciously, let his answers be influenced by the impression he wants to make. He has become the object of a scientific examination, and this may give rise to a number of complexes and to uncertainty, which may induce him to say things which do not supply the information wanted by the observer. On the other hand, an examination may also give the observed person a form of superiority complex. It is very difficult to get to the bottom of the whole problem, but there will always be a possibility that the observed person will afterwards feel less certain and not in all respects be the same.

This does not mean to say that the sober observer does not have great advantages by being able to give a fairly objective picture, unlike e.g. KNUD RASMUSSEN, who practised the method to make the Greenlander quite forget himself so as to be able to tell a good story. Either of the two views will have to be supplemented with the other, especially within the humanistic sciences.

#### 4

Thus, two fundamentally different methods of social scientific research have been employed in Greenland. By one method it was considered of importance that the observer should have an understanding of the mind of the persons whose conditions he wanted to study. By the other method the observer was to remain entirely independent in relation to his task, but actually he could not avoid carrying with him habits and methods of thinking from Denmark and Europe to Greenland, where they had no such connections with many other things as in Denmark. However, both methods had advantages, and they have either of them contributed to our understanding of the human problems in Greenland. To-day the two methods would seem to approach each other, it being recognised that it would be most useful to Greenland that they should supplement one another.

The apparently different methods are at present discussed within many branches of science, and we are probably safe in saying that many scientists are endeavouring to find a procedure by which the advantages of the two methods may be combined, and the drawbacks associated

with them, if they are employed separately, be reduced. This development will probably bring about that notably within the humanistic sciences greater importance than before will be attached to the personality, empathy, and character of the scientist as a background for his observations of the human behaviour. This may be of importance for our understanding of the special problems in Greenland.

However, even if it is admitted that such a combined view will be of importance for the humanistic sciences in many respects, I consider it specially significant in cases where there are not at the outset very many contacts between the observer and the observed. That is to say that what may be termed the sympathetic observation must be expected to be of particular importance in regard to the relations between scientists of one race and populations with quite different activities and qualifications due to their education and line of thought.

An important element for a sympathetic understanding between human beings is the language. Even if the observer and the observed person speak the same language and—what is perhaps exceptional—speak it equally well, it should be borne in mind that the words have not only a principal meaning, but also many secondary meanings which may be differently conceived by the observer and the observed; they will necessarily differ, because their background is different, and a disregarding of this fact may lead to fallacious inferences. The interpretation of the observations may give rise to various difficulties and feelings of uncertainty. I should not wonder if once in the future the view will gain ground that many of the disagreements arisen in our time as to the relations between Europeans and the so-called foreign races can be ascribed to different conceptions of the secondary meanings of the words, and that in future attention will to a much greater extent be given to the direct and indirect contents of the words and their different meanings as employed not only by different nations, but also different population groups of the same nation, in order that scientific investigations may be as "correct" as at all possible.

## 5

As regards Greenland it should primarily be pointed out that the different scientific methods mentioned above will hardly be as relevant as investigations made in other regions, e.g. in some places in Africa. People in Greenland hardly had a clear feeling that science should be regarded as an ivory tower entirely independent of the attitude of the persons concerned and by the many secondary meanings which the words must necessarily have in Denmark and in Greenland, and in the different regions and classes in the two parts of the kingdom. This was probably realised by the Committee on Social Research, which applied

methods in keeping with the various secondary meanings of the words, and which had a feeling of solidarity with the people they were to observe.

I think that during the continued development in Greenland it will be realised that an interaction must take place between the observer and the observed Greenlander, who should be regarded as a partner with equal rights; for he will only open his mind entirely, if he meets a personal understanding of the peculiar circumstances and difficulties which he and his fellow-countrymen have to face.

On this assumption it must be expected that Danish science will not widen the gap which exists between people of different races in all parts of the world, but that it will regard the Greenlanders as members of the world community.

Actually, however, there need not be any discrepancies between Greenlanders and Danes, though they may differ in some respect or other; in my opinion science may contribute to overcome the existing difficulties by a development and intensification of the sympathetic understanding between the parties to solve the many problems which, as is increasingly realised, the Danish-Greenlandic cooperation will have to face in the coming years.

What is mentioned here as true in general, applies, as far as I can see, more especially to the economic science. The economic conditions in European Denmark and Greenland differ so greatly that many economic terms have quite different meanings in the two regions. The first object of economic research in Greenland must accordingly be an analysis of some of the most significant words, in order that it may be realised that the same term may consciously or unconsciously be given quite different meanings. It is beyond my ability to fathom the connotations of the various terms, it must be the object of many branches of science; as an economist, I must confine myself to point out some differences which have rarely been dealt with elsewhere, but which cannot be disregarded if the economic research of the Greenlandic problems is to get a step forward.

## CHAPTER III. THE CONCEPT OF PROFITABILITY

### 1

It is characteristic of all economic activity that there is a scarcity of the majority of products which may cover the requirements of man. The economic problems accordingly consist in finding ways and means for meeting the greatest needs by means of the limited contribution of productive work, including manpower, at our disposal.

Profitability is generally understood to mean the ratio between the surplus of a business, or part of it, during a certain period of time and the capital employed during the same period. Both terms may be understood in different ways, which may give rise to different conceptions as to what is profitable. Moreover, there must be an essential difference between a business-economic and a social-economic view, the business-economic view being determined by the view held by the concern influenced by the legislation, while the social-economic view is determined by the aims in general as determined by the economic policy of the country. Hence it must be considered reasonable to analyse some of the concepts which are of significance for our understanding of the individual forms of profitability which will be dealt with at greater length below.

### 2

Considering the business-economic view of the profits of a business, it should be noted at first that the notion covers a definite period of time, which, if we are not dealing with the whole lifetime of the business, is in principle arbitrary, but normally it is deemed most expedient to use the year as a unit; in some cases, however, it may be advisable to consider the profitability during a long, in other cases during a shorter, period, dependent on the purpose of the investigation. As for Greenland, it will for climatic reasons normally be most expedient to choose the year, comparisons between the various months of the year rarely giving economically relevant data. In certain cases it may be expedient to compare the profitability for the same month of different years.

Some problems arise e.g. in connection with the valuation of a stock which is transferred from one profitability period to another; as will be

known, such a stock-taking may be carried out in different ways, each influencing the amount of the profit, and it is a condition for calculating the profitability to know the principles used in the particular case. It is, however, beyond the scope of the present investigation to discuss these principles in more detail, as for which the reader is referred to the available business-economic literature.

Something similar applies to the transfer of the capital investment to the business as a cost through depreciation; as regards this aspect of business-economics many considerations have been made and many proposals advanced. The amount of the depreciation must normally depend on the economic lifetime of the plant, for a technical plant is of no economic importance, if its products are not demanded. As for Greenland it should be borne in mind that in a number of cases the anticipated lifetime will, owing to the severe climate with temperature fluctuations and gales, be shorter than in countries with a milder and more stable climate, and this must be taken into consideration, if we are to fix the rules for depreciation. There must also be a reasonable relation between the rules for depreciation and the maintenance account, it being possible to prolong the lifetime by a more suitable maintenance, and in this respect, also, there are special Greenlandic problems of no inconsiderable order of magnitude.

In these considerations of the numerator of the profitability fraction it must be decided whether interests of the foreign capital invested in the business should be entered on the outgoing side; this decision must depend on whether it is the profitability of the whole working capital or of the own resources of the business we want to know.

### 3

As mentioned above, the denominator of the profitability fraction is the capital invested in the business, in many cases divided into own resources and foreign capital. It should be pointed out, however, that there must be a close relation between the interests on the foreign capital in the numerator of the fraction and the foreign capital itself in its denominator. This will probably not cause any difficulties, if we are aware that the two concepts of profitability should be distinguished from one another and each of them be used as a basis for special economic measures.

Somewhat greater importance should probably be attached to the question of transferring a given technical plant, consisting for instance of buildings and machinery, perhaps not quite new, to another economic unit as capital whose economic value, that is to say, the value of the products produced in the technical plant, must be determined by future. Under stable economic conditions there is a certain connection between

the investment and the depreciation, but this may disappear with fluctuating prices and altered market conditions.

However, there may be cases in which the historical investment is considered without particular interest, and it is desired to find the capital whose profitability is economically relevant, and extraordinary depreciations may be made, by which it is recognised that an erroneous disposition has been made, or an entirely new economic situation has arisen, which it is desired to take into account in future considerations of the management of the business.

A question of great significance to-day may arise if a series of plants were bought at different prices, and the capitals invested at different times are not immediately comparable. If in such cases we operate with the value posted in accordance with general principles, a comparison of the returns calculated will give very little information of the work done, but will tell much more about the significance of investing at times with a low price level. In such cases it may be more informative in the denominator of the profitability fraction to use the posted values converted in accordance with the index figure for the time being. As to the denominator, other more special methods with transitional figures for the individual groups might be employed, but this will rarely be required as far as the Greenlandic economy is concerned. The most important point is to ensure continuity between the various calculations, so that a difference in the profitability shows the difference between the economic realities indicated by the proportionals.

#### 4

In calculations of business-economic profitability it will rarely suffice to consider the profitability of the particular business during the period investigated, for this will only inform us of the total profitability, but not very much of the way in which it was attained, and the results cannot, therefore, in all cases be used as guidance for future dispositions. Such calculations will often be needed for parts of a business or for limited fields; in particular as regards the living and growing businesses in Greenland. There are many sectors whose positive or negative profitability it will be important to know, if we are to make comparisons in order to further activities in the most significant sectors. Thus, internal profitability calculations may be of value for the managers in planning the economic measures to be taken.

If calculations of the profitability of special fields are desired, it will be necessary to make internal transfers from one field to another. As regards such internal transfers various views can be adopted, in accordance with the purpose of the calculation. As an example, the shipping trade to Greenland may be mentioned; thus, it may be assumed

that the book-keeping principles for the total cost of the shipping trade for a certain period has been laid down, but these expenses should be distributed over the transport supplied, so that the various trades and industries in Greenland will have to bear their "reasonable" part of the cost of transport. Here the question may, for instance, be raised whether the cost should be distributed per ton transported in each ship, the ships of the Royal Greenland Trade Department and the foreign ships being kept apart; in certain respects this will be little expedient, as it may lead to a different profitableness for the businesses in Greenland according as their goods are transported in one or the other ship; it may often be expedient to employ a price per ton as a standard figure irrespective of the concrete service offered; this may mean an income to the shipping trade, which will thus be fairly profitable.

It may likewise be difficult to decide whether the same ton-price should be fixed for transport Denmark-Greenland as for transport from Greenland to Denmark. If so, special weight is given to the technical contribution irrespective of the fact that the economic value will be determined by the demand. In calculations of the profitableness the economic aspect can hardly be disregarded, and as to the Greenland shipping trade, when the volume of cargoes sent up exceeds that of cargoes sent home, this will most often imply that the rule for distribution will be influenced by the possibility of finding another return cargo, e.g. cryolite. The employment of a non-economically determined distributional rule may mean that transports which may contribute to the payment of the fixed cost, but not the full proportional part thereof, will not be effected; this must be an erroneous economic disposition, because it will reduce the total profit, which will be higher in case of transports contributing an amount to defray the fixed cost, as compared with sailings without freight, when no contribution can be made. This is of great importance for the Greenland shipping trade, to which the fixed expenses are of extraordinary significance.

In many cases it will be expedient to employ the marginal concept of profitableness in the business-economic considerations. Supposing that a business involves a loss, such a deficit may be reduced, if a special investment is made. A profitableness standard will then be required, by which the excess income less the excess expenditure, i.e. the surplus of the actual disposition, is viewed in relation to the capital invested. The importance of this standard is that it is possible to detach the individual disposition concerned from its historical connection with earlier dispositions. Such a method may be difficult to employ in practice, for it must be required that in all other respects the business should remain unaltered; and this is rarely the case, for an active business may undergo

many alterations at the same time. In principle the marginal concept of profitableness is useful, though it requires a broad outlook, and it is difficult to ascertain possible indirect effects of a given disposition.

Thus, within business-economics various concepts of profitableness are operated with, the employability of which varies from one field to another. It is of great importance that they should be distinguished from one another, and it is necessary for the economic disposition that no confusion is taking place within these limited fields.

## 5

The problems of profitableness will be much more difficult, if the business-economic considerations are supplemented with social-economic considerations. The chief purpose of a Greenlandic business as laid down by the politicians and approved by the whole Danish community is not only to secure an income to the Royal Greenland Trade Department as a private capitalistic concern. It is not quite clear what is the actual purpose, more correctly, perhaps, there are several purposes which may interact in various ways, varying somewhat according to time and place. Instead of trying to maximise the return of the working capital of the Greenlandic trade and business life, we might aim at maximising the Greenlandic national product. This will require an analysed national budget, in which the various secondary implications must be analysed in more detail.

It is known from the economic literature that various concepts of profitableness may be employed by the individual geographic regions. Thus, in Greenland special problems arise from the fact that the national product must be a sum of values with a market price and values without a market price, the price paid e.g. for meat or fish at a Greenlandic village being influenced by the circumstance that the greater part of the production is not sold.

If from some conception or other of the national product it is desired to get a comparable standard, we must have a denominator, e.g. the number of producers, which may be the number of adult persons of some age-class; this may easily lead to the question whether or not the domestic work forms part of the national product. It is difficult to arrive at a clear definition of this notion which may elucidate the economic realities of a local Greenlandic community.

The difference between the various conceptions may be illustrated in many ways. An example is provided by the wages; from a business-economic point of view they constitute an ordinary cost, which it is the

economic object to keep as low as possible in order that the profits may be as high as possible.

From the considerations on which the national budget and the associated concepts of profitableness are based, it may be claimed that the wages paid constitute an income to the Greenlandic community. To arrive at the highest possible wages—provided that no means are to be supplied from the outside—must be the goal. Thus, we may introduce a similar concept of profitableness expressing, in some way, the ratio between the wages paid and the work done. In the formation of such concepts special Greenlandic difficulties may interfere. The social-economic concept (according to the purpose of our calculations) may consider the wages paid to Danish workmen as a cost, so that the maximising will only comprise the work done by the Greenlanders. We may also regard all the work done in Greenland as a common contribution yielding a common profit. The concepts to be used in such cases must be based on political definitions. Theoretically we might attempt to define various concepts to serve as guidance for the decisions of the political authorities; it may be advisable, however, to await the political debates before carrying the theoretical considerations too far, in order that they should not be suspended in mid-air. I shall revert to this problem later.

## 6

It may perhaps be expedient to proceed a little more slowly in extending the business-economic concepts of profitableness in a political-economic direction, for if so, it will be easier to transfer economic considerations to other fields and gradually to point out that the Greenlandic economy is something peculiar, dependent on special geographic conditions. In a general business-economic calculation of profitableness public subsidies may reasonably be regarded as an income, which may be correlated with income derived from the Greenlandic production. It may be desirable that an enterprise which owing to the special geographic conditions will normally give a deficit, should get a subsidy from the Danish State which in connection with efficient work may render it more profitable. Such a view has a parallel in the educational theories known from economic theory, e.g. as regards duty. Parallels may also be found in other fields, e.g. subsidies to certain enterprises to further a dynamic development. It will be known that in the United States and other wealthy countries subsidies are granted for certain purposes to further the rate of development, and the same applies to the subsidies granted to the Greenland trade and industry. Subsidies fixed in accordance with general economic lines may induce the Royal Greenland Trade

Department to take a greater interest in the economic dispositions, as the subsidy may increase a profitableness related to the business-economic profitableness.

It must be understood, however, that some special interest is associated with the granting of a subsidy and the fixing of its rational size. Viewed from a political economy angle it will be valuable to compute the real increase of the wages to which such a disposition may give rise, on the assumption that the subsidised business is run in a reliable way. If so, it should be taken into consideration whether the population group concerned was beforehand unemployed or occupied with little productive work; in the latter case the values thus produced should be deducted. In many cases the disposition will have a great many other effects, e.g. increased purchases in the shops, etc., and thus indirectly influence the relative profitableness of the shops; if the values produced in this way are included in the calculations, such a concept will approach a social-economic concept of profitableness. We shall hardly get to the bottom of such problems without erecting a national budget analysed in a number of sectors, as has occasionally been attempted. The concept of profitableness thus approached may be defined as the ratio between the surplus (deficit) of the enterprise plus the increased income of wages in relation to the invested capital; the social-economic profitableness thus arrived at may be compared with other forms of social profitableness; at any rate we get a means by which to choose between the many alternative possibilities, which is of economic importance in Greenland as in other parts of Denmark.

We may go a step further and introduce profitableness concepts marked by the scarcity of certain production factors. Under certain social conditions, when foreign currency is in great demand, a currency profitableness concept may be introduced in which the numerator expresses income less expenses in foreign currency in proportion to the capital invested. This may be assumed to be of special significance for Greenland, which produces various kinds of commodities that may contribute to a furtherance of the export.

An enumeration of all concepts of profitableness imaginable will not be necessary; it must suffice to establish that speaking of profitableness, we must realise what are the aims, and that we should be cautious in comparing figures based on one concept of profitableness with figures based on quite different concepts.

Theoretic economic considerations would be much facilitated, if the aims to be attained were clearly defined from political points of view; if so, the theoretical task would have to some extent to concentrate on concepts of profitableness which have relation to the actual political aims.

However, as long as this is not the case, it is desirable that attempts should be made to erect concepts of profitableness, one of which may be chosen to serve as starting point for political decisions. Under such conditions the theorist will be more free to choose and to point out his personal views as possible starting points for practical measures. At the same time, however, he runs the risk that his points of view will not be approved by the politicians, though they may perhaps be of importance in a remote future.

## CHAPTER IV. THE CONCEPT OF WELFARE

### 1

No aims of a social policy can be said to be right and all the others wrong. The setting of a goal is the result of a choice for which he who makes it is responsible. There may be individual and political aims, the latter being often the sum of individual aims within a given political field and a definite period of time.

The same applies in principle to economic planning; a man may set a goal to himself and the community to which he belongs, and may try to find ways and means to attain this end. Economic theory may be helpful in such cases, especially as regards measures suggested by political authorities.

### 2

The most commonly applied notion of economic planning in recent years is probably that of economic welfare, which means the greatest possible satisfaction of the requirements of the people. Thus, a higher income to workmen, functionaries, agriculturists, etc., should mean increased welfare to these and to all groups with which they are associated. This notion of welfare has been met with general approval not only in European Denmark, but also in Greenland, and has given rise to many discussions. It would seem reasonable to try to learn something from these considerations and to let our treatment of economic problems concerning Greenland be influenced by points of view held both in Greenland and by Greenland-interested circles in Denmark. It seems to me that during the most recent decades the term welfare has in Danish usage acquired some secondary meaning of economic welfare which it did not have in earlier time, probably largely because the notion of welfare has been associated with certain political views in other respects. As a consequence, the political parties which desire a different development of the Danish community with a greater individual responsibility, do not immediately approve the term welfare.

The political arguments for the criticism are that the term welfare has an implication of a social-political attitude aiming at supporting all the citizens of a community to the greatest possible extent; and according to the particular political opinion this is undesirable, as support in

too many respects may cause a weakening of the initiative. In this way the term welfare will acquire a content which will form part of internal Danish politics, and if used exclusively with reference to Greenland, it will get a position in the public debate which was not intended by the Danish Folketing. It would be no good to Greenland and the Greenlanders if the feeling should gain ground that our relations to Greenland have exclusively the character of support, and accordingly little room will be left for the work and initiative of the individual Greenlanders. It would be advisable, therefore, if in discussions of Greenlandic conditions, especially the planning of the future work, the term welfare should be replaced by, or supplemented with, another term covering more precisely what in the opinion of both Danes and Greenlanders, I suppose, is the development which should be attained in Greenland.

I hold the view, therefore, that a fair treatment of the Greenlandic problems should be aimed at. In the following pages I shall discuss at some length how this should be practised and what it ought to mean to the work in Greenland in order that we may get a measure which may serve as a basis for the valuation of the individual economic dispositions in Greenland.

### 3

A fair person is in my opinion a harmonious personality who feels himself independent and tries to the greatest possible extent to do what he considers right. A fair man may be interested in all the new of the time and try to understand and accept it, if he considers it worth while, nor does he shrink from taking exception from something new, though at first sight it might seem attractive.

If applied to economic conditions, the term means that a person does not only endeavour to secure the highest possible income, but it should be done in a reasonable and fair way. This probably covers the current conception of the population group to which the person in question belongs, but he must also be willing to understand others and to realise that if he belonged to another group of the community, he might have held a different view. This means that we do not always conform to the surroundings, notably not to all the more or less fleeting currents or moods, and that we are willing to take exception from such ideas as are not in conformity with that which will not be valuable to man in the long run. More likely, we are here concerned with a long-term view rather than a short-term view.

If a fair and noble-minded personality feels himself responsible for his life and doings, it means that he appreciates a certain freedom of action within the reasonable bounds fixed by the community. He is willing to conform to the rules and regulations laid down by the community and the political leaders, though with some reluctance. He prefers

to do it voluntarily, because he considers it right, and to take the responsibility for it, as well as for opposing what he considers wrong. Under conditions like those prevailing during the War, which were even more pronounced in our neighbour country to the south, it may be exceedingly risky to the individual.

All regulations serving to confine the actions of a fair and noble-minded personality should not, therefore, be regarded as exemptions from a possibly difficult responsibility; but to be accepted, they must be founded on reasons which he can understand and comply with. If not, the regulations may weaken the character and cause the fairness to vanish and be replaced by endeavours to acquire the greatest possible personal, notably economic, advantages obtainable under the circumstances, though he does not consider them reasonable, and such a degeneration of the character is perhaps very persistent in cases where an economic disposition is an expression of power rather than of fairness.

To establish economic welfare, efforts are often made to increase the national product, or the part thereof which is supplied to a particular area or group of population. In many, probably most, cases this will be desirable also from the principle applied here, viz. by making the persons concerned more independent and thus enabling them to develop noble characters. An obvious example of this is the change of the work which has taken place in Greenland in that the goods are no longer carried from the ships to the shops by men, but are transported by mechanical means. However, not all economic advantages (e.g. spirits) are furthering to the character. Some so-called "welfare-political" regulations may weaken the character, if they are considered unfair and expressions of an unfavourable power element; they may make people quarrelsome and exacting, if they think that the regulations will ensure to them the greatest personal advantage, possibly at the sacrifice of the welfare of other groups of the population.

It may perhaps be difficult to distinguish sharply between an economic line characterised by economic welfare and another line characterised by fairness, for the words are used in different ways by the individual persons and at different times. Still I think that the concept of welfare as generally used largely covers the desires of the public opinion in Denmark and the view held by many Greenlanders also of the older generation.

Although in a human community there will always be conflicting opinions, which may be sharply voiced in discussions, there may be agreement as to many things, but this is not always sufficiently emphasised. I hold the view, however, that from the days of HANS EGEDE to the present day fairness has characterised many dispositions which would have been difficult to understand from an economic point of

view only; at any rate, I believe that it is essential for our understanding of what was considered of principal importance in the Danish Greenland-policy in contrast to the colonial policy practised by some other countries.

#### 4

The concept pointed out here contains, at any rate, elements which may throw light on a number of viewpoints and dispositions which have been of importance for the Danish work in Greenland.

Looking back at the history of Greenland during more than two hundred years, we shall time after time encounter authors and administrators who practised this view, though they expressed it in rare cases only. It would be highly desirable, therefore, if people who on a very slight basis criticise the dispositions made in earlier times would attach greater importance to the aforementioned, in my opinion major, aims.

Thus, the noble characters of the Greenlanders exhibited in connection with their occupation, seal-catching or other work, have repeatedly been pointed out from Danish quarters. In the small Greenlandic communities such persons were specially esteemed not only on account of their better economic conditions, but rather owing to their position in relation to their fellow-countrymen. This is known already from the eighteenth-century descriptions of the conditions in Greenland written by tradesmen and missionaries. It seems to me that this human esteem characterised not only the Danish views of the Greenlanders, but also many Greenlanders' views of the Danes. In both cases noble-minded people respected each other in spite of the great social differences in former times, when the material conditions according to present-day conceptions were even very modest. People often speak of the poor material conditions of earlier times, but at the same time the mutual respect of noble-minded Greenlanders and Danes should be mentioned, as it contributes to characterise the conditions prevailing in those days.

In my opinion not only individual persons in Greenland were characterised by fairness; fairness also characterised a certain political line which cannot be disregarded if we are to understand the development in Greenland.

A number of names representing both groups may be mentioned; thus, HANS EGEDE, H. RINK, H. KIER, FRIDTJOF NANSEN, and KNUD RASMUSSEN in their works expressed the desire that the economic and political dispositions made should enable people in Greenland to develop into harmonious and noble-minded personalities, and many officials within the administration of Greenland held the same view.

About a hundred years ago, when the first large Greenland commission was set up, it was commonly held by most countries that the chief object of colonies was to secure an income to their mother countries.

It was, however, recommended by the Danish Commission in 1840, and often later on, that the surplus of the Royal Greenland Trade Department should not be transferred to the national exchequer, but should be used exclusively for improving the conditions of life of the Greenlanders, who had themselves produced the values.

If we go still farther back in time, to the eighteenth century, when the economy of Greenland was characterised by the whaling industry, which according to the mercantilistic points of view was a public task, we shall find that already at that time, e.g. in the Royal Ordinance of 1782, provisions were laid down in pursuance of which the Greenlanders were not to be regarded as a means, but as an end in itself, and this view was not least reflected in the protection of the Greenlandic women.

To-day the above-mentioned point of view has become predominant, and there is hardly any doubt that the Danish policy pursued in Greenland, more than the policies practised in some other parts of the world, aims at doing its utmost to further the human development in Greenland. On the other hand, we cannot be sure that by furthering the material well-being of the Greenlanders in all respects, the development of their personalities will also be furthered.

As a consequence, the conclusions to be drawn in the following chapters cannot claim to be universally valid. On the contrary there is a possibility of suggesting other aims and making other inferences from them. The purpose is not to come to any universal validity, but it is my hope that the views set out below will be correct in so far as the aims erected in this section are approved.

Should this work give rise to discussions of problems concerning the economic policy to be pursued in Greenland with various goals in view, so that the Greenlandic and the Danish populations get a more solid basis for their political decisions, my purpose will be achieved.

## CHAPTER V. THE BACKGROUND OF THE GOALS SET

### 1

To many readers the goals described in the preceding chapter will probably seem peculiar and little conforming with goals often referred to as guiding in the Danish policy and economy. On the other hand, I think that they will not be unfamiliar to many who have for some time been occupied with the special Greenlandic conditions. We get a vivid impression of the more or less unconscious difference in aims if we remember that many people to-day, more especially those familiar with the pure economic theory, begin to take an interest in Greenlandic economic problems also, and the economic system valid up to 1950, which seemed extremely antiquated. The way in which the dispositions were made must seem astounding to persons grown up under the economic conditions prevailing in most other countries, and in the course of time many people, not least in the Danish newspapers, have advocated the view that thorough changes and modernisations were indispensable, if the economy of Greenland should come on an equal footing with that of the other parts of the kingdom.

Considering that such a critical attitude has often been voiced in discussions regarding Greenland during some centuries, there is reason to assume that it was deeply rooted in the existing conditions. All economists studying Greenlandic conditions have been confronted by dispositions which must at first sight seem unreasonable, and actually were so in the light of the generally recognised economic theory and practice. One of the reasons is that many critics of the economic theory in general based their views on average considerations resting on general calculations of cost and the associated distribution of the fixed cost, which in Greenland necessarily was very high, while a more detailed analysis will show that marginal considerations are more needed in Greenland than in many other countries. This is due to the fact that Greenland is situated at the margin of the area in which it is possible for human beings to exist as an economic element of the world community, and that the economic dispositions in Greenland only with difficulty and in no satisfactory manner can be separated from other dispositions, and not at all from a humane attitude towards the Greenlandic popu-

lation. When the outer conditions differ so greatly, it is not to be wondered at that the economic policy, too, differed.

However, as regards human beings living at the limit of existence, the special geographic conditions can hardly be the only explanation, for not least in the overseas countries a number of communities are likewise found under geographic conditions which must represent the margin of human existence, without any attempts having been made there to introduce such an economically peculiar arrangement as that known from Greenland. In this connection it may be pointed out that owing to the poor geographic conditions enterprising capital groups have rarely been interested in settling in Greenland; as a rule, the work in Greenland was left to people who to a small extent took up the work for economic reasons only.

It is peculiar to the economic system in Greenland as compared with other economic systems that it was founded by a man who did not aim at economic profits, but tried to practise the principle that the trade was to serve the mission; in other words, it was not intended to make people wealthy, but to make them free harmonious personalities. Considering the views held a couple of centuries ago, also as regards HANS EGEDE, this was hardly as incomprehensible at that time as later on; it is curious, however, that these peculiar views have held their own, though with various connotations, during 230 years; it is most likely due to the fact that the economic possibilities in Greenland have always been regarded as poor, unlike the conditions for the policy pursued by the Danish-Norwegian monarchy in the 18th century, e.g. in the Danish West-Indies.

## 2

This peculiar attitude to the work in Greenland is chiefly met with among people who devoted their life work to the Greenlanders.

As far as I can see, this attitude was not very pronounced among the government authorities who made the general political decisions, their work being on the whole characterised by the policy pursued for the time being. Thus, it is characteristic that not many years after 1721 the Government found it expedient to establish a convict settlement at Godthåb.

It is strange to note that HANS EGEDE and his successors in the missionary work and the associated trading activities were so great personalities that they were not only able to influence the missionary activities and the associated school work, but also the trade representatives so as to induce some of them to work in the spirit of the mission, that is to say, to help the Greenlanders to the best of their abilities and always to consider them as fellow-beings deserving a kind and humane treatment.

Thus, it is very informative as to the period in which the trade in Greenland was entrusted to the General Trading Company (1747–1773), which at the same time held the monopoly of trading on Iceland, to compare the ways in which the functionaries of the company practised these apparently fairly parallel activities. While trading on Iceland, as far as I understand, was in many respects practised in accordance with the general monopolistic theory then followed by most countries in far-away districts, and was characterised by the Icelanders as an exploitation of the Icelandic population, this was the case in Greenland to a slight extent only, as appears from various descriptions of the activities of the tradesmen of those days. The mutual sympathy between the Greenlanders, the Norwegians, and the Danes already in the 18th century possibly helped them to overcome the difficulties arising from the geographical situation and the poor conditions under which people lived in the then very remote country. This immediate sympathy seems to be of importance for our understanding of the development of the interaction going on between the Greenlandic and the Danish population elements up to the present day.

The sympathetic line was continued when the Government took over the trade monopoly in 1773; the time of rationalism in Greenland was found to be a combination of trade monopolistic views (economising in various respects, extension of the whaling industry, etc.) and the missionary work, which gradually attached the main importance to a humane treatment of the Greenlanders.

The most characteristic result of the views held during this period is probably the establishment of the offices of district managers with the protection of the Greenlanders against some traders and foreign whalers as their chief object. This view is most clearly expressed in the Instructions of 1782, in which the tasks of the district managers are defined. It appears from the Instructions that in a number of cases some traders had regarded the Greenlanders more or less as an economic means to serve the colonisers. Such an attitude, probably most often met with among the foreign whalers, is quite understandable considering the way in which people of foreign races were then treated in most overseas places. In the Instructions, however, the Government opposes such a development, not least owing to its efforts to protect the Greenlandic women. There is hardly any doubt that during the succeeding generations several district managers representing the Danish State regarded their principal object as being of a humane character, namely a protection of the Greenlandic population. This was hardly an easy task, considering the poor conditions prevailing in both Denmark and Greenland in the years following upon 1807, when the Government had to give attention to every possibility of increasing the national income.

When at the beginning of the 1830's the Copenhagen trade was about to recover after the depression, seeking new fields of operation to replace the good possibilities previously offered by the highly profitable trade with the West Indies, India, and China in the last decades of the 18th century, the desire of a privatisation of the Greenland trade became topical. As the prices of fish-oil were comparatively high during this period, it was natural for the Copenhagen business men to turn their attention to Greenland, thinking that if the monopoly were abolished, good incomes might be secured there, and in 1834 a commission was appointed with this aim in view. The most prominent member of the commission was L. N. HVIDT, who also played a great role in the democratisation of Denmark. As will be known, the commission arrived at the result that it would not be justifiable to the Greenlanders to withdraw the monopoly at once, but they should be paid higher prices for their products in order that they might undergo a more intense human and cultural development, even though this would mean a lower profit to the trade monopoly and accordingly to the Danish state and reduced earning possibilities to the private traders.

### 3

The personality who was of the greatest importance for the maintenance of the economic-political line in Greenland in the 19th century, is Dr. H. J. RINK. During his stay in Greenland for some decades about the middle of the century he at first made scientific investigations, but through his contact with the Greenlanders he got such great sympathy for them that he devoted the rest of his life to further their development in all respects and to ensure to them a happier human life. Like HANS EGEDE, he considered the economy a means by which the Greenlanders were to display their independent personalities; the difference between them is perhaps that HANS EGEDE regarded the actual missionary activities as the goal, while RINK's work should be viewed on a more general cultural background. His leading idea was that the poor earning possibilities in Greenland should be reserved to the Greenlanders themselves.

This was the fundamental idea of the work done by RINK in various respects, as author, district manager, and chief of the Greenland Administration.

As a result of this basic view mention may be made of his interest in and understanding of the special Greenlandic mind. The essence of the administration advocated by RINK was that if we are to govern Greenland we must necessarily know the Greenlanders and understand their outlook on life and their daily work. RINK collected as much material as possible characteristic of the Greenlanders to preserve the

ancient Greenlandic legends and ideas and pointed out the universal value thereof; the Greenlanders were not to lose anything of their own human minds, but on the contrary to develop their popular peculiarities by receiving the best, notably human, values which the Danes could supply.

Under the circumstances this aim required a self-assertion of the Greenlanders especially in fields where they had an understanding of their own peculiarities; however, RINK did not desire their development to be isolated, but to take place in interaction with the Danes. This was especially significant at that time, for the Greenlanders had got many complexes to the effect that the Danes were superior to them, and that they had better give up their natural basis and imitate the Danes.

Attempts to develop such a Greenlandic self-assertion were chiefly made through the local councils, where a direct cooperation between Danes and Greenlanders was established. Such an interaction provided a basis for a ripening of the Greenlanders and for the acceptance of such ideas of the Danish culture and the Danish economic development as were of value for the development of their own personalities and an improvement of their own material culture.

Special efforts were made by RINK to provide reading matter for the Greenlanders in their own language and written largely by themselves; it is noteworthy that a very large number of Greenlanders were able to read, and highly needed something to read in their own language. The books issued by the mission did not suffice for this purpose; it was desirable to supply reading of a general humane character to interested Greenlanders. It was also on the initiative of RINK that the Greenlanders more than a hundred years ago got their own periodical, no small part of which was written by the Greenlanders themselves, as it could be printed by the Greenlanders at Godthåb by very modest technical means; this, of course, contributed greatly to develop their feeling of solidarity and their self-consciousness.

The efforts to induce the Greenlanders to make a contribution themselves were also directed towards the economy. It is characteristic that RINK advocated an economic development which was in direct relation to the productive capacity of the Greenlanders, and this was also reflected in the way in which the local councils in Greenland secured their income. Furthermore, he wished that the Greenlanders should to an increasing extent take care of their own affairs. Typical in this respect are the ideas which occupied his mind during the last years he held office, namely to develop the Greenlandic self-government as regards the school and the health service, though in such a way that the development in these fields, like the income of the Greenlandic councils, was to have a direct relation to the productive capacity of the Greenlandic

community. The basic idea was that the Greenlanders were in principle to defray their common expenses, in order that their standard of living might in all respects develop in pace with the growing productivity. Every Greenlander should have the feeling that with each seal caught by him he contributed not only to an improvement of his own standard of living and that of his family, but also to the payment of the common expenses. No rich community could develop in this way, but a community which within the given limits could pay its own way.

The goal aimed at in Greenland, viz. that the economy should form the basis of a display of personality, not, as elsewhere, serve to ensure an increased benefit, was manifested in many economic measures, e.g. the fixation of prices by the monopoly. It is not to be wondered at, therefore, that the Greenlandic economy got a character of its own which distinguished it from the economy of many other geographic regions. This has often been described and will not, therefore, be treated in detail here. A specific price-political measure which can only be understood on the basis of the aforementioned fundamental attitude, should, however, be mentioned, namely that during the latter half of the previous century the price of the chief product of the Greenlanders, the seal oil, was increased, and this raised price was maintained in spite of the considerable fall of the oil price on the world market, where seal oil was increasingly replaced by kerosene as a source of light. It could not be the object to pursue a price policy in accordance with the generally applied cost principle, but a rise of the seal oil price must be an indispensable part of the welfare of the Greenlanders which they had reached at that time.

It is the same fundamental idea which was characteristic of the Greenlandic economy during the following generations and was laid down by the Greenland Administration Act of April 18th, 1925. This development, however, should not be viewed on the basis of profitability, as done in many other parts of the world.

#### 4

It has been maintained from many quarters that the Commission of 1950, its report, and the associated legislation meant an epoch-making break with the earlier development by emphasising the profitability at the sacrifice of the more humanistic view formerly employed. The new view held by certain circles was that the economic development in Greenland should follow the same lines as in the remaining parts of Denmark, and that in such case the conditions for life in the two regions would be approximately the same. At that time many were of opinion that if liberalism and a free competition were introduced, the economic development in Greenland would proceed as in the rest of Denmark,

and good economic conditions for the Greenlandic population would be created irrespective of the different geographical conditions and the great distances to the market.

A future historical appraisal of the development about 1950 will, no doubt, point out that an economic correlation between geographically different regions was not the primary object, but that it was desired to preserve the fundamental aims of the Danish-Greenlandic cooperation, or, as the Danish premier at the time, HANS HEDTOFT, expressed it (*Grønlandsbogen II*, p. 336), "all agreed that the aim of the future Greenland policy must be to raise the Greenlandic population culturally as well as materially" (translated from the Danish). This has been the chief aim of the policy pursued in Greenland after 1950, namely an absolute approach between the Greenlandic and Danish conditions of life, while the limitation contained in the view that Greenland was to pay its own way, was dropped. By so doing it was assumed that the raising aimed at, in the previous pages termed display of personality, would be more rapidly attained. In this connection it was therefore considered of less importance whether the Greenlanders felt just as free as before and could develop into harmonious personalities.

As a consequence, the goals aimed at in Greenland are provided with essential connotations. Thus, it may be mentioned that during the last few years contributions of a magnitude never known before have been made in the form of investments and highly increased working expenses. This increased contribution is most conspicuous as regards the health service and the school system.

If we compare the expenses in these fields with the corresponding expenses per individual in the remaining part of Denmark, the generosity exhibited by the Danish authorities voting the supplies will be obvious. This is not dictated out of regard to profitableness, the purpose being chiefly to offer material support to the Greenlanders. During these years it has been possible for Denmark to offer an economic support to the Greenlandic population of an order of magnitude per individual unknown in other countries. This policy will possibly be continued, as it is considered desirable by the Danish public at large. However, gradually as the population in Greenland increases at a more rapid rate than in the remaining part of Denmark, it may give rise to an increase of the taxes imposed on the Danish tax-payers, or the high price-level which has been found in Denmark during a number of years should be materially altered.

## 5

In recent times the view has been voiced that the Danish Government was to grant contributions of a considerable order of magnitude to Greenland in order to place the Greenlanders on an equal footing with

other Danish subjects, that is to say that the special natural conditions in Greenland should be offset through grants from the more wealthy parts of the kingdom.

As regards the production this is probably difficult to realise. Whatever social system is selected, it cannot avoid being of essential importance to the economy that corn cannot ripen and trees hardly grow in Greenland, the soil being often solid rock, unlike the mouldy arable land found in southern Denmark.

While we can hardly imagine that the chief aims of the Danish parliament as to a social system in Greenland should be altered in a near future, it is quite possible that other connotations may arise in the coming years. It may be supposed that sooner or later the Greenlanders will realise that they will have to overcome the inferiority complexes associated with the receipt of support in such large measure, for it may produce a feeling of dependence in some respects, which may, in turn, give rise to a growing criticism and displeasure. The Greenlandic population may be supposed in a near future to take a greater interest in reducing, perhaps overcoming, as far as possible by their own efforts, the productive and financial difficulties met with under such severe geographical conditions as are hardly experienced by any other population.

From Danish quarters it will probably always be considered reasonable to support the outermost outposts of mankind to the north living within the boundaries of our own country, but a reasonable proportion between the population's own efforts and the support offered by the remaining part of Denmark should be aimed at.

How such reasonable relations between the two groups of population may be attained will be discussed at greater length in the following chapters, in order that the political authorities who are to make the final decisions as regards help to the Greenlanders may get an additional basis for their valuations.

## CHAPTER VI. CONNOTATIONS OF THE GOALS

### 1

In recent times the concept of welfare has become one of the most commonly employed and most disputed terms among economists and in economic theory. This is because the presumptions on the basis of which economic theory has to decide what is expedient vary considerably. One of the goals of economic policy is to attain the greatest possible welfare; but the question then arises what is to be understood by welfare, more especially how the different population groups and geographic areas may be compared. Economic theory endeavours to overcome these difficulties by assuming that it has got the concept of welfare from the outside, chiefly from the political authorities, whose views are, in turn, based on the public opinion.

In the majority of communities there is no possibility of satisfying all the requirements at once, and the fulfilment of many reasonable wishes must therefore be postponed. In most cases economic welfare will be limited by the scarcity of economic factors, and accordingly it is associated with the fact that, on the one hand, the productive factors are combined in accordance with the goals, and subsequently the advantages produced are distributed, likewise in accordance with the political programme. In a normal community the associated economic considerations will be extremely complicated, because it is impossible to comply with all wishes, and it is necessary, therefore, as is done consciously or unconsciously by the individual citizen, to prepare lists of priority as regards the requirements to be fulfilled.

Owing to this uncertainty, people will have varying desires as to the succession on the list of priority, and if the desires agree in some measure, interested persons will gather into parties which may exert a political influence chiefly as regards the distribution. The welfare-political goals may be altered through additional improved information, which may result in alteration of the priority lists. The desirable distribution is everywhere limited by the scarcity of productive factors, as the same factors cannot be used at the same time for building a school, a hospital, or a workshop, and it is always a question whether they should be used to cover current or future needs. If there is no scarcity of pro-

ductive factors, all requirements can be satisfied, and there will be no need of the comparisons which constitute the central point of economic considerations. If the factors are scarce—as in communities where economic points of view may be employed—a choice must be made as regards the requirements to be placed on the priority lists. In all countries it is a question whether the productive factors should be distributed according to profitableness or to other points of view.

## 2

This general economic view, viz. that the desires have to be limited by the possibilities of production, need not be applied in a community like the original Greenlandic community, where the values are based on the demand for goods produced within the particular area, and it is only possible to consume what has been produced.

In a community where many values are supplied from other regions without any compensation, there are, in principle, no limits to what may be done, and in practice there is little need of choosing between various possibilities for satisfaction of the requirements. We may judge whether the requirements and desires are reasonable viewed on the background of the whole, and if they are considered justifiable, they may be fulfilled. In this way the interaction between production and consumption met with in the majority of economic fields will be eliminated.

But even in such a community a general economic view will make itself felt in two ways, as a rule gradually, but perhaps not at the same time.

In the first place, criticism may be advanced by the population group which has to pay; thus, for instance, this group will have to pay a higher tax, which gives it the feeling that its welfare is reduced. As a rule, however, it will be on the understanding that the increased welfare of the one group is more valuable than the reduced welfare of the other group which has to pay. Actually there is nothing to prevent that the richer group will for some time regard such a support as reasonable and will express no criticism of the receivers. This principle is called educational and has been employed within many different economic fields. Thus, for instance, the economic basis for starting a new production in a country may be provided through protection; the purpose is that a low satisfaction of the requirements is for some period offset by a greater satisfaction later on. However, the educational principle has a much wider importance than the example mentioned here. In many communities, especially in regions where a more rapid development is desired, larger amounts may, from the same considerations, be supplied for educational purposes. In this connection we speak of investment in

human beings, and several investigations have shown that such an investment has been extremely profitable. Something similar may apply to the control of diseases, support of scientific researches, etc. This line of thought may be continued in all cultural fields, and the purposes may turn out not to be economic at all, but marked by a humane attitude, which may mean more than the purely economic attitude.

However, even a comprehensive subsidy may be met with criticism and distrust by the people who are to receive the help. I am here chiefly referring to healthy people, who are able to support themselves and their families and occasionally to help others also, for instance the Greenlandic hunters of earlier times. They felt assured and even-tempered, and content with the mere existence.

The human values mentioned here played a great role in the ancient Greenlandic community, and constitute the basis for a good deal of the sympathy with which it is met, and for the desires that the development towards European conditions should proceed at such a rate and in such a way that the Greenlandic characteristics are preserved, and the new and the old may unite into a harmonious whole.

If, therefore, it is attempted to set practical goals for the Greenlandic community which are desirable from a general consideration, these two aspects of human requirements must be balanced against one another. It may be a very difficult task, the individual Greenlanders being different, and the help offered may have different psychological effects. An economic consideration cannot, therefore, remain isolated, but must be viewed in a wider context.

If we are to fix the lines for the Greenlandic economy by which to overcome mental fluctuations due to the prevailing conditions, and arrive at forms of cooperation which will ensure stability in a wide future, and build up an economic social structure, both groups of elements must be taken into consideration. However, economic measures cannot be regarded as goals in themselves, but as significant elements of a development of all aspects of human life, of which the character is not the least significant element.

### 3

An essential element of such an economic construction as part of a universal development is the time factor. It played a special role in the ancient Greenlandic community with its periods of abundant supplies and periods of shortage of food; in those days the whole settlement might to some extent enjoy periods with abundant food and share the times of emergency owing to failing catch. Nobody felt isolated, but as part of a unit. As mentioned above, the understanding of the value of

these conditions is an important aspect of the Danish work in Greenland. In this respect the Danish points of view differ from those practised in other developing regions.

Even though the ancient Greenlandic community was to some extent characterised by a harmonious interaction, no individual or group was responsible. The life conditions depended largely on external factors, sometimes fine weather and good hunting, at other times gales, unfavourable ice conditions, poor catch, etc. The possibilities might, however, be utilised more or less effectively, consequently those who contributed most effectively to the maintenance of the community were most highly esteemed, and such an esteem might mean just as much to them as material advantages. Altogether, conditions were poor and it was not always possible to cover the requirements.

It was therefore an indisputable benefit to the Greenlanders that the Danish administration from its arrival in Greenland and for some hundred years offered help in cases in which the inhabitants felt unable to face the overwhelming forces of the Greenlandic nature. Nobody lost face by receiving help under such circumstances.

In a modern community the relations between the various aspects of life are more complicated. Not least in Greenland, which represents the minimum level of human existence, and where the daily life may be influenced even by minor alterations of the climate, a number of factors restrict the possibilities of a reasonable human existence, unlike the conditions e.g. in Denmark, where people may change to another trade, if desired. Under free conditions people in Greenland have to count upon the probability that the market price of the Greenlandic products may fall to such a low level that no private tradesman would be interested in dealing in such products, and consequently no trading would take place for years. Very likely such a fall in prices, notably of skins, took place towards the end of the Middle Ages owing to competition with Russian furs, rendering it unprofitable for private tradesmen to send ships to Greenland. This was probably one of the reasons why the connection with Greenland was interrupted and the Scandinavian population vanished. When the economic contact between our countries and Greenland was re-established, all agreed that a reasonable help should be given, and this might be done by maintaining the commercial connections even in periods when trading was not profitable.

However, the Greenlandic welfare not only depends on the price fluctuations of seal oil and sealskin on the world market, but also on the natural factors, e.g. the number of seals present. These economic and geographic factors known from earlier time still exist, perhaps they have become even more marked, as we do not know whether just as large a quantity of cod as that on which the Greenlandic economy has

been based during the latest decades, will be found there some ten or twenty years ahead.

Help provided under such economic difficulties, on which the Greenlanders have no influence, increases their welfare, because it reduces the risks which the population formerly had to face. On the other hand, help offered in cases in which the Greenlanders ought themselves to have shown more foresight, will be inadvisable, as it may be detrimental to their character.

Foresight, however, is not inborn, it is something to which we are brought up at home, at school, and in our community. It is obvious that all that is done in Greenland to develop foresight and the understanding of the differences in time due to the difficult natural conditions are factors which further both the material and the cultural welfare. However, foresight of this kind was earlier of limited importance in Greenland, as nothing could be done to alter the natural conditions in Greenland, where foresight may often be of greater importance than in most other countries.

#### 4

In all communities the relations to other people is a very important element in the welfare of the citizens. When a certain standard of living has been attained, and the necessary, though modest, food, clothes, etc., ensured, the human feeling of satisfaction is not only determined by one's own share of the goods, but also of those falling to other people of an equal status. The economic concept of welfare, therefore, includes an element of individual sense of justice.

Whether such a sense of justice contains an element of personal interest, and whether we may speak of a natural right applying to the life conditions of all human beings, is of minor interest in this connection. It is a question which has been discussed publicly in many places, but such a discussion is hardly required here. It will suffice to admit that in all communities, also the small Greenlandic communities, a general conception prevails as to what is fair in the intercourse between human beings. It need not be the same conception as is generally held in Denmark, though it may be just as correct, but it is the natural basis for the reactions of the Greenlanders to the new economic and political conditions. This Greenlandic sense of justice ought to be better known by all, not least the politicians dealing with the Greenlandic problems. If the social order and the political decisions differ essentially from what is considered right by the Greenlanders, their reactions may not be understandable to people grown up under other conditions in other parts of Denmark. All people coming to Greenland from European Denmark will be confronted by such problems, and it may take them years to

fully understand them. It is impossible to briefly describe this special sense of justice, and I shall therefore confine myself to touch the relations between the sense of justice and the possibilities for securing an income, for they include an element which must necessarily be taken into consideration, if we wish to understand the economic problems in Greenland in the coming years.

According to the line of thought of some Danish circles there would seem to be no connection between the incomes of a fisherman and an official, as these may be fixed in different ways, one depending on the prices on the world market, the other being fixed on the basis of the income of corresponding groups in Denmark. Still, I think that in Greenland there is some connection, for a too great difference in the earning power of two brothers, a fisherman and a government employee, will, as a rule, give rise to some bitterness and accordingly reduce the welfare of the community. This phenomenon is known from other geographic regions also. Moreover, Greenlanders associated with well-to-do Danes may enjoy various material advantages. Nor does it further the economy of the country if people get the impression that it is easier to increase one's income by making political claims than by trying to increase the production and thus create a more stable basis for one's own economy as well as that of the country.

The general feeling of justice and fairness in the Greenlandic community is also impaired by differences in the pay of Greenlanders and Danes. It is unfortunate if young people of the same standing have substantially different means at their disposal, as it may give rise to various complexes in the mind of the Greenlanders. Another circumstance giving rise to complexes is that young Greenlandic women often prefer the more well-to-do Danes.

However, the more the two groups approach each other, get the same education, the same customs, and the same interests, the greater will be the complexes and accordingly the contrasts, also as regards the pay. It is perhaps rather a violated sense of justice than a need for more material goods which is the chief factor reducing the contact of the general co-existence. The historical development has shown that Danes and Greenlanders have lived together for generations, respecting each other's human qualities and skill acquired during their daily work.

## 5

Human interaction or the lack of good contacts make themselves felt in many respects in the Greenlandic community, and it is obvious that the form of these contacts has changed materially with the development going on to-day and the actual change of many conditions in Greenland. When in earlier times people spoke of Greenland as the settle-

ment of the happy smiles, I visualised the hunters who after a troublesome but successful day met to discuss the catch and the various situations during the hunt. The self-consciousness resulting from well-done work and the esteem of the whole group is a more important basis for a quiet and sound development than is generally assumed. The hunter of former days was more esteemed by the inhabitants of the place than the fisherman of to-day, though the latter perhaps earns more money, but as his self-consciousness will not increase correspondingly, he may be more interested in bracing himself up with alcohol. It must, at any rate, be admitted that such a mixture of self-respect and esteem might be converted into esteem for expert skill in other respects, and it is to be deplored that time has not always permitted such a psychological process of transformation.

In many other respects the Greenlandic community may have encountered difficulties because of the Greenlanders' self-confidence and feeling of their own worth. Formerly Greenlanders and Danes generally did not compete owing to their different working fields, though there were various boundary fields, where the two population elements respected each other. Owing to the recent development the fields in which the Greenlanders can hold their own are decreasing, while in other working fields, e.g. the increasing number of factories, the Danes are superior. It is likewise quite natural that a motorboat is more suitably tended by a Dane who is accustomed to use it. Such kind of things cannot avoid affecting the sensitive mind of the Greenlanders and will create a basis for the insecurity and mental conflicts mentioned above, owing to which their gratitude for all that is done to their benefit is less markedly displayed than is expected from Danish quarters.

## 6

Many people may quite intuitively think that the very large amounts in proportion to the number of the population which have been spent in Greenland during the last decade should have added to the satisfaction of the Greenlandic population. This has actually been so, notably in a material respect. There is hardly any field in which the development towards equality with the conditions in Denmark has not proceeded more rapidly during the last decade than ever before. As an example I may mention the tuberculosis control.

It is likely that the Greenlanders, owing to the aforementioned inferiority complexes, have a feeling of having lost something of special value to them and for which they ought to be compensated. But how this should be done, has probably not been realised neither by many Greenlanders nor by all Danes. However, an increase of their welfare is not always directly proportional to an increase of the grants. In my

opinion human values cannot be reduced to a mere economic affair, there must be some connection between economy, the human character, and other aspects of life; but this has not always been realised, when the decisions were taken and the grants voted.

If this view is correct, it will not always be decisive for the welfare to increase the grants without considering the effects they may have. Above all, the measures taken and the grants given should not only contribute to approach the Greenlandic conditions to the conditions prevailing in Denmark, but also to develop the self-confidence of the Greenlanders, and to show them that the Danes appreciate their work and their abilities to utilise the possibilities offered by the severe Greenlandic nature.

## CHAPTER VII.

### MONOPOLY OR COMPETITION IN GREENLAND

#### 1

These two terms are often used both in the scientific literature and in the public debate, but they are hardly always given the same meaning. In general, notably in political discussions, they are either taken to be so well-known that they need no definition, or a fairly simple definition is given which is considered usable under the circumstances.

In some respects, however, the different contents of the concepts may be rather confusing, and this has to some extent been the case as regards the economy of Greenland.

The difficulties arising from the different conceptions of the terms are, however, increased, because they have been altered within the two groups in the course of time, similarly as many other terms successively change their meaning, and it would be of importance for the present study to clearly explain the alterations of the two concepts that have taken place. A discussion of the meaning of the two terms at various times and within various groups of interest will therefore require a knowledge of the historical development. Thus, the terms used about 1850 differ from those used about 1950 as well as from those which I think will be used a generation ahead.

Just as the historical and political contents of the terms change and make a scientific use of them more difficult, the meaning of the terms will be influenced by the geographic conditions. Every country has its special forms of monopolies and competition marked by its specific geographic conditions in connection with the legislation forming the background of the economy of the particular region. Thus, it is peculiar that some people owing to special geographic conditions and a special economic-political attitude regard a monopoly as implying a kind of protection against superior, possibly impersonal, external forces, while under other geographical and political conditions it is regarded as a means chiefly aiming at exploiting weaker groups. These different conceptions may obstruct an objective elucidation of the existing problems.

Thus, it is of essential importance that persons using the terms monopoly and competition should not only understand the concrete meaning of the terms, but also consider the connotations that may arise

for the individual persons under the particular historic or geographic conditions, notably in cases of linguistic differences, as e.g. between the Danish and the Greenlandic languages.

Such differences cannot be entirely disregarded, but it will probably be reasonable to mention only some of the connotations which in my opinion are of special interest in the present study, while other aspects are postponed for later treatment. This necessarily involves an element of arbitrariness, due to the points of view of the observer; thus, it may be expected that others will attach greater importance to other elements.

## 2

The definition of competition usually employed in economic theory, namely rivalry arising when many representatives of supply and demand meet, is rather easy to operate with scientifically. However, this form of competition seldom occurs in practice, and even an approach to it will grow increasingly rare during the development of the present-day communities, which are influenced by modern technique and high fixed expenses. To be employable in practice, the concept should therefore be considerably restricted, in particular if it is to be used in such cases in which the suppliers and demanders are of a limited number, e.g. in the Greenlandic economy, where there may be only two, or quite few, suppliers. In such cases we may speak of competition, but it will be different from that met with when supply and demand are abundantly represented. This may give rise to uncertainty, which may gradually have unexpected effects. Such situations are termed duopoly (two sellers) or oligopoly (a limited number of sellers). A comprehensive economic-theoretical explanation of the different forms of competition has been prepared in recent years. If we are to get to the bottom of the economic problems in Greenland, the discussions should not be limited to the two extreme forms monopoly and competition, but should include the theories of duopoly or oligopoly. It might, for instance, be discussed how two tradesmen who are contemplating to establish themselves in the same little Greenlandic town will influence each other's price policy and choice of commodities, and how direct or implicit arrangements might influence the Greenlandic consumers, perhaps making them economically dependent of the retailers.

In addition, the general economic theory of competition between only two shops presumes that the purchasing power at the particular place and in the surrounding country provides a possibility of ensuring to the owners of the shops a reasonable profit, which, supposing a free right of removal, may be understood to mean the money they may earn by establishing a shop at another place. If no other retailer is

taking his place in the small Greenlandic community, there will be no competition, and a monopoly, or an approach to a monopoly, will arise, considering the high prices of transport in Greenland.

In Denmark, for instance, competition is different. Thus, if only one retailer is found in a district, he will theoretically have a kind of monopoly, but this will not, generally, be very effective, as the consumers may without any very big cost get their goods at a shop not far away.

Similar considerations to those stated above for the shops and the sale of goods to the Greenlanders may perhaps with an even greater justification be applied to the purchase of articles from the Greenlanders. Thus, competition may be met with at Greenlandic hunting or fishing places which are open to foreign buyers, for theoretically the Greenlanders will always be free to sell or retain their goods; but if the Greenlandic has hungry children at home, his freedom to omit selling will be problematic. The buyers, however, may establish purchase shops at the individual places, possibly in connection with shops for sale of articles to the Greenlanders, but this practice may easily occasion that the buyers will arrive with their ships one or several times in the course of the summer. If, then, sufficient quantities of Greenlandic articles of a quality which may satisfy the demand on the world market are available, the buyers may be interested in offering high prices to the Greenlanders, namely the prices on the world market less the buyers' cost. In such a way conditions approaching those termed free competition by economic theory, may arise. However, though almost free competition is found at one or some few places along the Greenland coast, other places will perhaps be visited by only one buyer, so the conditions will assume a highly monopoly-like character.

Although competition may be established in some places, it can hardly be avoided that the buyers in many cases get a kind of monopoly, because the partners are not on an equal economic footing. The Greenlandic will normally be the inferior, as he is in need of selling, and he does not know when an opportunity for sale will again offer, while the buyer needs only go to another place to trade.

If a Greenlandic has sold a year's, or half a year's, production under favourable conditions on the world market, he will have ensured to himself a considerable purchasing power to cover his own and his family's requirements of the coveted European articles, until a fresh production has been collected. He will be particularly tempted to use the money secured before producing a fresh collection, and to use the reserves on which his economy depends in periods of decreasing catch.

This form of competition may be supposed to result in a fairly equal status, if the articles bought and sold do not belong to the general necessities of life. It might perhaps be satisfactory a couple of centuries

ago, when the articles sold by the Greenlanders often represented a surplus production hardly needed in Greenland, the modest daily requirements being as a rule satisfied by the production of the next days and weeks, while the goods bought, considering the habits of the Greenlanders, must be characterised as luxury, or they might be hunting and fishing equipment to facilitate their daily work, though not absolutely necessary. However, such a view is hardly met with to-day, when the Greenlanders get increasingly acquainted with European goods and cannot do without them.

So far it has been assumed that the products sold by the Greenlanders could fetch reasonable prices on the world market and thus provide good earning possibilities for both Greenlanders and the foreign tradesmen. If the prices remained fairly constant and reasonably high, situations approaching competition between equal partners might arise. This involves a considerable element of risk, for Greenland is a community with very few export products subject to great price fluctuations. It cannot be disregarded that the world market has either transferred its demand to other and, in the opinion of the buyers, more valuable products (seal-oil has been replaced by kerosene), or that the actual demand for goods at reasonable prices could quite well be satisfied by producers living nearer the world market. Under such circumstances the phenomenon often termed competition might bring about that the representatives of the free trade found no occasion to trade with Greenland. Such were probably the conditions which the free trade on Greenland had to face towards the end of the Middle Ages, and it was for this reason that the Norse settlements in Greenland could not continue to exist.

This description of the special form of competition met with in the Greenlandic community is not intended to be an attempt at appraising the various forms of competition in Greenland, or a contribution to the discussion of the economic activity in the country, but only to point out that its secondary aspects owing to the special geographic conditions in Greenland must be different from and of greater practical importance than those generally met with in Denmark, and that these aspects should be included in our economic considerations. Possibly other forms of community with different connotations may be preferred, or the Greenlandic community may be transformed in such a way that a competition like that usually found outside Greenland will be more expedient there, also. I think, however, that we may conclude from the above considerations that an economically advisable competition cannot be transferred without discussions to a community with quite different secondary aspects. In addition it may be concluded that a competition which was reasonable during one historical period, will not, as a matter of course, be reasonable during another period. Above all, the economic

importance of competition must be relative, and accordingly an economic theory of relativity should be employed to a fairly great extent.

### 3

The concept of monopoly, too, must have other secondary meanings in Greenland than in the remaining part of Denmark and most other places in the world. The concept of monopoly usually employed in economic theory, with only one seller and several buyers, is usually employed for only one article or group of articles. In most communities a seller may in certain cases have a rather strong control of such an article and accordingly get a much higher price than the competition price, and thus transfer an income from the consumers of the article to himself. This monopoly, however, will not generally be sufficiently effective to prevent the buyer from buying other articles not comprised by the monopoly. The value of the monopoly will therefore be influenced by the higher price which the buyer is willing to pay for the monopolised article as compared with the non-monopolised articles. The quantity will therefore always be limited, and the importance of the monopoly will vary from place to place.

Moreover, in quite exceptional cases, only, will the efficacy of a monopoly not be limited by the fact that others may start a production and sale under cover of the monopoly, and if this is protected, e.g. by letters patent, it may be reasonably expected that the importance of the monopoly will be reduced by other articles largely covering the same requirements. In most countries, especially in countries in rapid development, the monopolies will often be so highly limited that theoretically it is preferred to use the term monopolistic competition.

On the other hand, a monopoly held by a shopkeeper at a small Greenlandic village will, as a rule, have different secondary meanings from those met with in Denmark; more likely it will in some degree have the same secondary meanings as on the Faroes or in many overseas countries. Usually it will be understood to mean that the shopkeeper has a monopoly to buy and sell nearly all kinds of commodities. He may in all essentials fix his prices as he likes, working exclusively from the point of view of obtaining the highest possible profit, the distance and the cost of transport to the nearest competitor having almost a prohibitive effect. Thus he may acquire a large part of the production at the place, apart from what is required for the existence of the inhabitants, as his own profit.

In a European as well as in a Greenlandic community the monopoly may be limited to some extent by the public opinion and the political influence associated therewith, which may, in turn, give rise to the introduction of a public control of the monopolies. In such cases, also,

the monopolist in Greenland may have a relatively stronger position than in Denmark, as the control will often be difficult owing to the remote situation, and the establishment of an effective competition for protection of the consumers may be a complicated affair, i.a. the consumers may be dependent on the shopkeeper in other respects also, for instance he may have granted them loans.

The secondary aspects of the concept of monopoly met with in Greenland and other isolated regions poor in capital will accordingly, in so far as a private business conducted from general monopolistic viewpoints is concerned, be much more marked than in the remaining part of Denmark. Thus, in Greenland there will be more opportunities for establishing a monopolistic competition approaching what is generally termed exploitation. Owing to the special conditions, the Greenlandic concept of monopoly approaches that generally applied in economic theory, when the holder of the monopoly has ample opportunities of securing extraordinary profits.

#### 4

Speaking of monopolies in connection with Greenland, people generally do not think of private-economic monopolies, but of the state monopoly. In principle there is nothing to prevent a government monopoly from approaching the private monopoly as described above, but this form of monopoly is rarely met with in Greenland.

While the notion of monopoly is usually associated with a feeling of an extraordinarily high income, this is not the case in Greenland. It is very long since the possibility of securing a high income to the Danish State as a result of the Greenlandic monopoly has been expected from Danish quarters. The monopoly employed in Greenland is intended to further the development of the population from a primitive stage to that of the modern community. As mentioned in a previous chapter, the goal has not been to attain profitableness, but rather to enable the people to develop into harmonious personalities. It was desired that some commodities should preferably be bought by the Greenlanders, and as a consequence some prices were fixed above, others below, the cost price, that is to say that the price policy pursued was not dictated by purely economic, but by humane points of view influenced by the economy. As an example, rye-bread may be mentioned, the price of which was for long periods lower than the cost price, in order that all people irrespective of their income should get enough to eat. Otherwise there would be no basis for a cultural development.

In this connection we may look at the price which a generation or more ago was paid for fox-skins, and which bore no reasonable proportion to the price at which they might be realised by the monopoly. This

price must be viewed in a wider context and has been an element in our endeavours to create reasonable conditions of life for the Greenlandic population.

Another peculiar element of the Greenlandic state monopoly was the levelling of the prices aimed at. The fact that the Greenlanders could not for long periods exist on the basis of the prices on the world market has been mentioned so often that I shall not deal specially with it here. It should only be pointed out that the levelling of the income and earning possibilities taking place in Greenland during the war and the post-war years corresponds in no small measure to the levelling established later in the remaining part of Denmark, e.g. by means of taxation, so during the last generation the state monopoly can hardly be said to employ economically obsolete principles.

## 5

It is attempted above to characterise some of the secondary meanings of the concepts of competition and monopoly in Greenland on the one hand, and in Denmark, as a rule in many other countries, and finally in economic theory on the other hand. It has turned out that the terms used in theory and politics are not clear, but have varying connotations, not least due to their historical and geographic basis. These secondary meanings, which have been of special significance for the development in Greenland, and these differences must be borne in mind, if the special Greenlandic economic problems are to be elucidated. Many misunderstandings have arisen owing to a disregard of the secondary meanings.

The mention here of the secondary aspects is not exhaustive and could hardly be so, as they are more or less dominant for the individual persons and social classes at various places and at various times. It is essential for our understanding of the terms, if they are used in the economic debate concerning a particular geographic region at a certain time, that the concepts are not fixed, but are subject to development and transformation in accordance with life in the community concerned.

It is, of course, possible to try to disregard this development of the concepts and to replace the terms used with definite theoretical concepts. Much might be gained by such a procedure, not least as regards economic theory. This is seen e.g. in the mathematical form often employed, which at any rate distinguishes itself by clarity and conceptual firmness, and where a treatment of the economic problems may to some extent develop towards the natural science known from the physics of Newton. This will be of value, though of a limited value. At the same time it cannot

be disregarded that by replacing living, constantly altered, concepts by unrealistic ones, science is removed from that which ought to be its primary object, namely to elucidate. Attempts might also be made to adapt a scientific description more closely to the actual conditions in Greenland.

In the following account regard is taken to both views. It is obvious, however, that an account of the present-day Greenlandic problems will never be quite satisfactory and adequate.

## CHAPTER VIII. EVALUATION

### 1

It is often pointed out that it is the object of theory to observe and to combine the observations into laws, for in this way we get a general explanation of the conditions hitherto observed, and a better understanding of the future, recognising that under such and such conditions, such and such results will be obtained. If the observations do not agree with the expectations, it may be possible to find out whether the observations were inaccurate, or the theory could not supply a fully correct explanation of the facts observed, so that it became desirable to develop the theory still further. In this way the theoretical structure will constantly grow more specified and more realistic. This conception of the objects of theory has in the course of time, not least in natural science, been of enormous significance for a widening of our understanding. In many respects it has been possible to gather our knowledge in a system which can be constantly widened by new observations. This means that science has advanced from year to year and can place more and more facts at the disposal of all who need it, and thus science has gradually come into a more intimate contact with the daily work of man. An increasing number of laboratories will be established, and the grants for research, both the public grants and those supplied by trade and industry, are likewise increased.

In recent years, however, many people, not least within natural science, have grown more cautious as regards the theoretical system; this applies to an even greater extent to other branches of science, more especially the economic theory.

It is well-known that the interaction between observations and theory may give rise to the erection of new theories, which at our time is most commonly recognised within the physical theory; but something similar is known from other fields of theory also.

The law-regulatedness arrived at by science will always be influenced by the correctness of the observation material. This must, as a matter of course, be limited; not all experiments imaginable can be made, science has to make a choice and to concentrate on observations which it deems of interest for a better understanding of the relations between

the facts. Here the theory of statistics provides a greater possibility than before of including probability in its considerations. It is, of course, impossible to observe everything, an element of subjectivity will often affect the investigation, not least as regards the way in which the various problems are put forward, and the kind of problems the different theories try to solve.

It is essential that this element of subjectivity, which is in principle unavoidable, but of different importance to the various theories, should be specially studied, notably, perhaps, by the economic and social sciences. This is a field in which different sets of observations may give rise to different sets of inferences, all of which may be correct, though only to the extent at which the observations can be taken as typical of the problem we wish to understand. In economic and social sciences, as in other branches of science, the epistemological basis has in the course of time been subject to considerable fluctuations, and not all theorists use the same word with the same content. This may lead to many discussions between different economic schools, which could be avoided, if all theorists would show more interest in the content of the words they use.

The task I have set myself to accomplish in the present paper is to illustrate the social-economic conditions in Greenland, on the one hand as they have actually been, and on the other hand as they may develop in the coming years. With this aim in view it should be pointed out that even within such a limited area as Greenland many social and economic observations can be made, by means of which we may find out their importance and to what extent they are typical of the Greenlandic problems; or they may be combined in different ways to form theories, of which one cannot be said to be more correct than the other, but only to rest on a different basis. From this point of view the application of the term of objective science to the Greenlandic economy can be discussed, though it need not be admitted that there may be other forms of science in this field which may be just as objective in the usual sense of the word, but which rest on other observations and assumptions both as to the special nature in Greenland and the special wishes of the population living there. The different observations and assumptions will accordingly lead to different conceptions as to how the political aims may best be solved.

It is not intended that the present study should give the only objective description of the Greenlandic economy, and in the preceding pages it is therefore considered of importance to discuss the basic principles of the economic and social life. The individual interests of different groups may have led to different political wishes, which may change from time to time, from place to place, and from man to man. To understand

why the author chose the present form, it must be realised what interest is to be taken in the so-called theoretical description given here. The basis may be relatively subjective, due to the actual feelings. These must be clearly analysed to find out why all economic and social problems have a clear connection with all other conditions, and with the views held in Greenland and Denmark. These as well as the theory put forward are not only based on the author's personal views, but also on observation material furnished by a much larger circle of people who have worked in Greenland for several years.

I consider it desirable to erect a theory based on evaluations which may be partially approved by many persons familiar during a number of years with the Greenlandic problems arising from the Greenlandic nature on the one hand, and from the human mind special to people living in Greenland on the other hand. It is well known that the Greenlandic climate has fluctuated during some decades. Such fluctuations, even comparatively small fluctuations of the temperature of the sea water, are of great importance for the economy of Greenland; hence, inferences as to the future Greenlandic economy may be drawn from the various theories of climatic fluctuations.

What applies to the natural conditions, applies also to the human mind. The Greenlanders are people of a different race, and we do not know how they will react to economic events like those met with in European countries. Our assumption as to the Greenlanders' reactions are based on a highly varying and in various respects sparse observation material. What is considered economically reasonable by the Greenlanders, may differ considerably from the views held in other countries and will in many cases vary according to the influences by which the population has been affected. The observations considered of importance vary from one group to another, and what some groups would characterise as absolutely useful, might be characterised as quite unsatisfactory by another group, and of no use to the Greenlanders. A system of economic dispositions as to which all Greenlanders and all Greenland experts may agree would be so formal and abstract that it would be of no great value for the solution of the actual economic and social problems. I suppose, therefore, that at the outset the finding of such a system which may lead to an economic system and generally desirable economic measures, must be given up.

It might be attempted to erect an economic system which together with the natural conditions might form the basis of the economy of Greenland and of efficient economic measures. The principles used in Denmark might possibly be employed, but both the nature and the individuals differ so much that we cannot be sure that these principles will be the most effective in Greenland. The views met with from time

to time and from place to place vary so greatly that I regard it as unfeasible to pick out the Danish elements and characterise them as the best also for Greenland, and all the others as ineffective in Greenland. Some principles may perhaps be pointed out as the best in all parts of the world, while others may be more individual and only useful during a certain period and on a certain historical background.

However, even with such a limitation of the choice of fundamental valuations, it may be necessary to be cautious. The language is not always clear, in daily life the individual words and concepts gradually, and as a rule imperceptibly, change their meaning and are used in different ways by the different groups. Thus, not many years ago the help offered from rich countries to poorer regions was in some countries evaluated on the basis of its money value. But this view has in late years been altered, the effects of the help on the mind of the receiver, both the individual and the whole population, being now also taken into consideration. The psychological effects cannot to the same extent as in former times be regarded as little relevant in economic considerations. Actions and effects will to an increasing extent become a unit and must be valued as such, and the human view has been very central for all economic and political considerations.

The most adequate definition of the human worth hitherto appeared is probably that published by the United Nations, which rests on the unanimous approval of almost all states of the world. In the strictest sense, however, it is no universally valid basis, as many individuals may hold a different view, and international points of view may alter in the course of time. But at present the principles laid down in the Charter of the United Nations and in the Declaration of Human Rights constitute the most objective basis at our disposal for a study of the economy and its developmental possibilities in Greenland.

## 2

Considering the great efforts now made from scientific quarters to explain the background of the Charter and the Declaration, and to interpret less important documents, it is obvious that it must be a very exacting task to explain the basic principles of the United Nations as they might be used in the development of Greenland. It seems quite inconceivable to me that one single man should be capable of doing it; perhaps it would be advisable to wait till an objective explanation prepared by specialists of the various branches of science is available, but as we are to-day interested in the social and economic development of Greenland, we have to use the available material as well as possible.

In the Charter of the United Nations one of the purposes is stated to be "to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small". I think the central point is to be found in the word 'dignity' so I shall use this word to show the principles which will be used in the following considerations.

To me this goal does not seem to differ very much from the principles applied for centuries in the cooperation between Danes and Greenlanders and practised by the Danish State in Greenland. The people of a country, and even more people belonging to various races as well as their economic conditions may differ greatly, but this does not exclude a mutual respect as expressed by the word 'dignity', which has been accepted both in Greenland and elsewhere as something worth aiming at. This line of thought is further defined in Article 1, paragraph 3, of the Charter, which speaks of achieving "international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion". It would be desirable to find out how this can be practised in international work, more especially in the Danish work in Greenland in the coming years; all Danes understand that the old principles have to get new forms in the new time, in the advent of which all are interested.

Dealing with the long-term goal, to achieve increasing international understanding of the human dignity and worth, it seems natural to mention the four fundamental points, namely those of race, sex, language, and religion, of which the last-mentioned three groups will hardly cause any great difficulties, as the problems they involve have repeatedly been discussed in most countries, and agreement as to the goals seems to have been arrived at in many places. The chief and extremely difficult problem, however, must be the racial differences. In this respect great contrasts have existed which have exerted their influence on the economic and social conditions; thus, reference may be made to the slavery of earlier times, and the nazistic points of view held right up to our time, and these different views led to different economic and social principles. No wonder, therefore, that the view has been put forward that owing to the many great racial differences, it would be hopeless to try to establish an equality of status.

To clarify this question the UNESCO has induced a number of scientists to give an opinion on the race question. This statement, issued on July 18th, 1950, contains five major points, which may be briefly summarised as follows:

- 1) The only characteristics which anthropologists can effectively use as a basis for classification are physical and physiological.
- 2) No mental differences, whether in respect of intelligence or temperament, can be demonstrated.
- 3) The social and cultural differences, which can be demonstrated sociologically and historically, cannot be traced back to differences in the inborn constitution.
- 4) The social results of race mixture are to be traced to social factors.
- 5) All normal human beings are capable of learning to share in a common life and to respect social obligations and contracts.

This statement has a very wide range, and has, no doubt, been of great international importance in many considerations. On the other hand, it has been a difficult task to transfer the fundamental view to the economic conditions, to advance a theory showing the economic lines to be followed as regards a population consisting of several races which rarely understand each other.

The most fundamental break with earlier views regards former colonial territories which, when the statement was issued, were termed non-self-governing. As will be known, such territories could not become members of the United Nations, but should be represented by the so-called mother countries, which, in turn, had obliged themselves to pay greater regard to the local populations than before, and to further their development, so that they could as fast as possible become independent countries and themselves members of the United Nations and get equality with all other countries of the world.

The fundamental provisions are found in Article 73, according to which "members of the United Nations which have or assume responsibilities for the administration of territories whose peoples have not yet attained a full measure of self-government recognise the principle that the interests of the inhabitants of these territories are paramount, and accept as a sacred trust the obligation to promote to the utmost---the well-being of the inhabitants of these territories". To this end they pledge themselves to ensure, "with due respect for the culture of the peoples concerned, their political, economic, social, and educational advancement, etc."

A great and difficult problem in this respect has been the control of the achievement of this sacred obligation. The countries responsible for the administration of non-self-governing territories could not accept that others, not even the United Nations, were to control how the provisions were practised. The peoples living in the non-self-governing

territories therefore had no right to judge whether or not the provision was carried out. In order to ensure a certain supervision it was imposed upon the mother countries to report to the United Nations; these reports were examined by a special committee, which was to report to the General Assembly of the United Nations as to what had been done to develop as fast as possible the territories to become independent countries and parts of the world community.

It seems to me that if we are to appraise the purposes of the United Nations, special importance should be attached to the introductory statement about the dignity and worth of the human person. This principle has hitherto been recognised by many people and in many countries with a democratic government, where people have to decide how to ensure the dignity and worth of the individual, but it is important that it has now been accepted in principle by almost all countries and by the majority of peoples of the globe.

The great difficulty in proceeding from a general to a political goal chiefly concerning the economy is that the term "the dignity of the human person" is so difficult to define that it will be impossible to deduce special purposes from it. The realisation of the principle in detail must, of course, be different in the different countries with inhabitants at different stages of development, various races, etc., and the most dominant groups may try to utilise it to their favour, and it may likewise give rise to tensions between the various countries and population groups, due to some extent to the different interpretations of the provisions of the Charter. It will be of interest, therefore, to find out what is the international meaning of these terms, for this must be assumed to have formed the background of the meaning of the words in the Charter. It will depend on the view of man whether he is to get to the bottom of this problem, and it will not be attempted here. It must be expedient, however, to try to explain the view which I have employed as a basis for the following treatment of the particular Greenlandic social and economic development. But even in this limited form the task is so comprehensive that it must suffice to give some main features which to me seem necessary for an understanding of the following description.

The starting point must be an analysis of the crux of the discussions of the special form of interaction between human beings met with in a community. I have briefly summarised some of the most significant social conceptions; it will be seen that the ideas put forward in the European philosophical literature have played a more important role than the ethical ideas advanced in other parts of the world. It might, of course, seem unjust to analyse a conception which should be based on the ideas of all people, chiefly from the discussions in European cultural circles, but not many know all the ideas which have been used

in all countries of the world. The terms used by me cannot, therefore, be objective in the strictest sense and a safe starting point for general considerations on the relations of people of different races. Quite likely, however, a further treatment of the problems and an increased interaction between the Danes and the Greenlanders will later give rise to an altered line of thought, so the estimates on which my account below is based may constantly be subjected to further considerations and continued criticism. The justification of such a procedure is to be found in the background of the economic policy pursued in Greenland, namely the views published by both Danish and internationally known personalities. We must understand that we do not have all the necessary experience, and this may alter the principles used.

With these reservations in mind, I think it best to point out the conception of the relation between ethics and social science advocated by IM. KANT, one of the best known philosophers, in his publications and held by him to be fairly universal, and it must therefore be of importance for the general evaluation of the interrelation of men which I wish to clarify. To KANT the crux of the matter was the view that people are morally obliged to pay due regard to one another, even if this should be in conflict with the interest of the individual. KANT attached such great importance to this obligation that by means of the categoric imperative he considered it a basis of human doings, chiefly in the individual life, but as a consequence also in the life of the community. According to this view, the individual person, the individual people, and the individual race are unjustified to further only their own interests, in a community the individuals are obliged to one another. Such a view must obviously require a considerable goodwill, not least among people of different races. As far as I can see, this view has highly influenced the development in many communities in the 19th century and has been supported by the view advocated by the Church, viz. that the well-being of his fellow-men is of positive value to the individual man and that we are all obliged to live in peace with other men.

Experience from the world history, it is true, has shown with great distinctness that this is not the only view applied, but that the maintenance of the view that the interests of the individual and the State went before the common interests has often occasioned wars and mischief. At times it has been maintained from many quarters that the ethic points of view could claim no room in the social life and still less so in the interrelationships of the states. The Charter of the United Nations, however, lays down rules for the interrelationship of human beings in accordance with the common interests of all people. This view is undoubtedly not only based on a humanistic attitude, but also on a realisation of the great possibilities of mutual destruction presented by

modern techniques and on the many possibilities in our time for men to combine their economic forces.

### 3

The most significant document issued by the United Nations is, no doubt, the Universal Declaration of Human Rights. It is obvious that such a document must have its roots many centuries back in the history of mankind. I am not going to find out here whether they are derived from the religion or from humanism; it must suffice to point out that this whole development rests on the view that man should not be regarded as isolated, but as a member of a larger community, to which the individuals have to conform, in order that goodwill may arise between all peoples of the world.

Anybody with even a superficial knowledge of history will know that it has been marked by the conflicts between a more or less consistent egotism and a more or less consistent community between people. Examples of egotism are particularly to be found in the colonial history with its brutal and reckless treatment of fellow-beings, in which Denmark participated in certain respects. I am referring i.a. to the so-called triangular trade practised by the leading West European commercial countries, including Denmark, in the 18th century, when vessels carrying pearls and other goods in demand were sent to the Guinea Coast to exchange them for slaves, who were, in turn, sold to the West Indies, where sugar and rum were bought instead, for which high prices were obtained in Europe. It may be added that during many years the negro slaves were treated in such a way that many of them died during the transport. As examples of the other view may be mentioned the Red Cross or the missionary activity started by many West European countries, when human beings risked their lives for the benefit of others. However, this activity will not be dealt with here.

To elucidate the alterations of the general views held by the European cultural circles we may briefly consider the differences between the Declaration of Human Rights of 1789 and that of 1948. While the former is influenced by the views held in the 18th century as to the "right" of man to personal freedom within certain limits, the Declaration of Human Rights of 1948 may probably more correctly be characterised as the free rights of man to develop in all respects. The declaration of 1789 reflected the interests of the French middle class and the individual trades and industries, but did not consider the problems of the "fourth class". However, the individual man needs not only freedom, but also bread, better housing, better education of his children, more effective control of diseases, etc.; the declaration of 1948 accordingly

was more comprehensive and might lead to a transformation of the social structure in most countries.

The individual articles of the declaration have been repeatedly mentioned elsewhere and will not, therefore, be dealt with here; it should merely be pointed out that it gave no universal right to man, but a number of promises which, however, as the Assembly must have been aware, could not be fulfilled within a reasonable time, at any rate not without new economic principles. However, this was inconceivable to many poor people directly interested in the realisation of the provisions of the declaration; they got the impression that it was not the intention to keep the promises they thought were given, and this, of course, gave rise to great bitterness and hatred, which might perhaps have been avoided, if it had been more precisely stated what provisions could reasonable be carried out.

If it is desired that such a hatred should be avoided, the wealthy countries must try to fulfil a number of the promises given as soon as possible. The political promises, which proved to be easier and cheaper to fulfil than the other promises, were first carried out, and many former colonies were made independent in the course of a few years. This gave rise to expectations as to what political independence might mean, and to hatred if the economic conditions remained unaltered.

The relations between Greenland and Denmark have often been characterised as archetypal, and the view has been advanced that other countries ought to take them as a model. There can be no doubt that Denmark may contribute to the solution of the above-mentioned problems, which are of such vital importance for a quiet development of the world community and the creation of good living conditions for all people.

#### 4

Considering the principles of the development which has taken place since the proclamation of the Declaration of Human Rights, it seems to me that several notions of importance for our understanding of necessary social structures have been altered. It is, of course, impossible to give a definite opinion as to the development, so I shall confine myself to a few comments which I think will be of significance for our understanding of the special Greenlandic problems.

The prominence given in late years to the personality and the character, as against earlier appraisals based largely on the income of the white man, has in recent years played an increasing role as regards the help which it is considered reasonable by international circles to offer to most developing countries. It is desired that the inhabitants should understand that the assistance offered is to their advantage.

It has been pointed out from many quarters, both by the developing countries and by the United Nations, that numerous tasks may be undertaken by the local population, for instance an improvement of the water supply; the inhabitants of a village might dig a well near the place to secure sufficient water, if they got the necessary instructions.

Another local problem which has started a series of chain reactions in many developing countries, is the education. In many places the people could neither write nor read and did not know to cultivate the soil to get a satisfactory crop. The children's schools started in some places were not always appreciated by the parents, who feared that the children would look down upon them, and moreover the assistance of the children was highly needed at home. Gradually, however, the distrust and opposition were overcome in many places, as the inhabitants realised that it would be an advantage to their children, as well as to themselves, to learn to read and write to be able to participate in the development going on in their country.

The importance of and the interest in an adult education would very likely be increased, if the central institutions furnished reading matter in the local language, and the local population understood that their language was respected by the foreigners. In this way the often discussed vicious circle might be broken and a valuable development started.

Finally, the efforts to control the mortality of the population, in particular of the infants, may be mentioned. It has led to a rapid increase of the population, causing all other problems to grow more comprehensive than would have been the case, if the former stagnation of the population had continued.

This development, with its close connection between the person and his work, has taken different forms, e.g. it has given rise to cooperation and the establishment of savings banks as a basis for local investment and industrial development.

This trend of development does not date back very many years, but there seems to be a growing understanding of the form in which help to the developing countries should be offered. The development going on in many countries during the most recent years is related to the development in Greenland in earlier times, so a comparison between the earlier Greenlandic development and the new working methods in other countries may help us to understand the problems of the coming years which may arise in Greenland as well as in other countries.

For centuries it has been understood by many people dealing with the Danish-Greenlandic relations that it would not suffice to help and support, and it was generally realised that every effort should be made

to further the initiative of the Greenlanders to start something new and their inclination to take on responsibilities.

## 5

The statement in the Charter of the United Nations that the obligation to arouse the interests of the local population should be accepted by the governing member-states as a sacred trust was understood to be more than empty promises. Otherwise the development started by the United Nations would give rise to a growing opposition between the rich and the poor countries, while the preservation of the status quo of the pre-war time seemed unimaginable. To arrive at a greater mutual understanding, it was important that the continuous social and economic development promised should be followed by all the united nations through regular yearly reports. If, however, the United Nations were to have a right of supervision, another essential principle, namely that of self-determination of the individual countries, i.a. the right of the mother countries to make one-sided determinations as regards non-self-governing territories, would be violated. Hence, no actual right of supervision from the United Nations of former colonial territories is given in accordance with the provisions of Article 73 of the Charter, but, as stated above, the individual countries were to report as to what had been done every year to comply with the provisions relating to the economic, social, and educational fields, and every year a committee was to be set up to consider the reports received. Up to 1953 Denmark had such an obligation to report on Greenland. The majority of member-states have in the course of years transmitted more or less detailed information of the work done. Belgium, alone, has for a number of years declined to furnish such information and to participate in the international discussions in the committee, and in the international comparisons to which the discussions naturally gave rise.

It is perhaps difficult to understand the importance of such an obligation to report and the associated examination of the reports in a committee set up by the United Nations. The many documents which were received on the above-mentioned basis and which were carefully discussed, had, of course, no actual legal significance, and criticism might be advanced from many quarters, no matter whether or not the committee was active.

On the other hand, they were hardly without significance, not even in a legal respect, as the arrangements of the individual countries influenced one another, and the discussions in the committee had to some extent to be taken as an expression of a public opinion on an international basis, which, though it might be disregarded in connection with the individual measures, would in many respects make itself felt. It

cannot be denied either, that the so-called mother countries were interested in the publicity they got through the appreciation that might be voiced in the committee.

I am inclined to consider it of still greater importance that the first germs of an international guidance as to the most desirable development of the particular territories might arise from the discussion in the committee, as well as rules for a reasonable distribution of the assistance given. As will be known, the production factors available do not suffice to meet all reasonable wants, so lists of priority will have to be prepared. The making of such a list is in all countries very difficult, while all dispositions in the economic, social, and educational fields are very strongly related, and it may be difficult for the individual governments to see the effects of a disposition five or ten years ahead.

The health service, e.g. the building of hospitals, the education of physicians and nurses, and the many preventive measures are undertaken by the administrations concerned. Owing to the influence through the discussions and negotiations of the United Nations and the World Health Organisation, the first germs of international norms have formed, cooperation has developed, and international relief measures have been taken, owing to which the work has undoubtedly been more effective than if it had been done as isolated measures. Owing to this rational organisation of the health service the sufferings and wants of millions of people no longer constitute a local and national affair, but has become an international problem, which enjoins on all nations a common responsibility.

This assistance has given rise to new international problems of great significance, as the control of diseases has resulted in a comprehensive growth of the population, which, in turn, has necessitated a more rapid development of the economy, for the rise of the productivity taking place everywhere does not result in an improvement of the living conditions, as the wants of the increased number of people have to be satisfied, and this again must lead to a more efficient education of young people to enable them to do all the new and necessary work.

So far we can have no idea of the effects on the human mind of this international work and of the economic development. There can hardly be any doubt, however, that an alteration of the fundamental views will involve new ideas in the minds of many peoples, and this may lead to an alteration of the economic measures taken. The development will undoubtedly tend towards a higher appreciation of the free development of the human personality and a growing contact between the economy and other aspects of human conditions, and this will lead to new forms of the way in which different peoples and races can live together in the world in the time to come.

## 6

It has been pointed out from many quarters that the economic development in Greenland may be viewed from different angles, and that one group of views cannot be preferred at the sacrifice of the others as being more in accordance with scientific principles. This is also the fundamental view underlying the present study, it being not the purpose to criticise one or the other arrangement or social system; the object, however, is to elucidate the economy in Greenland from a number of premises, but I think to have stressed the development of the human personality more than has been done by most other economists. The premises pointed out here on an international basis are well-known from the discussion between Danes and Greenlanders in the course of time and may perhaps be said to be related to many views long employed in the work in Greenland. This does not mean to say that the work previously done in Greenland is not open to criticism, but it would seem expedient to transfer the valuable aspects of the earlier conditions to the new international problems.

It is not the intention of the author to present his own views concerning the development of Greenland as more correct than those held by others. On the contrary, I have tried to arrive at premises which may to some extent be characterised as international. I am aware that it is a difficult—in some measure an insoluble—task to arrive at clear-cut comprehensive international premises, this field of economy being on the one hand too difficult and intricate, on the other hand too poorly studied, and it is highly desirable that my objects of study should later be further elucidated by other economists. I think, however, that the present study has some justification, not only in the Danish discussions, but also in the international considerations as to the best solution of the great international problems and the best measures to be taken to assist the economically less developed countries. Many problems have not been solved in the international discussions, and I hope that a Greenlandic contribution will be of some interest.

## CHAPTER IX

### BASIS FOR DECISIONS

As pointed out in the preceding chapter, economic considerations are often based on estimates; in many cases a private firm or the public will be interested in supporting its estimates by calculations. This will not always be possible, for all economy, especially the Greenlandic economy, will have reference to the human conditions of life. In many cases, however, it will be reasonable to limit the element of valuation and arbitrariness found in all decisions by producing a numerical material. Such a material must be said to be relevant, if it sets the narrowest possible limits to the element of arbitrariness in the decisions. If in a given case e.g. the maximum profitableness has been chosen, and there are various possibilities for arriving at this, the decision may be supported by calculations of the effects of different dispositions.

#### 1. Calculation

Calculation is here understood to mean the estimation of the effects of an intended disposition, and it may be the background both of an isolated act and, through an intended investment, of a number of different possibilities. Thus, a calculation may be the concrete starting point for price-fixing, possibly for a single concrete sale, or a number of uniform sales, or a decision as to whether a firm is to produce an article itself or it should be bought from abroad. By a comprehensive calculation for a certain period of time the term budget is normally used. The term investment calculation is understood to mean a calculation beforehand of the cost in connection with the investment and the special income to which it may give rise; the economic importance of this calculation may comprise many different articles, possibly produced during a long period. The limitation of the concept of calculation is not always quite clear, as it may refer only to the direct effects of the particular disposition, in a somewhat wider meaning as including also the indirect effects of the disposition, or in a still wider meaning as comprising also the indirect effects to the whole community. Historically, many firms in former times attached the greatest importance to the narrow concept of calcu-

lation, but in the course of time it has in practice been replaced in many places by a more comprehensive concept.

This applies especially to Greenland, where the connection between the individual dispositions, notably their indirect effects, are of greater importance to the economic life than in most other places. As these indirect effects have often been difficult to calculate numerically, the Greenland administration in many cases avoided actual calculations, proceeding directly from the fundamental valuations to the concrete decisions. The more complicated the Greenlandic community, the more important it was to insert actual calculations between the valuation and the decision.

As regards a firm or a community with many possibilities for economic activity, the concept of calculation comprises the increase of cost due to a particular measure compared with the advantages (as a rule income) resulting from it. Previously, especially in West-European-North-American cultural circles, an increase of cost and income would mean the increase measured by the currency unit of the particular country, but there is nothing to prevent the use of other units, e.g. foreign currency, or the consumption of commodities which are momentarily sparse (e.g. during wars), employment, etc., and it will be possible to make calculations with various aims in view (in a private firm the wages mean a cost in relation to the profitability, as for a community the aim is often an increase of the gross national product, etc.). In a modern community a decision will often require several sets of calculations based on various units and reasonable aims (in Greenland the calculations may vary in accordance with the aims on which they are based).

If the calculations comprise the variable cost only, they will rarely give rise to great difficulties, as the units used (e.g. cost of materials) may often be accurately determined as to both quantities and prices. Particular difficulties may arise if a greater part of the cost calculated is fixed, e.g. in case of machinery, which may be used for different purposes, and the cost may accordingly be distributed over various productions in accordance with different principles.

The economic problems in these districts are only understandable if we study the different points of view of the different groups. Formerly the point of view of the West-European-North-American peoples differed greatly from that of the inhabitants of the old-time colonies, but it was only the foreigners who made the decisions. The inhabitants had no possibilities to say what they thought was the right thing to do, and in consequence they had to give up their old principles, and to use the valuations of the Europeans in nearly all respects.

To-day many people of different political circles understand that the valuation of cost according to the earlier principles cannot be used

without doing harm to the human mind and the necessary self-respect. In Western Europe the central problem is that all people think they have a right to work and to live a normal life, but in the poor countries the problem of cost as directing the production has relation to many aspects of human life and plays a very great role. Many inhabitants think that the difficulties are due to the white man, and we must understand that these problems of evaluation and calculations should necessarily be discussed in such a way that the inhabitants and the white man may come to a better understanding than before.

It is not intended here to give an account of the calculation problem in general and theoretically, for in a paper of limited scope it might easily be more abstract than required for the purpose, which in this connection is to elucidate the development of the economy of Greenland which has taken place so far, and to clarify conditions of essential importance for the measures which will be of interest to the future development. I shall confine myself, therefore, to mention some details which in my opinion will be specially relevant in Greenland, in order that both Greenlanders and Danes may understand why this and that happened, but also to pave the way for an understanding of the future events and to form a reasonable background of the decisions to be made, viewed in connection with the general economic theory.

By limiting the task to the special employment of general economic principles in Greenland and countries with related conditions a particularly abstract character of the account may be avoided. Points of view valid under all conditions and at any time must be of such a general character that on applying the theory as support of political decisions in the Greenland economy, a number of geographical, historical, and political conditions will have to be introduced, conditions which are of essential interest for an understanding of the problems with which we are confronted in Greenland. This may be difficult enough, because the present-day problems have so many special features which cannot be disregarded, if we are to elucidate the problems and help to make the best decisions for Greenland.

## 2. Origin of the Problem of Decision

In earlier times the economic theory chiefly dealt with the conditions in a static community. Characteristic of this theory was a description of the interrelations of the various economic factors, so that each economic activity affected the whole system, and it was a special object of theory to clarify the conditions, and to show how to illustrate the order of magnitude of all the economic factors, at the moment as well as for longer periods of time. Such a description could be made verbally by

employing the everyday language, and if so, the description would be rather understandable to everybody, but it had to suffer from the instability of the language. The many relations may also be explained by being incorporated in an equation system (as is known from Walras), characterised by the fact that the number of unknown quantities is equal to the number of equations whose solution, provided that the presentation is linear, is theoretically computable.

This supposition of quite simple equations agrees poorly with our experience in the modern community, so we may imagine the use of systems with more complicated primary equations. We may be sure that the alterations in a community will take place in accordance with such a simple system, but if the conditions are made more complicated, it will be more difficult to apply the system. The support of economic measures looked for in a theory has but little reference to the conditions at the moment, but rather to the alterations taking place in the course of time, which require more dynamic equation systems.

From the point of view held at a particular moment the future community will necessarily contain many different possibilities for alterations in various respects. Only a limited number of these can be realised, for as the economic factors are more or less sparse, one economic possibility will to some extent exclude the others, as a production factor can only be employed in one place. Besides explaining the actual conditions, it is the object of economic theory to explain the various possibilities offered by the given production factors and the advantages and drawbacks they may involve.

From the existing possibilities theory must necessarily choose the relations which it wants to elucidate, especially with a view to the future, and the problem then arises how the choice is to be made, for the investigations and evaluations may result in a change of the public opinion and the consequential political decisions. There is in itself nothing to prevent a "casual" choice, but what then is to be understood by casual? In case of numerous possibilities, interest may be associated with some of these which theory may select and study; but if so, science should not characterise the result as universally valid, but as something which may be right on certain clearly defined conditions. Hence, there will always be an interaction between the view held by science, the public opinion, and special interests, and it is essential to realise in each single case which evaluations and views form the basis in the concrete case.

There is nothing to prevent the individual worker from choosing and defining these conditions, but if so, he cannot claim that the theory in question and the results arrived at in one or the other respect shall be valid to others than himself, or that the results shall be accepted by

others employing a different starting point. As a rule, economic science will be interested in the employment of universally valid views, or, these being rare, such as are valid in a limited community and a limited period and thus within the given limitations may be used as starting points for economic decisions. On such general conditions, economic reasoning, provided that it is logically correct, may tell us what should be accepted for the particular geographic territory during a given historical period.

Transferred to Greenland it means that no general statement can be made as to what is economically correct. The same measure may be correct in one period and wrong in another, the conditions on which it is based having altered, and similarly, owing to future alterations, new economic measures may be considered reasonable.

The first great obstacle to the employment of an economic theory as guidance for economic decisions in the Greenlandic as in any other community, is that the economic theory is not immediately aware what premises should be regarded as the right ones under the given social conditions. There may be various groups of interest each with its special system of views. As for the economic development of Greenland, the Ministry for Greenland, the Royal Greenland Trade Department, the Greenland Provincial Council, or the Greenlandic families may either of them be interested in a particular set of premises, which logically may lead to different consequences, and it is required that either of these sets should be carefully analysed; often the premises will prove not to differ very much, there will always be some few as to which a majority of the particular groups of interest agree, and which may therefore naturally be made the starting point for calculations of a desirable future development.

In many cases it will be various political authorities which determine the premises for the calculations to be made by the economic theorist, and state what they want to have clarified. However, economic theory should not be based exclusively on such premises. It is fully legitimate that the theorist himself puts forward views which he thinks are correct, or reflect the desires of the population, if this has been informed beforehand of the attitude of the political authorities. The view of the political authorities, like the public opinion, is based on a limited knowledge, which may lead to one-sidedness, and accordingly the results of a theoretical investigation will never be fully satisfactory.

Such difficulties especially arise within economic units where one part of the population is dominant in relation to the other part, as is often the case between so-called mother countries and non-self-governing territories; the conditions under which such people live differ so greatly that it is hardly easy to attain agreement. Under such circumstances it may be expedient theoretically to operate with different sets of premises,

which lead to different economic theories. It cannot be the immediate object of economic theory to build on the set of conditions prevailing in the mother country, disregarding what the local population thinks reasonable to employ as a basis for economic dispositions.

Under such conditions it would seem more reasonable for the economic theory to suggest two or more sets of premises which may be generally accepted in either of the two territories or by different groups of population in one or the other territory. On the basis of each set of premises we get an economic theory, which may lead to different sets of correct dispositions. It will then be a political problem to decide which set of economic systems should be preferred, but the economic theorist should not give preference to the system which favours the special interests of one group. It is useful to distinguish between the theoretical and the political work to be done.

It should further be found out whether some points of view may apply to different territories, and if some premises are simple enough to be generally understood and accepted, we may arrive at a starting point for a theory of economic decision which may be universally employed. This applies in some measure to the principles laid down by the United Nations, which principles may form a basis for an economic theory in accordance with universal interests and points of view.

Turning now from these general considerations to the conditions in Greenland, it should be borne in mind that the conditions met with in the fertile Denmark are not immediately comparable with the conditions in Greenland. A theoretical investigation of the Greenlandic economy and expedient measures to further it must accordingly attach special importance to the geographical and human conditions found in Greenland. This fact is specially pointed out here, as it has not always been taken into consideration by mother countries, which have taken it for granted that its own premises would be valid in non-self-governing territories. Such a view has often had very unfavourable consequences, and if we use the same way of thinking in Greenland, the results will to some extent be the same.

### 3. The Concept of Cost

In former times it was generally held that the concept of cost was clear, and that the same definition could be applied in all cases in which this concept was employed. To-day this is regarded as unsatisfactory, for with different ends in view we shall in many cases come to different concepts of cost. Thus we may distinguish between private-economic and social-economic concepts of cost, and between long-term and short-term points of view. A thorough analysis will show that the above-

mentioned concepts may be further subdivided in accordance with the different goals set.

During a number of years economic theory has considered it significant to concentrate on a computation of the variable cost, which is generally understood to mean the additional cost resulting from a disposition taken by a firm. This theory as a rule presupposes, though often it is not specially mentioned, that the economic situation of the firm should be precisely the same before and after the measure is taken, that is to say that possible indirect effects thereof should be disregarded.

In practise this is often the case; thus, for instance, we may calculate the price of a commodity which is not to be produced again, or not to be sold again on a certain market, or calculations may be made of an internal measure taken by a business (e.g. concerning re-building) which will have no influence on the working of the firm. This implied condition ought to have been mentioned more frequently, and greater regard should have been taken to such indirect effects, though in some concrete situations they might be disregarded.

As to the Greenlandic economy, this view will mean that a great many expenses are due to the direct connection between Greenland and Denmark; Greenland is the poorest region, where everything is done to create a modern community regardless of the size of the production. The Greenlanders are not considered to have the same possibilities of removal as the inhabitants of the other parts of Denmark. From this consideration, the problem of all economic measures to be taken will be whether the income resulting from it exceeds the expenses, while all fixed wages and investments are not included in the calculations.

This form of marginal calculation is on the whole of importance in the case of short-lived dispositions within a private firm, where the fixed expenses are less important, it being always an advantage that a fixed plant is utilised to the greatest possible extent, if merely a profit in excess of the direct variable cost is obtained.

To-day this procedure is hardly as practicable in economic measures as a few years ago, because the views held by a firm will to an increasing extent be long-term views. In this respect theoretical and practical considerations seem to show a fairly parallel development, a significant element of which is that the concept of variable cost, which was previously regarded as uniform and given in all cases and as to all dispositions, is to-day regarded as less uniform and marked by different goals. The variable cost may be altered according to the views held, and will have to be given different definitions according to their use in the concrete calculation. This necessarily implies that the concept itself, as a function of the economic situation existing at any time

and in any special field, has had to be subjected to a more detailed analysis in connection with the objects in question.

Such an analysis of all the individual elements of cost is beyond the scope of the present paper, so I shall confine myself to mention some examples often met with. Thus, previously wages were regarded by the firms as variable expenses, labourers who were not needed being dismissed, for others might always be hired again if required. From a social point of view such a measure is undesirable, as it will always mean increased expenses to the community. In Denmark dismissed iabourers may generally get some other work; in Greenland the possibilities of substituting one work by another are much more limited. If, for instance, the Royal Greenland Trade Department stops the purchase of seal blubber, the Greenlandic hunters will lose an important source of income, and other forms of income will have to be procured, e.g. by raising the prices of other products sold by the Greenlanders to the Trade Department.

However, this view is not held to the same extent as before by private firms in Denmark owing to the modern technique, which often requires a training of the labourers, and the expenses resulting from dismissals of trained labourers and later training of other labourers must be included in the calculations. In some cases the opposite view has been adopted, namely to regard the wages as a fixed cost which may be disregarded in the calculations of the variable expenses. This applies chiefly to cases of lack of manpower, but a firm cannot always rely on getting well-qualified labourers for a particular job.

Under such circumstances the firm will be interested in not dismissing the man, and to regard his wages as a fixed cost not to be included in the marginal calculations. Whether they should be regarded as a fixed or a variable cost, depends on the economic situation of the firm and the economic policy of its management. Owing to the changing conditions, a disposition which is right at one day, may be wrong the other day, and this will in future require a more intimate cooperation than before between the management of a firm and its calculation divisions.

This means that in calculating the variable expenses as a basis for a measure to be taken by the firm, attention should increasingly be given to the total effects on the economy of the firm, owing to the constantly more complicated technical installations and market conditions. The fixed plant will gain an increasing importance, and the fixed expenses are to be defrayed, no matter whether or not the plant is utilised. It may be of doubtful economic value if owing to a single disposition a more effective utilisation of part of the plant should involve a poorer utilisation of another part, or an increased sale of a product should result in a lower

sale of another product. Thus, it should be taken into consideration whether the disposition in question makes the firm more or less harmonious.

These effects on the harmony of a firm may mean that in one case the calculations will have to be made on the basis of the variable, in other cases the total, expenses. In principle the effects on the harmony may be disregarded in limited calculations, but this does not alter the economic reality, and many losses to a growing business have occurred because the interaction between the individual parts does not function as well as before, not least because the plants are getting more complicated. Such losses might be avoided, if the calculations were made in closer cooperation with the chief management of the firm.

As mentioned above, a calculation on the basis of the variable cost has been of importance in Greenland, not only to the Royal Greenland Trade Department, but also to the whole Greenlandic community. Previously, however, marginal calculations hardly played the same role as in Denmark. It is often easier to get an impression of the indirect effects of a measure in a simpler community, and owing to an intimate knowledge of all the factors, the chief managers could estimate without actual calculations what was of importance to the Trade Department as well as for the Greenlandic population, and could make their decisions on the basis of their common sense, which is often preferable economically to a decision based on incomplete calculations. As mentioned above, in Greenland a dismissed workman does not have the same possibilities of getting another job as in Denmark. Moreover, the administration formerly felt a greater responsibility for the earning power of the individuals and their resulting conditions of life. And owing to the limited Greenlandic possibilities of production it is of importance that the individual parts thereof should be carefully harmonised, and that the production whenever possible should be planned in such a way as to ensure earning possibilities at the different seasons.

In addition, the economic administration of a firm and the representatives of both the Danish and the Greenlandic communities are united in a cooperation which owing to the severe natural conditions and the special cultural aims must be more intimate than elsewhere. The cultural development has had special forms not only within the school, the church, and the health service, but also as regards the general economic policy. On this account, the calculation, as will be dealt with at greater length below, must have a somewhat different form in Greenland than elsewhere, and the specific Greenlandic elements have varied in form in accordance with the proceeding cultural development.

#### 4. Indirect Effects

As stated above, the normal marginal calculation of the cost cannot always be used, if the economic situation of a business is altered by the measure taken, for if so, indirect effects, to the extent they can be calculated, should be included in the disposition, or, if this is impossible, be replaced by an estimate; that is to say that the calculation should illustrate the total economic situation of the business before and after the particular measure is taken. From this consideration, also, the effects are to be regarded as marginal, but they have reference to the whole business. In principle the same mathematical view may be employed, but it is the total cost-function which is to be used.

This applies in the first instance to the general enterprise, which according to this view does not regard the economic activity as a number of isolated arrangements, whose effects can be combined to form a unit. On the contrary it regards the economic dispositions as a unit of which the individual measures are elements affecting each other, now in a positive, now in a negative direction. For this reason the economic division, notably the book-keeping division, will be given a more central place in the organisation of the economic unit. In this way the management may be guided so as to regard the individual disposition as part of the whole, and to plan the economic policy as part of the total undertaking; thus, the economic part of the firm will become a natural connecting link between the production and the sale, and may accordingly contribute to harmonise the firm and under the given conditions ensure the least possible idling. The larger the firm, the more it is influenced by its fixed cost, the more necessary will be such a form of its internal organisation. It may be difficult to describe in detail the rationalisation of the individual firm, it depends on the character of the business as well as on the fixed cost, though in principle the development must be the same. It cannot be dealt with at greater length here, but it should be mentioned, as it will be of importance for the understanding of the following considerations.

It is difficult to give a general idea of the direct and the indirect effects, for they contain many difficult elements, in particular because we are here concerned with future effects, as to which the business will have to be content with a more or less well-founded estimate. This may be prepared with different efficiency and knowledge, and it is therefore of importance that the economic section of the firm should have a central place in its internal organisation. The probability of the indirect effects may differ somewhat according to the constantly altered situation of the firm as well as according to the policy which the management has decided to pursue, and which must normally be laid down for a fairly

long period, because it is an expression of the economic interaction of the individual elements. It must be assumed that the calculations of well managed firms will pay more and more regard to the indirect effects and to an increasing extent try to coordinate the individual elements. This is probably due to the fact that many firms are interested in employing a permanent staff familiar with the economic policy of the firm. Moreover, they will often be prepared for a steady utilisation of the fixed plants, though this necessarily involves heavy fixed expenses; accordingly they are interested in stable markets and in ensuring the goodwill of the buyers. As a consequence, the large number of so-called normal sales will be effected rather frictionless, one sale more or less giving rise to the other.

Thus, the fixed cost, which owing to the technical development is of increasing importance for the total economy of most firms, will in many cases not be directly incorporated in the calculation and the prices offered to the customers on the basis of the calculations, as these prices, according to the above, must vary from one situation of the market to the other. Under certain circumstances the prices offered will depend on elements which in this connection may be characterised as a variable cost, that is to say, determined by the given situation and the effects it involves. But the main principle, viz. to make one's decisions on the basis of the variable cost, does not prevent that the firm, estimating the indirect effects of a disposition, will see these in a greater continuity, as described above.

If there is a probability of indirect effects, these should be included in the calculations. In such cases the calculators must rely on the probability calculations of the statistic division.

To avoid complicated estimates of the indirect effects, an average of the effects most commonly met with may be estimated. These regularly recurring effects will depend more or less on the production price of the commodity in the long run and the competition with other firms. The more intricate the economic situation appears owing to the larger markets with their abundance of fresh products and the large technical plants, the more difficult will it be for the firm to make its dispositions and to form an economic policy which will ensure a high degree of goodwill at all sides.

To sum up: the calculation with which the firm operates must take into consideration not only the immediate effects of a disposition, but also the expected future effects. This means that the calculation should take into consideration that the invested fixed plant is a prerequisite for the economic policy pursued. After a certain period the fixed plant will have to be replaced by a new one, that is to say that fresh capital will have to be secured. This has often been done by distri-

buting the cost in connection with the new plant over the whole production according to certain principles, in order that the provisions for depreciation and the interests may be fairly uniform. A firm does not possess unlimited quantities of capital (production factors), and accordingly it has to take care that the available capital is used in the most expedient way.

The fixed plant may often be used in different ways, though only for one purpose at a time. These possibilities of substitution vary considerably for the different fields of technical production, and this may influence the measures to be taken; thus regard should be taken to the mutual harmonisation of the individual fields of production, and of the production and the possibilities on the market.

If the short-term point of view is employed in calculations of the price, the economic fluctuations will be greater, and if all sales are considered isolated, there will be a larger profit. If a long-term view is employed, more casual profits will disappear, and the profit as a summation of the individual dispositions will diminish. If, however, the employment of the long-term view gives rise to a goodwill for the firm, the different situation will mean on the one hand that a less, on the other hand a greater profit will be obtained owing to the goodwill created. Which procedure will ensure the highest profit and profitableness cannot be said before-hand.

It will be known that in business-economic circles various points of view have been advocated in the course of time, and these may, as a rule, be ascribed to the fact that the theories are due to different sets of premises. Under special circumstances some amount or other will in the given situation fulfil the purposes of the calculation and will accordingly, considering the policy pursued by the firm, be optimal. The individual calculations and the estimates of the indirect effects will vary in accordance with the market situation and the economic policy pursued by the particular firm, by other competing firms, and by the community as a whole; for it is obvious that e.g. alterations of the taxation, the customs acts, the interest policy, and many other factors may be of importance for the rational economic dispositions of the individual firm, and the indirect effects will have a growing effect on the total picture.

It should be added, that if a business employing such a long-term calculation and price fixation pays regard to the variable cost, and often, if a long-term view is used, to the fixed cost, and on the whole to the total indirect effects of the conditions under which it operates, the competition on the world market will tend to show that its economic policy will coincide with the interests of the community. As will be known, this is the case if all the costs are variable or may be regarded

as variable, or they are without any relevant importance—a conception which was predominant during the nineteenth century, emphasising the importance of the free competition for all the citizens of the community.

Notably in the previous century it was pointed out that the firm which offered the lowest price was that which in the long run would do the work cheapest and accordingly ought to be preferred by the community, and that it was this, as it were, natural selection which more rapidly than public measures carried a community on to a higher standard of living.

If the various firms in their calculations and price offers pay regard to the total effects, we shall in some measure approach the liberal conception of the community according to which a calculation is a means by which to attain the greatest satisfaction of the requirements with the available production factors; however, some of the strongest groups may break this principle and try to get special advantages at the sacrifice of the other groups, and thus the principle may lead to consequences which are in no way desirable from a social point of view. Such a form of price policy will only be desirable, if all comply with the said principle. In a present-day community the question of calculation and fixing of prices is therefore very delicate and may give rise to considerable tensions in case of great differences between the incomes of the various groups of the population. Such tensions are met with everywhere, but are especially pronounced between the different races and classes in the developing countries.

In Greenland special principles of calculation have been used. The prices, however, were not calculated on the basis of the expenses at the moment; thus a momentary big catch did not result in lower prices for the products bought from the Greenlanders and higher prices for the commodities sold to them, nor did failing catches give rise to higher purchasing prices, as would have been correct according to the marginal method of short-term calculation; but price-political principles were laid down for the distribution of fixed expenses, with a view to both the present and the future and to the importance of the commodities to the consumers.

Prior to 1940 the principle was employed that income and expenses should be equal during a trade cycle in order that the Greenlandic population might avoid the normal fluctuations on the market and be sure that their living conditions would remain unaltered. In late years, however, this principle has been given up, and the prices have been fixed at such a low level that the Greenlanders could participate in the development towards equality with the rest of the Danish population. As the possibilities of valuable productions are fewer in

Greenland than in the rest of Denmark, and the cost of transportation to and from Greenland higher, larger subsidies from the Danish state were required to ensure to the Greenlandic population a material basis largely independent of the fluctuations on the market and a suitable standard of living.

Thus, in Greenland calculation and fixation of prices were not practised in the same way as in the remaining part of Denmark. As will be known, the advantages were a stable well-being from year to year in relation to the contribution of the individual. The disadvantages, on the other hand, were that the Greenlanders to a certain degree lacked training in economic reasoning as regards the market and an understanding of the economic substitution principle, and the preparation of a list of priority of their wants.

In such a special Greenlandic calculation, not dictated by the interests of private firms, but aiming at satisfying social requirements, the prices must necessarily be fixed from social points of view.

As formerly the Danish state desired that the Greenlanders should take a greater interest in securing more effective means of production, these articles were placed higher on the lists of priority and at such low prices that the Greenlanders had possibilities of buying them. In the whole public sector of essential importance for the cultural development of the population, e.g. good houses, comparatively low prices were kept, or the measures taken were quite gratuitous, such as all measures to ensure a better health.

The price policy was not left to chance, but the prices were fixed with a view to providing the best possible conditions of living to the population. This is dealt with at some length here, because the problem is of importance for the evaluation of the social and economic policy which must be regarded as expedient under the geographical conditions under which the Greenlandic community lives (severe temperatures, darkness, stormy weather, great distances to the markets, etc.).

### 5. Uncertain Factors and the Economic Policy

If we are not concerned with an isolated calculation, e.g. of a consignment which a firm wishes to sell quite extraordinarily, but a calculation which is to serve as a basis for investments in a large plant, special elements of evaluation will be included in it. One of the reasons is that the effects of the disposition, as mentioned above, will extend over a fairly long period, during which the economic conditions may be materially altered. If the means at disposal are limited, as is the rule in a private undertaking, its liberty of action will be limited by the circumstance that the capital invested can no longer be used for other purposes. If a new

investment is made, it will be the object of the management of the firm to utilise the particular plant as effectively as possible and in harmony with the older plants of the firm.

As a basis for our decisions, we may carefully estimate the future effects of the investment. It is unfortunate, if the individual elements of such an estimate are determined exclusively by abnormal conditions. It should always be considered whether the conditions may be assumed to last during the whole lifetime of the investment. If not, the dispositions made with regard to the plant and its operation should be altered in accordance with the altered estimates.

In such a valuation a stochastic reasoning may be employed, namely that an event may be quite casual (the classical example hereof is the start of a telephone conversation), and a stochastic investigation must then be made as a basis for the possible dispositions of the firm. In many cases the coming events will not set in quite casually, but will be a combination of casualness and effects of causes which are more or less known at the time the calculation is made.

It will often be difficult in the motley picture usually presented by a market or a community to form a clear idea of what is casual and what is the result of causes which might be known. The first thing to do, therefore, is to try to find out what alterations may be estimated beforehand. Many partially casual elements should be analysed in order to reduce the uncertainty as far as possible.

If we knew the probability of the events and their economic consequences, they might be included in our calculations. As a rule the firm will have no certain knowledge of the possibilities to be met with, but some basis for an estimate may always be gained by gathering all the details known to the firm or obtainable in some way or other. If the elements have been clarified as far as possible, the management may form an idea of the coming market conditions.

In most cases the possibilities and probabilities collected will have to be supplemented or replaced by a total estimate based on the total knowledge of the firm and its ability to form a general idea of the conditions. In several cases the background of the estimate may afterwards be analysed and discussed; future is not quite casual, but may be influenced by the present time, so it would be possible on the basis of the present-day conditions to form a well founded estimate of the future. However, a correct analysis is not always possible, and what must be termed casual events by the firm cannot be avoided. In the course of time the firm's estimate may be extended by means of statistic calculations, which, though containing elements of facts, are often limited by elements of uncertainty. Although the statistic material may in the course of time be increasingly accurate, and new methods of calculation be developed,

and although the technical means at the disposal of the management may be improved, the estimates of the management will hardly ever be superfluous.

The many possibilities and degrees of probability included in an estimate of the future which is to serve as a basis for a more comprehensive calculation may be analysed, as a rule according to what is characteristic of the individual possibilities. It may be expedient to divide the different fields e.g. into three main groups of factors, viz. natural, market, and political factors, which will be used as a basis for the following considerations. Each of these three fields are associated with certain special factors of uncertainty, some of which will be briefly dealt with below.

An essential point common to fields of special importance is that the factors of uncertainty are, as a rule, increased by greater distances in time from the moment of calculation. It is easier to get a correct idea of the possibilities existing during a short period than the more remote effects. Moreover, factors of uncertainty appearing small when viewed from a short-term angle, when many elements are known beforehand, may increase considerably when viewed from a long-term angle. The special characteristic of many such factors will be determined by elements which may be both general and special for the planned purpose. Experience from other fields cannot, therefore, be immediately transferred to the situation in question. Accordingly there is a relatively great risk that estimates which may be correct in Denmark cannot be transferred to Greenland. Moreover, erroneous dispositions within the Greenlandic trade and industry may have more far-reaching consequences than elsewhere, because the possibilities for substitution by employing the plants for other purposes are more limited.

The greatest difficulties will, as a rule, arise in connection with measures intended to operate for some time in a community with a great many uncertain conditions. Such long-time dispositions are therefore much more uncertain than short-term dispositions, not least in Greenland. This especially applies if various far-reaching measures are taken at the same time, for it should be realised beforehand how they will harmonise with the current production factors, material as well as human, and with the operation of the remaining production factors. The harmonising of the production will be more difficult and more costly in Greenland than in other parts of Denmark.

As stated above, the climatic factors in Greenland are of very great significance to the fisheries and the industries based on the fisheries. In many cases it will be necessary to compute statistically the number of normal fishing days in a district during a season, which may differ from the number of fishing days in other Greenlandic districts and in

countries outside Greenland, and may accordingly influence the competition and the standard of living. This uncertainty may be of minor importance for the catch immediately consumed, for in Greenland it will, as a rule, be possible to catch what is required for the household. The seasonal fluctuations are notably reflected in the export and the total economy of the Greenlandic community. Thus, the earning possibilities of the population varies with the climate from month to month, and the consumption of a Greenlandic family occupied in the fishing industry will accordingly be rather changeable. The production and occupation in Greenland will be further influenced by the possibilities for supplementing the income from the catch with other kinds of income. It is owing to the unstable natural conditions that political measures have been taken to reduce the element of uncertainty to the Greenlandic population.

The uncertainty connected with catch and production may have special effects on the industrialisation. To ensure the lowest average cost, a factory with costly fixed plants must in most parts of the world operate with fairly constant supplies. In a Greenlandic calculation the fixed cost must be distributed over a smaller number of working days than in most other countries; to attain the same profitableness either the catch must be larger, the Greenlandic population must be more productive, or the product must secure higher prices on the world market. Only few factors may result in reduced costs in Greenland, as a rule the cost will be higher than in other countries, especially as regards the transport from the place of production to the central market. Storing of the fish caught may only give rise to some degree of equalisation, for a long storing may influence the quality and accordingly the prices obtained later on. Under certain conditions a large plant may be more profitably utilised for varying purposes at the different seasons, which may contribute towards covering the fixed cost.

If regular supplies from the Greenlandic production is only obtained to a limited extent, as is the rule, the plants are utilised for a smaller number of days, and the cost of production will accordingly be higher; that is to say that the industrial concern—provided that other expenses remain unaltered—will have to operate with a higher cost than a corresponding factory elsewhere. It is this high degree of uncertainty which has always characterised the Greenlandic economy. Typical in this respect is an attempt made about 120 years ago to establish a private firm in Greenland. Only under quite exceptional conditions may large profits be obtained, but as a rule they cannot offset the losses due to the uncertain conditions, a private firm rarely possessing such great reserves as to make up for the poor results in many years.

In the present century the climatic fluctuations in Greenland have resulted in a rise of the mean temperature. Thus, the temperature of the sea has risen somewhat during the last four decades, causing a significant alteration of the occurrence of sea-mammals and fish. The actual polar animals have moved farther northward, being now less common in the South Greenlandic waters, while notably cod, which at the end of the last century was of scattered occurrence only, now occurs in such large quantities as to form the basis of a considerable part of the Greenlandic trade and industry.

Considering the development that has taken place, it will be natural to ask the question whether this development may be expected to continue, or there is a probability that the climate will change again and the temperature fall to that prevailing at the end of the last century, and what this may mean to the future stock of animals and fish and accordingly to the economic life in Greenland. Various views are held as to the probability of future temperature changes. This uncertainty greatly influences the calculations of the expected period of utilisation of industrial plants. As regards the profitableness, the practical effects will be that plants based on more regular supplies or relatively valuable occurrences will be preferable to such as are based on highly varying occurrences normally combined with a high cost of transportation.

If general business-economic calculations with a view to profitableness are operated with, there will always be a great risk that a not economically reliable optimism based on transitory rich occurrences will lead to investments which for the aforementioned reasons cannot be utilised as effectively as plants in geographically more favourable regions, and the profitableness will accordingly be lower than might be expected considering the abundance of production factors and the capability and efficiency of the workers.

Another nature-marked factor of uncertainty to the Greenlandic economy is the greater or smaller probability of finding new valuable mineral deposits. If such deposits are able to cover the high cost normally involved in mining in Greenland and yield a surplus, they may be of very great importance for the economy; however, most regions of Greenland have hitherto been found to be rather poor in valuable minerals.

The other fundamental factor of uncertainty mentioned above and included in the investment calculation comprises the possibilities on the market; only few of the present Greenlandic export products may find a satisfactory market in Denmark proper, so a large proportion of them will have to be sent to more remote and often unstable markets possibly with import restrictions. To a private business it means a special risk to make investments during a boom with a great demand

and high prices, for conditions may alter in the course of a short time.

In communities with a mixed production the factor of uncertainty will be partially eliminated by different price movements for the different commodities, while in a community producing comparatively few products the case is different. The risk is exceptionally great if the economy and welfare of a whole community is influenced by the price fluctuations of a single product. The greatest price fluctuations are often shown by raw materials and slightly manufactured products, frequently in countries with a poorly developed industry. This element of risk was particularly prominent in Greenland when the dominant export product was seal-oil, as against fish in recent times.

Similar difficulties are met with in many other, notably overseas, regions. After the last World War a depression has often had far-reaching effects in highly industrialised countries and the non-self-governing territories dependent on them, the local population being now more dependent than before on the prices of many imported articles. The great price fluctuations are therefore counteracted by political measures to stabilise the prices and thus to avoid short-lived incomes and corresponding losses, both of which may have a demoralising effect on people who are unable to understand the economic conditions.

Stable prices may also be of importance for new investments, as they may cause the greatest uncertainty to be eliminated or reduced. If the prices are not fixed in proportion to the cost of production, inflation may result. From a long-term view it may be risky to build too much on short-time possibilities and to make investments on the basis of an economically unsatisfactory stabilisation of the prices.

A calculation of an investment must always require a careful study of the possibilities on the market at the moment and during the lifetime of the investment. This means that to be economic, and to get satisfactory consequences in the future, such measures must rest on a solid basis. Before making such calculations it may be expedient to consider both the current and the latent demands of the market, in order to find out whether an increased production may be expected to be sold on the world market. However, other procedures may be chosen, thus the factor of uncertainty may be reduced by spreading the elements of risk over a larger number of productions with a greater possibility of sale on the home market to resort to. However, such a policy will hardly result in great profits, but in more stable conditions.

As for Greenland, the prices of high-quality products are often more stable than those of ordinary standard commodities, of which there may be an excess production especially in case of falling prices, and it will be difficult to sell the poorer qualities. If it is desired to extend the

production of high-quality goods in a region, the latent possibilities of acquiring new markets should be taken into consideration, that is to say, attention should be given to the interaction between the natural occurrences of the area and the available markets.

The market may present several possibilities, thus, for instance, there may be a latent demand for shrimps, because some customers desire high-quality articles, or because of the higher income of various groups of the population.

The freezing of fish may likewise be of importance to the Greenlandic economy, as the fish products may now reach the markets in a good condition, which may materially increase the sale in big potential markets for fish, e.g. the American mid-states. During a rapid technical development the factors of uncertainty as regards the market, due to the great distances, may be much reduced, and products subject to great fluctuations in price may be replaced by others with more stable prices. To Greenland it is important, therefore, to follow the fluctuations of the market and to rapidly utilise the possibilities that may turn up. Owing to the rapid technical development raw materials from Greenland which were previously of no value may make the start of new productions profitable.

The third group of factors of uncertainty mentioned above, viz. the political elements of the calculation, has played a considerable role during the last generation all over the world. Economic and political elements such as customs duty, trade agreements, and allocations are of importance for the competition on the markets. The economic difficulties of small countries and productions without international political influence are obvious. As will be known, the importance of these regulations has been decreasing in recent years. Mention need only be made of the alterations of the Danish economic policy in relation to foreign countries during some decades. The international market is a very important factor as a basis for the export, but there are other economic-political elements, also, which will be mentioned in connection with the special problems of planning of the public activity.

It is evident that it is of importance whether the comparatively few products supplied by Greenland for exportation are to be sold on the Danish market with its limited demand, or on larger markets; formally it is sufficient that the actual trade bodies are aware of this, but as the trade activity and the price policy in Greenland are in close contact with the remaining Greenlandic policy, the many elements of risk should be taken into consideration.

In this connection it should be pointed out that on planning its investments Greenland must consider the probability of acquiring, through Denmark, a foothold on constantly greater markets, with the

result that in future it will have to supply special Greenlandic products to an even greater extent. It should also be taken into consideration that large enterprises in leading countries may be interested in directing the development in accordance with the interests of the big groups and the large countries, which interests are not always those of the Greenlandic population; and the commercial and political leaders must be aware that it means a risk to Greenland to be admitted to a great market, where its possibilities for gaining a foothold will be minimal. It cannot be entirely disregarded that the new integration of European markets may obstruct the welfare-economic policy in Greenland, and it should be pointed out to the international circles that owing to the difficult conditions other economic-political goals have been aimed at in Greenland than elsewhere. This has reference not least to the market of the United States of America, where repressive measures may be taken, if information is not given of the views on which the policy pursued in Greenland is based.

Greenlandic calculations of profitability will be influenced by the tariff policy which notably the United States are expected to use as regards the Greenlandic products, and the measures the United States are going to take to protect their own fisheries.

What is at present particularly demanded on the American market, must be assumed to be in demand also on the big European markets which are now to be formed. This market, too, will present great elements of risk, but also great possibilities for the special Greenlandic products.

If the Greenlandic economy is to be improved, the natural market and the political factors must operate together. To overcome the many difficulties which are likely to turn up in future, and at the same time maintain the important cultural welfare policy in Greenland, the Greenlandic community must be very active. A correct estimate of the many geographic, commercial, and political elements of uncertainty will be of essential importance for the planning which is to serve as a basis for investments in the production of Greenlandic products. Greenland as well as other developing regions must utilise the most effective possibilities presented by the constantly changing picture characterising the world economy; if so, the many elements of risk with which the Greenlandic economy is confronted may be reduced, but it will be necessary always to have the special Greenlandic factors of risk in mind.

## 6. Supplies of Capital

As will appear from the preceding pages, economic theory comprises various forms of economic policy, all of which must be regarded as

practicable in all communities, accordingly also in Greenland. Each policy is based on various sets of premises, which the theory as such must take to be granted, but between which the politicians, who are to use the theory, must be free to choose. As regards the practical economic policy, the object of theory must be to find out whether the premises chosen are at variance, and if not so, to show what consequences may be drawn from them.

It would seem reasonable that people living under different material and cultural conditions will make different economic and political decisions. The economic premises on which the greater part of the economic theory is based, are founded more or less clearly and consciously on the social systems and political and economic evaluations which characterised the West European-American cultural circles during the greater part of the 19th and 20th centuries. In many places people, without giving much consideration to the matter, regarded them as universally valid, and took it for granted that all others likewise agreed as to their universal validity. However, a more careful consideration will show that what theory regards as universal, is associated with the general principles and the general evaluation of all human conditions, which—at the time the theories were put forward—were regarded as matters-of-course by the communities, especially the group of population which advanced the theories.

In principle, however, the ideas which were predominant when the various economic theories were put forward, do not necessarily apply to all social systems and all groups of population; they cannot be immediately transferred from the West European-American communities to the overseas cultural circles holding different economic and human views. The views as to human worth held by our cultural circles cannot be claimed to be more correct than those of the Indian or Chinese circles, or those held by the Greenlanders. The attitude that the West European evaluation is preferable to others has occasioned much tension and will have to be given up, if tensions are to be avoided. It will be understood that different human views may lead to different social and economic systems, and theoretically it is impossible to say which is the best one.

If we consider the economy of Western Europe and the United States of America and the economy of former colonies which for long periods depended more or less on other countries—and in which the elements of power and foreign interests constituted an essential basis for many economic decisions and accordingly for the income and standard of living of the inhabitants—there might be reason to examine the relation between economic and human evaluations, and whether in these regions it would be possible to apply points of view in more accordance

with the human and economic evaluations of the inhabitants. Such a procedure would be in close accordance with the fundamental principles laid down in the Charter of the United Nations and the Universal Declaration of Human Rights, and it will be natural not to disregard them in the economic decisions. Through such an understanding an initiative and interest in the daily work may arise which would not otherwise be obtained, and which may lead to a new development of these parts of the world.

For centuries evaluations differing from those most often used in Denmark have been employed in Greenland. They resulted from endeavours to understand the Greenlandic mind and to pay regard to current standpoints and possibilities of development. The Greenlandic population can hardly be assumed to be more inclined at the outset than other foreign races to accept the economic principles employed in Europe. That the actual development was essentially different, is due to some extent to the circumstance that the Danish administration paid regard to the special Greenlandic conditions, coordinating the Greenlandic and the Danish points of view; and these attempts to meet the Greenlandic psyche and the economically difficult nature made the Greenlanders understand that the Danes wished to offer them the help they needed. We cannot, perhaps, speak of an enforcement of views, but rather of an interaction, in which representatives of the more differentiated culture respected the many attractive Greenlandic characteristics.

As will be obvious from the above, the West European and United States economic circles make their economic dispositions chiefly on the basis of the returns of the invested capital, while less regard has been taken to the effects of the economic dispositions on the human character and the cultural development. This is probably largely due to the scarcity of available capital in proportion to the available possibilities, and it was therefore of importance to find a form of development which gave priority to such productions as might form a basis for the technical development without doing any harm to the Greenlandic mind. Gradually an increasing number of technical inventions appeared, rendering a more adequate satisfaction of economic requirements possible, but owing to this technical development the demand for great investments has become burning. However, the necessary capital for investment has not always been available, which has given rise to a number of economic and human problems, but the feeling that the material benefits are not only reserved for the upper classes, but for the whole population, is now predominant, and has led to a new economic development.

In many respects it will be necessary to pay a greater regard to the shortage of economic factors and to take measures in accordance with this development. The priority lists thus get a very great importance

for the various objects of production and the varying requirements of the individual population classes. The justification of taking the scarcity of capital into account cannot be disregarded. Considering the large number of people who starve, the excessively growing population, and the problems this involves, it is obvious that very great problems are to be solved. A considerable increase of the capital in these regions will be necessary to increase the productivity as a basis for improvement of the standard of living of the rapidly growing population.

In recent years many factors have contributed to include several formerly little developed regions into the world economy, thus creating developing countries. These constantly increasing requirements have been met by a growing contribution of capital from richer countries, both from private circles and from the public. As will be known, such contributions of capital have often resulted in great disappointment, which may be due to some extent to various psychological factors. An increased profitableness of the invested capital will not always, at any rate from the point of view of foreign races, be a goal in itself. The question may be who are to benefit from the arrangements made and whether a community of people of almost the same economic status will be interested in being transformed into a community of some few rich and many poor people. The interaction between those who support and those who receive is hardly understandable, if the human effects are not taken into consideration. As regards many poor people, the support will give rise to inferiority complexes and bitterness, as the measures taken will not give them a feeling of more freedom and a better standard of living, or induce them to start the necessary work at their own initiative or in cooperation with the supporting groups. While in rich countries a distinction may be made between the economy and other aspects of life, this is less marked in many overseas countries, where the various aspects of life are to a greater extent than in our country regarded as a unit. Only if this is understood, will the economic support result in a dynamic development in which both the rich and the poor are interested. In the new developing countries tensions between rich and poor as well as racial tensions between foreigners and natives and between people of different races may result in comprehensive political complications. From a short-term consideration such a development may mean a momentary advantage to the owners of the capital in the form of higher interests, but even to them direct investments are hardly desirable in the long run and are rarely in accordance with the interests of the native population. Previously very little regard was paid to the views of the local population, but the picture has been altered in recent times. If the economy of a region as part of the world economy is to be improved, the European-American basis of valuation cannot be regarded as the only

applicable one, endeavours must be made to arrive at principles of valuation which can be understood and accepted by both parties, and which are influenced by human points of view, not only based on the interests of special groups.

It seems reasonable to regard the human welfare as a goal and try to determine what it means. It is quite conceivable that forms of this welfare will be found to form the basis of an economic valuation, though the concept as generally accepted is very vague and difficult to employ.

If the goals which on certain presumptions are considered desirable at a given time and place, and which may be recognised and understood by important circles, have been fixed theoretically and practically, we shall have a basis for estimating the various dispositions in relation to the goals. To-day the different countries and races have realised that in the future community the human beings must be given a more central place than before, when the concept of profitableness played the most important role in the European communities. It has been realised that continued endeavours to secure a higher income will not satisfy the requirements of the human mind, at any rate as regards foreign races, but that other and perhaps more central values must be taken into consideration. The ideas which have for centuries characterised the relations between Danes and Greenlanders, were during a certain period regarded as antiquated, but I think they will later gain ground again.

If besides the economic goal of earning as much money as possible, the Danish government aimed at creating a community which might provide good possibilities for the individuals to develop into harmonious personalities, many economic decisions would be of a different character. If we compare the two goals, we shall find that the economic measures required by one of them will often lead to a satisfactory human result and are accordingly advisable, while those required by the other will lead to a negative human result and must be advised against. The Danish government had used humanity as the central point of view through more than two hundred years, with the result that the people were poor, but happier than people in other parts of the world. During the most recent years the Danish policy had for its aim to create better economic conditions for the inhabitants. Economic theory may erect various models, but it is unable to choose between them. But if the analysis and the models are sufficiently detailed, universal premises which will be readily understood by the politicians may be arrived at.

Below I shall confine myself to mention some of the premises and forms of calculation which may especially come into question as regards Greenland, and which must be expected to be of importance, sooner or later, for considerations concerning the economy of the country. It must be of particular importance for the general understanding to point out

where the premises of the Greenlandic economy must be of a special character, and to show the background of a future development of the Greenlandic community in accordance with the common Danish-Greenlandic views as to valuation. The account cannot therefore claim to be exhaustive as regards all theoretically possible models and forms of valuation, but only has for its purpose to make a suggestion for future work.

To attain these goals it has been necessary to transfer capital from Denmark to Greenland on a very large scale, in order that Greenland should be economically equal with the rest of Denmark without taking into consideration whether there were any possibilities of getting satisfactory economic results. We have got a development which is more comparable to the development of the human minds in other parts of the world where the white man has given large sums of money to help the inhabitants to get an economic development like that in more wealthy countries.

It will be interesting to see whether the new policy will lead to the same results as in other parts of the world. I am not sure that it will. The Danes have never got any interest on the large sums used in Greenland, and I hope the Greenlanders will in the long run understand that the Danes have aimed at the best thing in Greenland by furthering a development of the Greenlandic mentality.

## 7. Rationality

The chief purpose of all planning which is to form the basis both for the fixation of prices and for projected investments, is to provide a means for making decisions and collective dispositions as part of a greater unit, no matter whether the point is to increase the profit of an enterprise or to increase the welfare of a community. We must therefore start a treatment of the various forms of planning by considering the terms: rational or collective action. It is desirable to arrive at an interpretation of these terms, which may form the basis of a harmonious policy.

It has often been pointed out that in economy every disposition must be viewed in a greater context. To understand this, it must be recognised that a group of production factors used for one purpose cannot at the same time be used for another. Economic considerations must therefore largely consist in choosing between different possibilities, or to substitute one set of possibilities for another. Under the circumstances, it is inconceivable that the requirements of all people may be satisfied at the same time.

The greatest difficulty in regard to economy is, probably, that in most cases there is no clear criterion for deciding which possibility should

be preferred. Different views may be held as to what is economically preferable, thus the views of different classes of population in one country, or those of many West Europeans on the one hand, compared with the views of many overseas populations of the so-called developing countries on the other hand.

Every individual may hold his view of what is economically desirable, but it is hardly justifiable to combine the related views of a number of persons into one group and to maintain that the views held by this group are the right ones. The object is to find out what economic measures are the most rational from the point of view laid down by the politicians representing the views of the whole population.

The only possibility of arriving at a common standpoint is that the two groups should discuss the matter and try to get to an agreement, often on the basis of the principles laid down in the Charter of the United Nations.

But in a number of cases it will be impossible to get to an agreement as to what should, in a given situation, be regarded as economically rational as a basis for political decisions. If no understanding is arrived at, the contrasting opinions may give rise to conflicts. Actually, disagreements have often resulted in conflicts to the disadvantage of all parties concerned; we need only think of the development of the relations between Belgium and Congo, or between the black and the white people living in Rhodesia.

In countries where several races live together it is therefore necessary not always to use the European idea of rationality, where the economic aspect of human life is kept separated from all other aspects of human life. The inhabitants of such countries are usually of opinion that we are not only to think of 'the economic man', but of 'the whole man' with his special relations to his family and his friends, and the way in which these people think to get a harmonious life. They have learned from the white man that economy constitutes an important part of life, and that they may learn very much from the Europeans. But they think that not everything they have got from the white man has made them happier, and they do not like to accept all the European points of view. The Greenlanders of the past had in many respects acquired a harmony of life, and they hope that this harmony will be a central thing also in the new society to be formed.

Particularly great difficulties may arise in many countries, if one group (here the Greenlanders) exhibits inferiority complexes in relation to the white man (the Danes) and reluctance due to earlier injustice for which the white group is perhaps not without responsibility, and it is a problem in Greenland that during the rapid development the white man in most respects plays the leading role. This may lead to distrust, which

obstructs objective considerations as to what may be termed universally rational; possibly the relations between the groups would be better, if the rate of development were so moderate as to allow more Greenlanders to play a leading role.

In connection with these difficulties and the associated problems it should be pointed out that to the groups of population whose possibly reasonable desires have hitherto been unsatisfactorily complied with, the rapid technical development offers great possibilities for an increase of the productivity and a consequent improvement of the standard of living. In many cases this may be done through an increased cooperation.

The greatest economic advantages to all parties—and in the particular economic situation often to the individual parties also—will be obtained, if in their endeavours to ensure the greatest possible welfare the groups concerned try to arrive at common points of view as regards rationality.

If these fundamental considerations are accepted, there would seem to be certain forms of rationality and economic evaluations as to which all parties may agree. The problems are the same in Greenland as in other parts of the world, and this will show the importance of a co-operation for the benefit of the world community on the one hand and on the other hand the individual interested groups and rapidly developing countries where the cooperation is particularly needed. This requires, in case of a normal administration, a more sober and fair understanding of universal points of view and goodwill, but an attitude based on general characters will, no doubt, in the course of time get far-reaching effects on the general economic welfare. As mentioned above, a provisional starting point for such lines of a general evaluation is found in the Charter of the United Nations and in the Universal Declaration of Human Rights. It is true that viewed from an economic angle these documents are of such a general character that they may hardly be used as a concrete basis for rational considerations of the interrelations of human beings, and accordingly of what from a general point of view might be termed the fairness of economic measures.

It would still be of importance, if these problems and their different sets of premises and consequences could be dealt with by as many groups as possible. Such general considerations would undoubtedly bring about that the fundamental premises of economic reasoning, which at our time are very often of a rather one-sided European-American character, would be replaced by more universal premises, which will be of invaluable significance not least in the developing countries inhabited by people of different races.

As far as I can make out, the Danish-Greenlandic cooperation has for centuries had to deal with such problems. The views held were not

unilaterally influenced by general West-European ideas, but unlike the views held in non-self-governing territories, they must be characterised as more universally human than in most other parts of the world. This does not mean to say that the Danish-Greenlandic considerations in former times were fully correct, for they have always been influenced by special changing conditions, but with these reservations I think it safe to say that the experience made in Greenland in the course of time may enable us to arrive at universally valid ideas.

However, this view with human relations as more central than in other parts of the world was in some degree based on the fact that Greenland in almost all respects had to live its own life; the Greenlanders had to work together with the Danes, who did their best to help them in all respects.

Everybody knows that this was highly altered by the Second World War, and in our days it will be more difficult than before to have human relations as the central aim and the economy only as a part of the whole.

To reach this end it will be necessary to find out what rationality will mean in the coordination between the Greenlanders and the Danes.

### 8. Social Planning

Instead of regarding the individual enterprise as a basic unit for planning and different dispositions, serving the interests of the particular firm or group, it will be expedient, from a social point of view, to regard a whole community, or part of it, as the fundamental unit, and to calculate additional income and additional expenses on the basis of this larger unit. This implies that many calculations will have to be carried out in a different way from that usually applied, as the cost of a private firm is hardly the same as that of a community; thus, for instance, a private firm may regard many forms of taxes as cost, while from a social point of view they mean a transposition from one account to another. Still, the views of a private firm and those of a community may be parallel in several respects. Thus, a community may find out whether a disposition will have a positive or a negative effect on the unit as a whole. Such a calculation will in many cases be related to the internal calculation of a private firm, the chief object of which is to compute excess profits and excess cost to find out whether certain idle production factors may be utilised without causing additional cost. By utilising such production factors the manager will create harmony between the individual production factors and contribute to increase the total profits of the firm. Formally, the procedure of social considerations is the same. The excess profits and excess cost are calculated, and the idle production factors entered with the amount they

may earn if utilised for other purposes. The point is that the intentions are different, and accordingly the character of the cost may be different, too. Moreover, the problem of harmony between the different production factors plays a much greater role in the whole economy, notably as regards employment. While unemployment is irrelevant to the private firm, it is frequently of the greatest importance to the economy of the whole community.

It should therefore be especially pointed out that in a modern complicated community in which the principles of social planning are employed, some production factors may be gratuitous to the community though not to the private firm, while the utilisation of sparsely available production factors may be very expensive, because another production may have to be put off, and its direct and indirect effects will accordingly be missed. Social planning must to a greater extent than the private-economic estimates pay regard to the geographic condition in the place. In this way we arrive at the advantages of international division of labour, by which each community will be enabled to optimally utilise the production factors which nature places at its disposal, until it reaches the limit determined by the uniform marginal profit in all respects, and equilibrium between the various objects of work is attained. This equilibrium is constantly altered, e.g. by price fluctuations, so new calculations to establish a new equilibrium will have to be made.

The calculations of a firm and the public estimates of excess profits and excess cost in connection with the same work will accordingly contain different elements and may lead to different results. It may be desirable that the public and the private calculations should give rise to the same set of dispositions. If so, it will be the task of the public authorities, to the extent this is desired politically, to make the various sets of calculations agree. This may be done by subsidies or charges, which, to reach the maximum, will have to be altered along with the changing conditions. However, such alterations may give rise to particular difficulties, so they should not be made too often.

If in such a community there are a considerable unemployment or other idle production factors, the manpower transferred from idleness to employment will be gratuitous, if the manpower is regarded as free from a social point of view or it should be included in the total calculation with a less amount than the wages actually paid, and something similar applies to other groups of cost in the community concerned.

In communities in which the unemployment benefit represents a lower amount than the wages, it will do to consider that part of the wages which would otherwise be paid as benefit, and make one's calculations on that basis. It is commonly known that the political authorities may transfer part of the amount reserved for unemployment benefits to

special kinds of work, which will then be cheaper, while the unemployment fund will save money owing to the increased employment.

It is a condition for using the social method of planning that the individual production factors do not themselves move to the place where they are most highly needed. Removals to the economically best places are rare in Greenland; on the contrary, the individual Greenlander is rather closely associated with his native place with its limited number of production factors. Consequently, the difference between the methods of calculation of a private firm and that of the community may be much greater in Greenland than in most other places. This has not only been of importance for the policy pursued for centuries, but to the extent the geographic premises apply to the future, also, it must form the basis of the future economic policy, even though it will be different for many other fundamental evaluations.

As an example of social planning differing in principle from that of private firms, mention may be made of the arrangement practised in Denmark for a quarter of a century, viz. to limit the import of commodities for the production of which both means and manpower were found in Denmark and whose production here from a social economic point of view would be rather cheap. In such cases there may be considerable social internal calculations which will not alter the total picture. The greatest difficulty combined with public planning as compared with that of a private firm is to make a fairly correct estimate of the indirect effects. As a rule, the public will lack the analysis of accounts which is often at the disposal of a private firm. Not till a detailed social analysis of the national accounts is available, may we repose the same confidence in the public plans as we now place in the private ones.

However, even if in future we shall get just as detailed social accounts and corresponding budgets as the present private ones, it will be difficult to pay regard to the factor playing the greatest role to the private firm, viz. the individual initiative. Quite likely social planning will in many cases lead to a very satisfactory numerical result, but it might give rise to some hesitation to use it, because the leaders of public undertakings often lack commercial skill and initiative. If this social-psychological problem can be solved—and I think it can—it will be much easier, not least for Greenland, to solve the trade problems to which the future development will give rise.

The most frequently mentioned example of a social attitude towards the importance of a single branch of industry to the economy of the country, not least its equilibrium to foreign exchange, and the difficult occupational situation during a certain period, is the place of the sugar in the Danish economy from the start of the world crisis about 1930.

Reference is specially made to the economy of the sugar production, because here the contrasts between the various points of view and forms of economic policy is particularly clear; but it is no unique case. In many other respects the profitability calculations of the individual firm have been compared with social planning. As pointed out above, social measures do not further the initiative of the individual, and it is precisely this which is of importance if a continued improvement of the competitive power and a greater satisfaction of the requirements are intended.

In practice social planning may in many cases be very difficult, because not only the direct, but also the indirect effects of a disposition should be taken into consideration, for the effects of most economic activities spread to the whole community, though with varying intensity. In the present-day community, however, it is difficult to get a precise idea of the effects, and it will be of great interest to have a specialised account for the whole community. Such an account will be highly needed, if the economy has many fixed expenses, as is the case in Greenland, where it is very difficult to move production factors from one industry to another, or from one working place to another. Planning not only for one year, but for one or two decades will here be of greater interest than in most other parts of the world.

If no detailed analysis is available, we have to rely on estimates based on facts and common sense supported by experience. Such estimates may vary greatly according to the political views prevailing at the particular moment.

I suppose that in the years to come various forms of welfare policy will be increasingly met with in most countries. In other words, 'the economic man' will be increasingly replaced by 'the whole man'. This development is taking place in many European countries as well as in the majority of overseas territories, and it will have to take place to a very high degree in Greenland.

If we transfer these general social considerations to the economy of Greenland, notice should primarily be taken of the predominant influence on the Greenlandic economy of the public sector as compared with the private sector. This condition is perhaps being altered now, and the Greenlandic problems will in some respects become more related to the problems met with in other geographic territories. This development may give rise to the question whether it will be possible to estimate the financial effects of the association of Greenland with the rest of the Danish economic circle instead of considering the public Greenlandic economy as an isolated item of the Danish national budget. This may be done as part of a total country planning to find out the importance of various geographic areas and their development to the national economy, and whether a contribution to the economic development

of such areas would be of advantage to the economy of the country as a whole. At any rate it will be necessary to transfer a relatively large amount of capital from Denmark to Greenland, if the Greenlandic development is to proceed as rapidly as is desired by all people in both Denmark and Greenland.

Commodities bought or sold in Greenland will not be included in a calculation of foreign exchange, if the country of origin or destination is Denmark. As for goods passing the boundary of the country, their value at that moment must be calculated; thus, for instance, the value of cryolite both in a raw and a prepared state will be of importance for the currency, and many other Greenlandic products are exported direct from Greenland or re-exported from Denmark and will affect the Danish trade balance and accordingly the currency balance.

It will hardly be difficult to estimate the income of both the firm and the employees which e.g. Danish contractors derive from Greenland. If the work is paid by foreigners, there can be no doubt. If it is paid by the Danish State and the Danish taxpayers, the calculation will be somewhat more complicated, for a marginal consideration may show that civil engineers and skilled workmen now employed in Greenland cannot at the same time work elsewhere, so no general rule for the preparation of a currency balance can be given, it must depend on the actual degree of utilisation of the national production factors.

In a currency analysis we must distinguish between full employment in Denmark of the material production factors and of the available manpower, and idle production factors in fields of special importance to the Greenland economy, and try to find out what production factors may, or may not, substitute one another. In case of unemployment among Danish civil engineers and workmen, it will be fairly easy through their work in Greenland to ascertain their economic contribution to the Danish community and what should be included in the currency calculation. But if these groups are fully employed without working in Greenland, the calculation must be different.

As for the industry and other trades, an increased import to Greenland may be accompanied by less export of other products from Denmark proper, and there will perhaps be no manpower available for new tasks. If so, it will be necessary to apply the thesis of scarcity of production factors. The calculation of the effects on the currency of the association of Greenland and Denmark will therefore look differently according as it is viewed on the background of the general economic situation and the political estimates which it is desired to apply under the circumstances.

In plans for a territory like Greenland the factor of time will be further influenced by the probability that new currency-creating productions may arise, thus by the discovery of valuable mineral deposits,

e.g. uranium deposits. The cost of investigation of the natural resources of Greenland during a given period may be outweighed by an increased knowledge and the probability of later currency-creating productions.

The erection of a total currency calculation of the relations between Denmark and Greenland, which may be the basis for several political decisions, will accordingly be a complicated task. It should be borne in mind that an insufficiently considered work may in some respects be misleading, and that it would be unfortunate, if persons not acquainted with the matter would try to draw more extensive conclusions from a national budget than is justifiable on the basis of the available scientific material. From such points of view actual social planning based on facts may be given up and replaced by estimates. An estimate, however, may be influenced by more or less casual feelings, and it will be more satisfactory either to place the necessary means at the disposal for thorough investigations, or to point out the elements of uncertainty which must be associated with a rather doubtful estimate.

### **9. Other Forms of Planning**

It is characteristic of the planning dealt with above that a given material of accounts may be used to illustrate not only the profitability, but also a number of other aspects of the economy of a firm or the community. It is obvious that such a procedure involves the risk that the results arrived at will not always represent precisely what may be deducted from the material.

Thus, special economic planning is not only used in regard to the currency. Other forms of planning including other sets of figures illustrating various economic problems, e.g. the problem of full employment, may be made. If such special plans are to be made, the premises should be defined in accordance with the requirements, for the results of a calculation will never be more correct than the premises.

In addition to the actual calculation of the profitability it may be of interest to compute what an intended investment may mean to the income of the Greenlanders and the Danes employed in Greenland, especially if we are concerned with an improvement of the standard of living of the Greenlandic population. To the Greenlanders it is of no direct interest whether the profitability of public or private undertakings is improved. But the notion of the well-being of the Greenlandic population is not quite clear, as special professions, special geographic regions, special classes of income, etc., may play a role. The question immediately arises whether the total income of the population should be calculated as a unit, or the result of the policy for the different social groups and the different regions of Greenland should be studied.

The difference between a total calculation and a calculation per family may be of interest to the Greenlandic community, as a considerable increase of the number of Greenlanders is expected. In such case we may consider the effects of a disposition made to the benefit of families just arisen, which have no other sources of income. It may also be of interest to find out the size of the investments required for each new Greenlandic family, which in principle is to have the same satisfaction of requirements as the families already existing; it is a question not only of work in a factory, or of a motorboat for fishing, but also of suitable housing and social services (schools, hospitals, power stations, water-works, shops, stores, etc.). All these things together represent a large amount for each new Greenlandic family, an amount which somehow or other will have to be paid by the Danish-Greenlandic community.

It may likewise be of political interest and, if so, of great importance to calculate the possibilities of income of the Greenlanders, if the whole increased population should be employed in the Greenlandic trade and industry, or some Greenlanders should be employed in Denmark. On the other hand, the maximum income of the Greenlanders, whether secured in Denmark or Greenland, may be calculated. Finally, the cost of a vocational training of the Greenlanders and the increased income of the community resulting from the greater productivity of the population may be calculated. In this way we shall arrive at various constellations of problems which may form the basis of various calculations. As examples of such calculations the following may be mentioned:

1) Various plans of investment are available, and on the assumption of a fixed interest of the capital, we may compute the increased income of the Greenlanders to which the plans will give rise

- a) for the whole population in Greenland,
- b) for the persons employed due to the new investment.

Here regard should be taken to the fact that each investment will have various indirect effects in the form of increased purchasing power, which will give rise to various activities and accordingly to increased possibilities of other groups, also.

2) An amount in cash may be at the disposal of the Greenlandic community, and calculations of various alternative uses of the amount for the development of the Greenlandic trade and industry may be made. The various measures may have different effects as to time; some will result in a rapid rise of the standard of living, after which it will stagnate at this higher level; others will produce a slower rise, continuing during a longer period. Subsequently it may be attempted to find the alternative which will result in the greatest increase of the income of the Greenlanders.

a) on the presumption that the politicians have fixed the rate of increase and determined how a future satisfaction of requirements should be compared with the present one,

b) on the presumption that the persons concerned continue to live and work in Greenland, and

c) on the presumption that their working place within the kingdom is that at which they may contribute most effectively to the total national product of the whole Danish community.

3) The above-mentioned planning will have to be varied in accordance with varying geographical conditions and market conditions and with the political views.

The most difficult task is probably to estimate the social-economic effects of investments in education and training, as their value depends on many personal conditions, and a precise abstract value usable in all cases can never be arrived at. But we may make a certain approach, e.g. by considering the increasing replacement of Danish skilled workmen by Greenlanders.

In none of the above-mentioned cases should only the economic factors be considered, for in a civilised community like the Greenlandic-Danish community it may be of interest to place the individuals in the trade and industry where they may not only obtain the greatest possible income, but also satisfy their individual wants. As a human being should always be regarded as an end in itself, not merely as a means for economic purposes, they should not be moved about except in accordance with their own interests and desires.

Greenland, like all other communities of the world, present far more technical possibilities than the economic factors of production are able to cover. As will be known, there is a scarcity of manpower, raw materials, capital investments, etc. The point is, therefore, to make such dispositions as, by the means at disposal, most adequately cover the goals set. This is feasible by preparing plans the individual elements of which form harmonious parts of the whole. It would be uneconomic to develop one aspect of the human unit without paying regard to the other aspects. By such a procedure the solution of the problems would merely be left to the future. It will be far more economic and of greater human interest to prepare priority lists of the desires, as is done in other communities and social fields where the scarcity of production factors is of immediate importance.

In order to ensure the greatest possible well-being to the Greenlandic population, it will therefore be of importance to make a total social-economic estimate of the direct and indirect effects of the projected investments, so as to create harmony between the individual interests.

I think therefore, that in Greenland it will be more necessary than in other parts of the Danish kingdom to make cost-benefit analyses.

By means of a total plan for future dispositions it will be possible to limit "bottle-necks" to a minimum. Generally, however, one estimate will not suffice, as various alternative possibilities must be taken into consideration.

In a special estimate of the income possibilities of the Greenlandic population under varying conditions it may be politically possible to operate with a fixed interest of the invested capital corresponding either to the market rate of interest in Denmark—Denmark and Greenland being regarded as a unit where the factors of production should be so utilised as to give the greatest possible income—or possibly to a politically fixed lower rate of interest according to the social and pedagogic valuations based on the consideration that Greenland is a rapidly developing part of the country, where the individual disposition should be regarded as part of a long-term programme. Thus, for instance, new enterprises in Greenland might be assumed to give deficits during their first time of operation, on the consideration that in the long run it will be of economic importance to start new undertakings and to make the population conform to the more technical economy in Denmark and, in the last instance, to the world economy as a whole. It must, of course, be expensive to discard former relatively narrow points of view and to replace them by new ones of a fundamentally different character. A rapid transformation must require contributions from the outside of a considerable order of magnitude. It means that capital must be transferred to Greenland also if the interest obtained would be greater in Denmark.

The special calculation required for such a situation of development might then comprise the effects of the various dispositions towards an increase of the income of the Greenlanders, and thus the point of view of direct profitableness normally applied would be forced into the background. According to this view, the wages should be regarded as part of the total result of the economy, not as a cost, while the proceeds of the capital, in accordance with the politically fixed conditions, would be removed from the results to the cost account. Decisive in this respect would be the estimates on which the calculation is based. They may, of course, be altered in the course of time, but it should be pointed out that altered principles of valuation will give rise to cost, so the alterations should be kept within such limits that the advantages are greater than the cost they involve. Similarly, the raw materials supplied from abroad should appear in this special calculation as a cost, as in the aforementioned private calculation, while as regards raw materials of Greenlandic origin the calculation will be determined by the economic and occupational situation of the Greenlandic community.

Thus, in accordance with the price policy hitherto practised in Greenland, it will be possible to let certain raw materials bear a relatively small, others a relatively great part of the total cost. Such a price differentiation will affect the effective demand, and in this respect the Danes have usually led the consumption according to social principles in the same way as is done in other countries through taxation.

If the purpose is to maximise the income of the Greenlandic population, the wages of the Greenlanders as well as their direct and indirect profits should be regarded as income, while the expenses in connection with the Danish workmen constitute a cost.

Such a special calculation is only one of several possibilities. The two groups of population may be equalised in the calculation. The central point will be the maximisation of the income of both the Greenlanders and the Danes working in Greenland.

If a new investment should give rise to the transfer of Greenlanders from their present occupation to a new production, it would be particularly difficult to calculate the direct and indirect reductions of their income resulting from this transfer. At present the majority of Greenlanders are occupied in hunting and fishing, in the public service, or as wage earners, all contributing to the national product, which may in many cases be difficult to estimate in money, but which may be estimated on the basis of its importance for the total satisfaction of the demands of the inhabitants. This applies to fishermen and hunters, whose work besides securing natural products for their own use, means a direct income in cash through the sale of their catch, but it may also mean an indirect income to others through processing, transportation, and storage. It would be of importance to calculate such a multiplying effect compared with the multiplying effect which the projected investment is estimated to produce. The various effects form part of the total income of the population and should be viewed in connection with the work done in the public service, e.g. the medical service and the school.

According to the special form of currency calculation mentioned above, the various dispositions may also secure foreign currency. The fundamental points of view must accordingly be different, and as the different calculations may be used for different political or economic purposes, it is essential in each case to be aware of the purpose and the premises used, and to draw the necessary conclusions, more especially to give attention to the evaluations as to time. In Greenland, as will be known, it is difficult to form an idea of the future possibilities, e.g. the quantity of fish varying with the temperature fluctuations of the water, and this may give a greater uncertainty of calculation than is normal in other parts of the world.

If we are concerned with foreign markets, the factors of risk will increase, owing to the uncertainty of representing a border production

on a world market. If, for instance, the coal mine is extended and earlier hunters and fishermen are employed in the coal mine, the calculations should pay regard to the income the new coal workers might otherwise secure; conversely, if the coal mining is reduced, the yield of hunting and fishery may be altered in accordance with the ability of the particular Greenlanders in these trades and the possibilities offered by nature. It would be important, therefore, as a basis for our calculation to have a kind of specified "national budget" for Greenland based on an intimate knowledge of the Greenlandic trade and industry, and the possibilities it may offer in the time to come, but it would be extremely difficult to include all the indirect effects.

In the preceding pages the monetary unit is regarded as a fixed unit which may form the basis of all the calculations, one Krone being regarded as one Krone comparable to other Krone-values, no matter where and when the investment took place. Strictly, this need not be the case in a well-planned economic policy. As a kind of the special calculations it may be mentioned that valuation coefficients may be introduced both for the raw materials needed and for the wages to Danish workmen as a social contribution which may perhaps be included in the calculation as an advance of the benefits to be obtained through a more rapid development of the Greenlandic economy towards equality with the rest of the Danish economy, and the indirect advantages to which this will give rise through a greater equality between different groups.

It is not a matter of course that from a social point of view the Krone owned by the rich and that of the poor man will be valued socially in the same way, nor is it a fact that the Krone used for alcohol will be valued like that used for bread, and it is likewise reasonable that the community will pay a greater regard to the future than the private consumer with his natural demand for immediate benefits. Regard may, however, be taken to the different valuations by introducing special coefficients in the calculation in case of new decisions of investment, for through investments it is possible to exert an influence on the production, the income, and the distribution during long periods in the direction desired by politicians representing both the Danes and the Greenlanders.

Something similar applies to the calculation of the prices demanded in the shops. Thus, it may be taken into consideration whether we are concerned with commodities which, like e.g. bread and wood, have for long periods been comprised by the government monopoly in Greenland, and in the sale of which the government is interested, or the prices are the results of competition between private firms. Here the authorities more or less consciously apply factors of valuation varying from commodity to commodity and from time and time. These principles were more widely employed in former times to ensure to the Greenlanders a more stable economy than they would otherwise have had.

The evaluation coefficients are not only of importance to the prices in the shops, but also in evaluations of the products bought from the Greenlanders. It will be of interest to the Government, if the Greenlanders to a higher degree than in former times would understand the importance of avoiding future risks.

The problems of evaluation are naturally reflected in many fields of the Greenlandic community, and though uniform in some respects, every field has its special characteristic and requires a special treatment, if the general welfare of the inhabitants is to be maximised. If as an example of such a form of calculation we choose a shrimp factory located in a place where the Greenlanders are partially unemployed, we may find out for what purposes the increased income derived from the factory is used.

Thus, in an area in which the other income-creating elements are fairly constant, the increased income of the population may largely be ascribed to the factory. As the consumption of a great many commodities is known, it will be possible to show how the additional income of one Krone increases the consumption, and to make a social evaluation of the increase of income, economically as well as in regard to a more or less conscious development of new habits of consumption of the population, causing their wants to approach those met with in other parts of the world.

From this point of view it will be necessary to have a great many cost-benefit analyses, in which regard should be taken to the non-economic values. This may be done as regards the education, the medical care of the population, etc. Considering the medical work, it will be possible to calculate what the prolonged life-time of man means to the working time of man, however, in such benefit analyses there will be values which it will be difficult if not impossible to measure economically, and a cost-benefit analysis must therefore use the principle of 'the whole man' as against the earlier principle of 'the economic man'.

It is decisive for the forms of calculation dealt with here as well as the currency calculations mentioned above that the considerations of profitability forming the basis of many economic dispositions have in principle been abandoned. Such a change may in many cases be made with advantage, but it requires that the work should be made with great caution and criticism, otherwise the results may be misleading and perhaps less valuable than if the earlier considerations of profitability based on 'the economic man' is used. Thus, it is important to take care of the premises used in each individual case in order that they should not be used in different ways. Furthermore, the connection between the premises within the various fields should be realised in order that they may be included in a total complex of valuation used for the whole Greenlandic society.

In the Greenlandic society 'the economic man' must always form part 'of the whole man', and this has led to principles of the administration which have been very difficult to understand in European countries at a time when economic principles were used isolated and the work has been done in accordance with the economic principles. If in the time to come cost-benefit analyses should be used in many ways, some people might think that the principles of 'the whole man' used in former centuries in Greenland will be studied in a higher degree than in former days.

### 10. Group Evaluations

In the preceding considerations of the various forms of social planning the Greenlandic population is in most cases regarded as a unit, that is, the factor of valuation was regarded as the same for all Greenlanders. This was quite natural in earlier times, when there was no clear distinction between the groups. Owing to the sparse possibilities of communication the inhabitants of a village or district were united by strong ties and could generally be regarded as homogeneous.

However, the satisfaction and structure of their requirements are not necessarily regarded in the same way by all circles of the present-day Greenlandic community. In the first place there is an essential difference between the structure of trade and industry and the conditions of consumption in the various parts of Greenland, due to the fact that the catch of seals depends more on the skill of the individual hunter than on his financial resources, while it makes a great difference in a community of fishermen whether he is able to buy a motorboat and is capable of using it in a more economic way; and secondly, various groups or certain indications of class division are developing, mostly in the larger Greenlandic town communities.

It is not immediately obvious that we may with advantage operate with the same social valuation coefficients for the various groups or classes. Some groups of Greenlanders, e.g. politically leading circles, may hold different views as to their requirements of various commodities and as to the basis of the economic-political decisions, not least as to how wage-earners should be placed in relation to those engaged in the free trade, and gradually how the various groups of wage-earners should be placed in relation to each other. This basic problem in Greenland is permanently strongly related to corresponding conditions in most other countries and geographical territories, but owing to the special Greenlandic conditions, where the fixed cost is more important and the production possibilities more variable than elsewhere, the political decisions, too, will have greater economic effects in many respects.

I think that the Greenlandic community has in late years developed a relatively greater class differentiation than in former times, and that the economic policy of the coming years will have to pay great regard to the relatively recent development.

The problem most often referred to in this connection is the consumption of alcohol, as to which both the Greenlandic community and Danish circles interested in the question have made many suggestions, in accordance with what they considered beneficial to the Greenlanders in the immediate situation or in the long run. These suggestions have been extensively discussed in the Greenlandic and the Danish newspapers and by the politicians, and they will not, therefore, be dealt with in detail here; I merely wish to point out that some evaluations lead to greatly different coefficients of price policy and the possibility of getting alcohol if desired. However, a final attitude to this question should be taken by the Greenlandic Provincial Council and the Danish Folketing, to provide a rational basis for the decisions of the individual concrete questions.

Something similar applies e.g. to the consumption of tobacco, the consumers of which have paid large amounts to the Royal Greenland Trade Department to cover part of the fixed cost, but it seems more reasonable to mention here a subject more rarely dealt with, viz. the clothes. Essential in this respect are the quality and the price of the various articles, and the protection they offer against the cold. The evaluation of the individual factors, especially by the young women, will alter in the course of time and will generally be influenced by the public opinion not only in Greenland but also in Denmark. The individual views will not always agree with the public interests. In case of a limited competition it was formerly possible through the price policy pursued (high prices of luxury articles, lower prices of useful consumers' goods) owing to the combination of the elements of evaluation to induce the consumers to buy suitable clothes, thereby reducing the purchase of luxury articles.

It may be desired to calculate the elasticity of the prices of various articles at various times to find out the price policy to be pursued to alter the demand in a social direction. This may, as mentioned above, be desirable in order to improve the health of the population and accordingly to reduce the expenses of the community to the health service, while we are inclined to let the consumers themselves determine what to buy at the fixed prices.

Such decisions may be made on the basis of an immediate estimate based on a local knowledge of the population group concerned. The estimates may be supported by special calculations of economic elasticities in various respects by demonstrating the alteration of the demand, if one factor is altered and all the other conditions remain

constant. The material required should be produced through suitable statistics derived from the accounts of the various districts, provided there is no competition, but only one shop. In this way we may get an idea of the alterations of the price relations required to arrive at a certain result.

Such an economic price policy may be pursued wherever the price mechanism is regarded as unsatisfactory, but it must be a very important object in a community like the Greenlandic, where the desires of the population owing of the poor natural conditions cannot be fulfilled in the same degree as in other countries, and greater importance should accordingly be attached to the possibilities of substitution and to the pursuance of a price policy which pays greater regard to the public health and the human development. Such a policy is very difficult to practise in periods with competing private firms, which fix their prices with a view to the profitableness. Still, it may be done in Greenland to-day by levying excise duties on less desirable articles supplemented by subsidies to reduce the price of articles of importance to the health and the cultural development.

In this connection it might be expedient to calculate the relation between the satisfaction of the requirements of different groups of income for present-day and future articles, and in particular to ascertain whether there is any difference in the demand structure of related groups of population in Greenland and Denmark.

To fix expedient coefficients of evaluation it will be important to ascertain the actual valuations and to teach chiefly the youth what will be of interest in the long run, and accordingly what they ought to be willing to give up at present to get a greater satisfaction of their needs several years later. Different views in this respect may be held by the inhabitants of the various districts, towns or small places. It is desirable to examine what forms of influence, e.g. general information, direct advertising, etc., are most effective in producing an understanding of the relations between the present time and the future; public information will be increasingly needed, as the technification proceeds.

Altogether there must be a connection between saving and investment, though it is possible, and often desirable, that a greater saving should take place in one area, and a greater investment in another area. This applies especially to investments within a limited period, though in principle there is nothing to prevent that certain districts offer a permanent support to other districts less favoured by nature, as is characteristic of the relations between Denmark and Greenland. A rational decision requires direct knowledge of the actual figures and coefficients of valuation to be used as a basis for one's dispositions.

When such an investigation has taken place, and the goals have been more clearly defined, it would be possible by the introduction of

expedient evaluation coefficients in the calculations to influence both the dispositions of the population through fixing of prices and cost and the public dispositions through the investments. Psychologically it would be easier to carry through a well-planned indirect influence without opposition than a number of regulations which the population would neither understand nor accept. Well planned social frames for the dispositions of the individual might contribute to make them conform to the social interests in different parts of Greenland and Denmark.

We are confronted by evaluation coefficients whose premises may be altered in the course of time, when we get to understand what will be the best in the long run. The evaluation should be altered, when the views of the population change. The most difficult and important point would be to find out who is to determine the means and goals of the future evaluation. On the understanding of a democratic view, according to which the desires of the various groups are regarded as equal, it should in principle be the population through the political bodies elected by it, e.g. the Provincial Council; this is important to-day, as it will strengthen the self-confidence of the Greenlandic population to be confronted by the necessity of weighing the present day and the future against each other. All groups should know that the economic means are limited, and that generally a choice will have to be made between the various benefits.

As long as Greenland receives considerable support from the Danish government, the total population of the kingdom should exert some influence on the extent of the values transferred to Greenland. The valuation coefficients desired in this connection should probably be decided by frank and loyal discussions of the economic policy to be pursued and the economic-political evaluations and their basic principles should be publicly known in both Greenland and southern Denmark.

It would be unfortunate, if inferiority complexes and mutual distrust should arise in this difficult field, as is the case in many other territories, where remnants of the earlier colonial status still exist. It would perhaps be advisable and counterbalance the tendency to inferiority complexes and political bitterness, if the Danish community fixed the subsidies to Greenland (e.g. certain amounts for the individual districts) and then left it to the Provincial Council to decide which of the many possible alternatives should be preferred.

## 11. Harmonisation

As frequently mentioned, the estimates on which the investments and economic policy of a community are based may be viewed from different angles. Hence, no group can be absolutely right and the other absolutely wrong. If, for instance, the views held by the Greenlanders

and those held by the rest of the Danish population disagree, one view cannot be claimed to be more correct than the other. On the other hand, the views of one group may perhaps be demonstrated to have unexpected consequences, which may result in an alteration of the evaluations and an approach of the two views. The different views may be due to a number of factors of a geographic as well as a psychological character, thus, the views held in a region with a highly developed economy will differ from those held in economically poorer regions, where greater importance is attached to the immediate possibilities than to an insecure future.

To ensure the well-being of the citizens of a community, harmony must be established between that which is desirable and that which is attainable in various respects, in order that the last Krone at disposal, if used for different investments, should be equally useful. This applies most obviously to the various aspects of economy, but harmony should also be established between trade and industry, health service, schools, technique, the actual welfare of the Greenlanders, etc. If unreasonable importance is attached to one factor, it may give rise to disharmony and bitterness, or even ill-will. If no harmony is established, conflicts cannot be avoided, especially in groups which think they have been prejudiced, and the resulting tensions may spread from the economic to the political field, where the consequences may be immense.

All over the world, not least after World War II, many misunderstandings and tensions have arisen owing to vague promises and failing understanding of the psychological elements of the harmonisation and the attempts at transferring calculation principles and economic valuation views suitable in one geographical region, to other regions where they were in opposition to other aspects of the normal life. Such tensions are hardly consequences of a necessary development, they are more probably produced by the lack of harmony between the minds of the groups. Thus, for instance, they must be particularly strong where the conditions of life are so strongly altered by the technical development that other aspects of life cannot keep pace with them.

The introduction of modern techniques accordingly requires a development of the people making them capable of utilising the technical methods introduced. If not, great psychological tensions will arise, as are known from other parts of the world.

It is essential that the political authorities should understand the importance of the psychological factors to the economy in general, and that the same measure will have different effects to human beings at different stages of development. This is especially true in cases of racial antagonisms and the resulting difficulties for an immediate understanding; the treatment of people of other races has changed so rapidly that it has hardly been fully harmonious. The guidance of a population living

in an area in which the conditions have remained unaltered for generations, requires an understanding of their special psyche and interests, if we are to avoid unnecessary tensions.

The possibility of sharp conflicts will always be present where the parties hardly understand each other's language and way of thought, and are unwilling to admit that the views must differ in accordance with the different views, that no evaluation can claim to be objectively correct under all conditions, and that the views held by the other party may contain something justifiable and valuable. The central point in relation to people of different races is an understanding of the minds of the other group; owing to the lack of such an understanding, several European countries have pursued a wrong policy.

In recent years the relations between some European countries and their original colonial territories have lacked such a harmony. Irrespective of the large support, i.a. transfers of capital to further the development of such territories, the disharmony of the human minds was more marked than the economic disharmony. Such psychological difficulties and their consequence to the production and the political understanding have, no doubt, been very detrimental to the world economy and the welfare of the world community, and perhaps to an even greater extent to the parties directly interested, both in the form of political tensions and in a slower development.

To come to a satisfactory development of the relations between Danes and Greenlanders, notably as regards the economy, special attention should, no doubt, be given to the harmonisation. We are here concerned with very important conditions, so the possibility of disharmony should be avoided. Altogether the development of the relations between Greenland and Denmark has been more satisfactory than in many other territories where people of different races have come into contact. It is a future international object of Danes and Greenlanders to show that the best economic results are attained by frank and honest cooperation and a mutual honest evaluation of each other's abilities and characters, without only looking at one's own interests. It will be difficult to arrive at a harmonisation between the conflicting interests of various population groups or races, if, as is often the case, the party which makes the greatest claims, will get the most, though this is rarely a just solution of the problem.

To reduce the disharmony characterising the post-war economic development—notably the relations between different races with different ideas of what is welfare—it will be of importance that the interested parties (various branches of science, social classes, political groups and races) should try to arrive at ethic norms which may be generally accepted all over the world, in order that they may form a

reasonable basis for concrete decisions. Such norms, however, will only be respected, if the white man does not always regard his own views as the right ones.

It has been the Danish policy in Greenland for more than a hundred years to regard the Greenlandic hunter as a good and useful personality in his place, and to regard it as the chief object of the Danes to help him to get into contact with other people without losing face. That this may be done, we learned *i.a.* through the personality of KNUD RASMUSSEN.

As the individual concrete situations generally differ less than is often assumed, and contain more or less related elements, there would seem to be a possibility of arriving at universal ethic principles. This will be a significant international object, which will hardly ever be completed owing to the changing conditions; still, it will be of invaluable importance that such a work should be continued to widen the use of the norms, for although ethics valid to all kinds of people and at all times cannot be arrived at, we shall get a considerable step farther forward than we are at present.

However, if such ethical norms are to be of importance for concrete decisions, the preparatory work can hardly be initiated when the difficulties have already set in, as has been the case in many parts of the world. Under strained international relations, discussions of abstract ethical norms may be more detrimental than beneficial, as it will hardly be possible to come to a satisfactory and lasting result. Instead of serving as guidance for the solution of future problems, the concrete situation and its solution may give rise to tactical situations with greater difficulties instead of reducing the conflicts. There is here a decisive difference between short-term and long-term views.

Hitherto no such great difficulties of valuation have arisen between Denmark and Greenland, at any rate not to the same extent as between many other so-called mother countries and their former colonies. It will therefore be of importance for the future Danish-Greenlandic cooperation that such fundamental questions as are of the greatest interest and may be expected to become topical before long, are considered in a near future to illustrate the special relations between Greenland and Denmark. Owing to the mutual respect of the Greenlanders and the Danes, a greater harmony between the modes of thinking and the common views than is met with in many other territories, may be obtained. A valuable field of mutual understanding is constituted by the principles of evaluation dealt with above.

For it cannot be disregarded that the geographic and psychological differences between Greenland and Denmark may give rise to a dis-harmonious development in economic and other respects. As stated

above, it is desirable that differences, if any, should be discussed abstractly before being associated with special interest conflicts. In this connection the views held by KNUD RASMUSSEN and other Danish and Greenlandic personalities should be studied.

It should be pointed out that the many current and latent possibilities of disharmony existing to-day are due to the rapid technical development and the resulting possibilities for production. The utilisation of these possibilities may mean a considerable improvement of the living conditions of all people, and we may arrive at a welfare community with harmonisation at a much higher level than is known even from the immediate past.

Considering the large capacity of the machines to-day, it is important that the general economic views and specially the human cultural level should develop so as to enable man to master the technique in order to satisfy the needs to the same extent in all respects. Many difficulties encountered in the modern community may be ascribed to the influence of the technique on the views and evaluations of the people. What influence may not the modern means of communication, radio, television, etc., have exerted on the cultural evaluations, though they cannot be said to be harmoniously adapted to the unity. However, a harmonisation may probably be arrived at in this respect, also, though the level will be more marked by the views of the welfare community.

It is not inconceivable that the various non-European-American peoples may in the course of time guide us and make the Europeans understand that technique should not be regarded as a goal, but as a necessary and valuable means to increase the human welfare, and if used in the right way, it may lead to a harmonious development and help people to overcome the disharmony which it has produced in recent years.

In course of the generation during which I have had to deal with the Greenlandic problems, my view was confirmed that it would be an object of the Danish-Greenlandic cooperation to lead the transition from the primitive to the modern technique in such a way as to preserve the harmony with other aspects of the human life-forms, at the same time as the Greenlandic welfare level should be elevated so as to correspond to the welfare levels elsewhere. In addition, it should be shown to wider circles with similar problems that the problem of ensuring harmony between groups at different levels of development may be solved in practice, and with this end in view cooperation may be established between the peoples. This was a central point for HANS EGEDE and H. RINK and their successors, and to-day it is the object of the Danish Folketing and the Greenlandic Provincial Council to continue the work through a growing understanding of the economic and cultural principles

to be applied, in order that we may arrive, with as few elements of disharmony as possible, at a high and satisfactory welfare level and a cultural interaction between population groups which may draw benefit from each other's experience and personalities.

## 12. Summary

A number of potential principles of calculation and evaluation have been dealt with above, and it is pointed out that none of them may for so-called scientific reasons be forced on to anybody. The basis must always be the individual and group calculations of the population concerned, and in a social respect the sum of these, computed on the basis of the principles employed in the particular community. The various systems and their further development rest on evaluations, and in principle we can say nothing of the way in which to proceed from the individual to the social evaluations. The question will then be whether a theory shall merely explain the connection between the different factors of production and the human interests in the highest degree of welfare, or whether there is a direct connection between theory and the political decisions. To both points of view it will be of significance to realise what role should be assigned to the scientific consideration. This, of course, is not peculiar to the present study, so I shall confine myself to mention the importance of science according to the views put forward in this study.

As repeatedly pointed out here and elsewhere, it is impossible on a scientific basis to make interpersonal economic comparisons; this must be left to political decisions and to the inhabitants of the different parts of the world. Political decisions, however, are not arbitrary, they must be based on various considerations which may be subjected to sociological investigations.

While in principle political decisions do not depend on theory, science being unable to take an attitude to the fundamental political valuations, the relation between theory and politics means that the politicians are free to employ certain principles, while theory may inform us of the consequences of the principles, both by deduction from the premises and by applying them to a given material of experience. It is difficult, however, to get a general idea of these complicated conditions, so it is an important social task to explain the direct and indirect effects of the individual valuations.

Such a study of a problem on the basis of given political premises may probably be done more satisfactorily by scientists than by non-scientists. Thus, the object of science may be to treat a particular material, to draw the consequences from it, and notably to show that a

political disposition may lead to new problems, which may be differently estimated and subsequently give rise to renewed considerations of the social conditions; several political premises may possibly be found to disagree, which means that the total economic result does not agree with that which might have been expected, if no such investigation had been made. Scientists may undertake such investigations either at a political or at their own initiative, or in order to help the inhabitants of a country or a district to find out which of many possibilities are of interest to them personally, in the short as well as in the long run. There will always be a possibility that people who give advice do not quite understand what is of interest to other people, and this problem will be more complex, if the adviser and the advised belong to different races without full confidence in one another.

After such a study has been completed, it will be the object of the politicians of the different groups to study the results of the scientists and to decide whether the measures proposed should be taken; or whether, possibly after being informed of the effects of the premises suggested, they consider it more desirable to put forward a new set of premises, from which the scientists should draw the consequences and subsequently submit them to the politicians for consideration and decision. Such an interaction, in my opinion desirable, may have political effects in the form of more careful discussions of the political premises, as well as a scientific effect, viz. a consideration of current practical problems.

In this connection it should be mentioned that not all premises can be defined by politicians on an objective basis, and we must remember that a number of premises are determined by the special geographical conditions of the district; these are beyond the influence of political decisions, but may be of essential importance for the political evaluations, and this must be stressed, if the basic political aim is to arrive at a maximum satisfaction of the requirements of the population. But in addition there are many psychological elements in the views and general attitude of the population, which the politicians may influence, but not disregard, in particular if they are to form a policy for the relations between Greenland and Denmark and for the trade and industry in Greenland. This policy will accordingly change its character gradually as the Greenlandic population matures so as to be able to participate to a much greater extent than before in the world economy.

It is the object of science to find out whether or not the geographical, psychological, and political elements are connected with one another, to explain the conditions, and possibly to exert an influence on the attitude of the population through different kinds of information. In Denmark, as will be known, the superior authority is constituted by the electors, not the Folketing; in principle there is nothing to prevent

scientists from applying to the public opinion through an objective study of the possible evaluations, their mutual connection at present, and their possible future effects. It will always be possible to tell the electors what is of interest for them to know.

Thus, conflicting views may quite possibly be held by the scientists and various politicians. However, the scientists may try to influence the electors, and accordingly also the politicians, by objective information, pointing out consequences and special conditions which the general elector will need for adopting an attitude to the political questions prior to an election.

Thus, from neither a political nor a scientific angle can the aforementioned sharp distinction between science and politics be approved, and in my opinion it should be replaced by, or perhaps more correctly be supplemented with, an interaction. It is necessary that the politicians should lay down lines for the desires of the population, and leave it to theory to find out to what these general principles may lead, before a final attitude is taken.

In the theory of decision developed within economic theory in recent years it has so far been considered of importance to find out what scientific conclusions will be correct in all circumstances. As far as I can see, only little can be obtained in this way. By far the greater number of, and the most significant, decisions are made on the basis of premises laid down directly or indirectly by the politicians; these principles may perhaps later be altered by other politicians, but in regard to them a development of the theory of decision is of great practical importance. This applies probably in general to simple political problems, but it will be increasingly needed gradually as the social conditions grow more complicated and we are confronted by problems of far-reaching effects. The more the economy of the Danish community is influenced by international conditions, the more necessary it is that the decisions should be made on the basis of considerations in a wider context, not on the basis of feelings, the emotional elements being forced into the background by factual information. As for Greenland it will be necessary to realise to an increasing extent that the problems are growing more and more complex and that it will be more and more difficult to arrive at a harmonisation between the different interests of the Greenlanders and the possibilities offered by the Greenlandic nature. It is to be hoped that many Greenlanders will understand that this harmonisation is of principal importance for the welfare in the time to come.

Accordingly, it must be the object of economic theory to examine how the general views in Greenland can be realised by employing economic principles for the Greenlandic community and how the goals may be attained in the most economic way. Subsequently the politicians

will have to approve or reject the studies thus done, and if they are approved, it will be the object of the administration to carry them into effect in a loyal way; and the Greenlanders will have to understand that they have themselves approved the principles of these directions, which they should therefore follow in a loyal way. We are not here concerned with fixed static rules; the conditions constantly alter, and the population may get a constantly better understanding of them, and new technical improvements may be taken into the service of the economic life in Greenland as in other parts of the world.

The object of the following chapters will be to study how these general principles can be carried through in Greenland, in order that the Greenland economy may be the economy of 'the whole man', and that the premises given by the Greenlandic nature and the mind of the Greenlanders may lead to the highest degree of welfare to the whole Danish-Greenlandic kingdom.

If these ideas are to be followed in the coming years, it will be necessary to have different cost-benefit analyses for different Greenlandic problems. Theory is not very much developed in this respect, but I hope later to publish a contribution to the development of this theory. In my opinion, however, it will be necessary that other economists, in particular those who are working with the economic problems of the developing countries, should supply further contributions, and it is my hope that some of them will learn something from the work done in Greenland.

## CHAPTER X. FINANCIAL MEANS

### 1

The premises on which the present treatment of the Greenlandic problems is based are not the same as are usually employed by economic theory, not least as regards the economy of territories less developed than the European countries, and accordingly the results will be different.

The economic policy pursued by the various countries in their colonial territories in the 1930's presented, besides their common features, certain differences which were characteristic of the psyche of the mother countries. Thus, we may speak of the points of view practised by Great Britain, France, Belgium, Holland, and the United States.

It would carry us too far afield to describe in the present paper dealing with the Greenlandic problems, the colonial policy and its goals practised by the European and the American states. It should merely be pointed out that the difference between the mental attitudes of various peoples towards people of a different race have possibly been of greater importance for the development than technical abilities and economic resources, which often had different psychological effects from those aimed at, an economic-psychological fact which will probably be of great political importance in the future.

Below I shall therefore only deal with the economic policy pursued in Greenland during a couple of centuries. Different methods have been employed, and the supplies voted by the Danish authorities have varied so greatly that we may speak of a different economic policy. The differences have in several cases been overestimated, as the chief aim has always been to ensure the participation of the population in the world community and the world economy.

In future the introduction by Belgium of European technique in Congo will probably be acknowledged as a model, the technical development there having proceeded more rapidly than in other so-called under-developed territories. That nevertheless the results were unsatisfactory, is due to the fact that the Belgians, I think, lacked a thorough understanding of the human characters and views. The same is not true of the Danish work in Greenland, where greater regard has been paid to the develop-

ment of the human character and the welfare of the population than to the economy. Thus, it may be mentioned that the price policy pursued was not fixed on the basis of the Greenlandic level of cost, but with a view to the social welfare. During the 19th century the possibilities of production in Greenland were very small (corn could not ripen, etc.) and fluctuated with the seasons of the year.

The Commission of 1834, which was to introduce the new economic principles of the time in Greenland, gradually realised that the liberal economic theory was incompatible with the geography of the country and the stage of development of the population.

During the rest of the 19th century and some time into the 20th century the problems were in principle the same, and the economic theory employed in Greenland remained in all essentials that of the 18th century, no regard having been paid to the progress that had taken place in most other countries. No wonder that the Greenlandic social system seemed out of date and antiquated. During the last few decades, however, the geographic-economic conditions for trade and industry have changed considerably, not least owing to the enormous development of the means of transportation. As regards time, Greenland is now less remote than before World War II, a radical change of the structure of the Greenlandic community therefore seemed necessary, and about 1950 the view gained ground that drastic reforms would be required, in order that the economy of Greenland might approach that of many other communities.

To-day it does not seem unreasonable that the economic theories deduced from different premises will be different, too. Theory tends to show that different sets of natural and human premises may be put forward, which may be combined with different goals, and as a consequence of the various combinations, different forms of economic policies may be regarded as expedient. In consequence, the economic theory will be less uniform and more individualised according to its premises, both geographical (form of production functions) and psychological (ability to utilise the geographic possibilities of production), as the human interest in work varies with the human climate.

Even two communities with the same material possibilities may show a highly varying development, but attention is now paid to the internal interaction between psychology and economy and the difference often existing between long-term and short-term views, as the effects of a disposition made may be traceable far into the future.

## 2. Special Greenlandic premises

Although we are not to enter very far into historic-theoretical discussions with direct relations to the current political considerations,

which must to some extent be related to considerations in other countries with similar racial problems and prejudices, it will be difficult to deal with the economy of Greenland without mentioning various potential systems of premises and the special premises given by nature.

In this connection it will be necessary, therefore, to make some remarks on current political considerations, as there must be a connection between economic possibilities and political problems, if we are concerned with a border production with a special position on the world market.

Nobody in Denmark, as far as I know, considers it unreasonable that Greenland, in pursuance of the Constitutional Act of 1953, was acknowledged as part of the Danish monarchy with the same legal status as the rest of the kingdom. It is doubtful, however, whether the political equality may lead to parallel economic and political dispositions. The point is whether the conditions in the two parts of the kingdom do not differ so much that it will be expedient to use different economic systems in the two regions, if the aim is human equality.

The idea that political unity should naturally lead to economic unity with a highly uniform legislation, has long been practised in overseas France, not least in Algeria, though without great success; something similar has been an essential element in other territories with great geographical and cultural differences.

Before proceeding too far as regards the parallelling of the economic conditions in Denmark and Greenland, it might be advisable to examine the results of the policy pursued by various countries within the United Nations. The experience gained during the post-war time in many countries may be of importance to Greenland, also.

The attempts made in various territories to establish human equality have often had quite unexpected effects.

The natural and human conditions in the overseas territories vary greatly. I would consider it desirable that humanistic investigations should form a basis for comparisons between the development in Greenland influenced by the conditions in Denmark and in many other regions, and the specially Greenlandic aspects of the development, including the different sets of premises and the resulting sets of conclusions.

In connection with a system of economic premises, various forms of political self-government might be counted upon, in particular, perhaps, as regards the school service and a social welfare system, which will make the Greenlanders more directly responsible and make it possible for the peculiar Greenlandic mentality to manifest itself. On the whole, a potential interaction between economy and psychology should not be disregarded. Many politically interested Greenlanders might desire to choose between a larger number of economic and political possibilities.

In consequence of the views held prior to World War II long-term programs on a welfare-economic basis might be prepared in order that the Greenlanders, while preserving their Greenlandic peculiarities, may mature so as to participate on equal terms in the world economy.

After World War II both Denmark and Greenland were interested in a rapid development in Greenland, and many promises were suggested; but those who were more interested in a Greenlandic than a Danish and European influenced development often lacked knowledge of the many new ideas that had turned up in Greenland while it was cut off from Denmark during the war. However, Danish politicians were not prepared to outline such a Greenlandic-marked long-term programme; before doing so, they wanted to know the new ideas and conditions which might result from the world war.

Moreover the minister for Greenland, Mr. TH. STAUNING, was interested in a gradual development in Greenland, and it was considered preferable that the economic and the human development should proceed hand in hand.

During the war the administration of Greenland could only prepare and publish the comprehensive statistics, which for people interested in Greenland might have formed a basis for a greater understanding of the economic peculiarities of the Greenlandic community, and the lines which had been followed by Danish officials during a couple of centuries. In my opinion it is deplorable that these ideas were not considered useful by political circles in Denmark immediately after 1945, and that no lines for the future work of combining the human and the economic development were laid down.

It is recognised from many quarters that great differences may exist between short-term effects and long-term effects of great reforms, especially in fields where psychological factors play a central role.

The report of 1950 did not, perhaps, sufficiently underline the difference between short-term effects and long-term effects in economic and human respects, including the geographic conditions under which the Greenlanders have to live and work. Greenland was regarded as a Danish island, but not much was said about its special climate and other natural conditions and their human and economic significance. If it is desired to base an economic policy on Greenland's potentialities on the world market, detailed information of the cost and prices of the few products which Greenland may supply, will be required.

Attempts should be made to find out the cost relations after the war, as the competition must be based on the cost and technical possibilities. The many reformatory proposals put forward in the press on the basis of the extraordinary post-war conditions were from a business-economic and a welfare-economic point of view of limited value.

There is hardly any reason to criticise details of the report of 1950. The scepticism that may be voiced in future, will more likely have reference to the basic principle and the question whether the chief aims should not have been more carefully considered than could be done during the short time available for the preparation of the report.

If we are to continue the policy laid down by the politicians in 1950 with support from many interested quarters, it will be advisable to make critical calculations of the productivity, prices, etc., under varying conditions, and to consider the advantages and drawbacks which both forms of economic activity may imply, and what they may mean to the Greenlanders and to the rest of the Danish community which will have to pay the deficits of the Greenlandic economy.

As preliminaries to a political choice between various possibilities in regard to work, productivity, prices, cost of transportation, etc., in brief, what the Greenlandic trade and industry will be able to contribute to the world economy, it might be reasonable to study the available numerical relations, disregarding the effects of a specific monetary policy or subsidiary policy, and concentrating on the working economy of the Greenlandic productive enterprises. The starting point must be the accounts of the Greenlandic community, but it should be taken into consideration that the price policy adopted in one field must have direct relations to other branches of production and to the living conditions of the Greenlandic families. Such a static view would have to be supplemented with a dynamic view, connected with a demonstration of the possibilities of obtaining higher prices through a larger production or the production of high-quality products and the possibility of a reduction of the cost through rationalising measures.

Such business-economic studies might be used for direct considerations and for comparisons with the conditions of similar productions elsewhere.

It may be natural to compare the costs of Greenlandic and Faroese fishermen, in particular that part of the Faroese production which takes place along the coasts of Greenland; thus we may compute e. g. the cost of the production of 1,000 tons of salted or frozen fish supplied to the Spanish or another market by Faroese or Greenlandic fishermen, respectively, and the profits they will secure, due regard being paid to the return freight.

What amount will either of the two groups of producers be able to contribute to cover the overhead charges of their community? And what is to be understood by overhead charges when the communities receive financial support in various respects from the remaining part of the Danish kingdom? As the production may hardly cover the oncosts of the said communities, it may be of interest to calculate the government

subsidies to the Faroes and Greenland, respectively. Regard should also be taken to trade agreements with the countries which may be supposed to buy the special Greenlandic and Faroese products.

It might be interesting, in addition to the statistic comparison, to compare the Faroese and the Greenlandic cost of production to-day with those in 1950 or a typical year before the war, and during the period 1950-1960.

On the basis of such an analysis it would be easier to erect a prognosis for the future, though, as a matter of course, such a prognosis must contain some elements of uncertainty.

It would likewise be desirable to compare the Greenlandic cost of production with those of other regions, e. g. Labrador, where the geographical conditions are related to the Greenlandic conditions, while the economic organisation and the social conditions are different. Comparisons may likewise be made with Alaska and with northern Norway.

In principle it would be desirable to make a thorough preliminary study of regions whose human problems are more closely related to the Greenlandic ones, while the geographic conditions are less similar. Such comparisons, however, should be treated with caution, because various factors, not least politically influenced prices, should hardly be included into an economic long-term picture.

A critical study of comparisons of costs requires not only economic understanding, but also some knowledge of the technical aspect of the fishery and the other branches of production. By the cooperation of various circles it may be found out what is of special economic significance both to fixed factors and to those which may be influenced by rationalising measures. For it is not only the actual expenses which are of interest, but also their structure. A community with high fixed expenses will remain unaffected by fluctuations of the international prices, while the Greenlandic community has a fixed structure i. a. owing to its few possibilities of substitution, and because a substantial part of the basis for subsistence of the population must be regarded as fixed expenses.

Besides the fishery, which is of principal importance for the economy of Greenland to-day and which contributes substantially to cover the overhead charges of the country, other aspects of the Greenlandic economy may be mentioned, e. g. other branches of production, the public sector, the tourist trade, etc.

Many business-economic problems known from other places, also, are of a particularly great order of magnitude in Greenland, due to seasonal fluctuations and the long-term variations of the Greenlandic climate.

The factors of risk due to the variations of the climate may consist in the disappearance of the fish or their presence during short periods

or in small quantities only, that is to say, in a reduced number of working days. Economically it may mean that the fixed expenses will seem more burdensome, notably the great present and future investments.

### 3. Business-economic and welfare-economic policy in Greenland

A topical example in many countries showing that business-economic and welfare-economic views do not always coincide, is the rather sudden development of large towns, notably in Africa. Owing to the rapid development and the increasing cost of transport in recent years, it has been considered advantageous economically to concentrate the population in towns, often with harbours permitting large ships to call and presenting possibilities for a more rapid specialisation, division of labour, and employment of the modern technique. Generally, however, it is not taken into consideration what it may mean to the individuals to be removed from their native place, where their families have lived for generations.

In many earlier backward territories new possibilities for subsistence have turned up, i. a. because financial aid has been offered for the establishment of new enterprises. However, the rapid growth of the towns due to the removal of people from small places will often have unfavourable social effects, especially to the youth, who are not prepared to meet the conditions of life in the towns.

Unfavourable effects like excessive alcohol intake, venereal diseases, juvenile delinquency, etc., may be counteracted by a number of more or less effective social measures. The political appraisal of business-economic dispositions combined with general social measures may differ entirely from valuations of purely business-economic measures, not least as regards Greenland.

If specially interested in welfare-economic goals, we may in this connection study alterations of the consumption (food, clothes, housing), not only the income of the various population groups and its use at different times.

From both an economic and a social point of view it will be of interest in connection with the production to find out how the marginal income (the last Krone) is spent, and to study the possibilities for alterations in this respect through general information of the immediate and future effects and through the price policy pursued by the public (i. a. the taxation and the general subsidiary policy).

Such marginal calculations may be difficult to make in Greenland, where the income comprises both money and natural products which are directly consumed (that is to say, they cannot be measured in money), e. g. the catch which the Greenlanders secure for their own use by

hunting and fishing. Such calculations may be based either on money or on a special Greenlandic product; they may be more complicated and more welfare-economic, if the indirect wants of the inhabitants instead of their direct consumption are considered.

Both present and future effects may be taken into consideration, not least as regards the health service. It might, for instance, be examined whether there is a relation between the prices of some foodstuffs, e. g. chocolate, sugar, etc., and the public expenses for dental care, an interesting but difficult study. Similarly, an increasing consumption of alcohol may have indirect effects, on the one hand in a reduced production capacity and a larger number of accidents, and on the other hand it may perhaps give rise to an extension of the police service, etc. That is to say that the economic elements, notably the welfare-economic elements, are in many respects associated with other aspects of life in the Greenlandic community. In this connection it should be borne in mind that marginal calculations principally concern displacements due to a change of the previous conditions, e. g. by altered prices, increase of wages and salaries, improved education, improved health service, etc.

As mentioned above, a suitable starting point is found in the comprehensive statistics concerning Greenland which were prepared during the war, comprising in all essentials the first forty years of the present century. A comparison of the fairly gradual development during that period and the subsequent rapid development may be of both business-economic and welfare-economic interest; in particular, it would be interesting to know whether and to what extent the consumption in Greenland tends to approach that in Denmark, and whether related economic views are held in the two parts of the kingdom.

It would probably be economically impracticable to elucidate all aspects of the consumption in Greenland, but we might concentrate on such fields as to which the business-economic and the welfare-economic views disagree. Some persons may be interested in knowing how the income now used for cigarettes and alcohol would have been spent, if these articles were not available for sale. This may be difficult to find out, as the desires of the various groups (age, sex, etc.) may vary considerably.

Such a calculation would be even more difficult, if through the price policy we were e.g. to transfer the demand for beer to a demand for milk. Some people will be interested in a free sale, while others will prefer a regulated sale. All over the world the so-called free choice of consumers' goods is regulated through taxation and subsidies, so there will, as a rule, only be a difference in degree between Greenland and other territories.

Similarly, the welfare-economic effects in other fields may be studied. Changes in prices and consumption and the more indirect effects must be viewed together (e. g. the consumption of sugar, its detrimental effects on the teeth, the necessity of more dentists, information of the importance of dental care, etc.).

It is of interest to know how many more categories of goods than before, and what kinds of articles may now be bought in Greenland, as well as the connection of these changes with the varying income and price relations and the altered structure of the requirements of the population. To elucidate this question the starting point may likewise be the aforementioned statistics for the time up to 1938. It may be problematic, however, to proceed as before by considering the average consumption of the inhabitants of the various regions, for prior to 1938 the population consisted largely of Greenlanders, whose consumption was fairly uniform, while to-day the consumption of the many Danes will enter the picture, and the income of the Greenlanders now varies more than before.

As statistic methods similar to those used in Denmark are now used in Greenland, it will be of interest to know the consumption of the various income groups of the Greenlandic population, expressed in figures which may be compared with the figures for the time prior to 1940.

During the present century the Greenlandic economy has changed from an economy based on natural products to a monetary economy. It is therefore now possible to compare the consumption in different geographic regions expressed in absolute figures and valuations by the different groups of population, e. g. as regards the consumption of alcohol and tobacco, etc., in Greenland, the Faroes, northern Norway, Denmark, and the overseas regions. To furnish a satisfactory picture of the economy various relations should be considered, e. g. prices in relation to the price level, the consumption as part of the income, etc.

In addition to business-economic calculations, certain welfare-economic valuations may be taken into consideration. It is a question whether the greatest welfare at the moment or in the long run will not be attained, if the free choice of consumption or welfare (e. g. care of children) is recognised.

Agreement between the above-mentioned groups of valuations may be attained through extensive information and through a price policy which by means of taxation and subsidies aim at directing the purchasing power towards the socially greatest values; cooperation with the medical authorities may be of importance in this respect, considering the Greenlanders' growing understanding of the value of preventive health measures.

Such welfare measures should not be enforced by order in Greenland, but should be accepted and further developed by the Greenlanders in pace with their growing feeling of responsibility as regards the future of their children.

#### 4. A humanistic view

Socially the notion of welfare is not purely economic, for in a community no attempts are made to maximise the income as an economic element, but as a general, not always definable maximum satisfaction of needs.

As an isolated phenomenon, the economic man is rather an abstraction, with which it is fairly easy to operate theoretically, and which has accordingly been of great importance for the development of theory. By means of the notion of the economic man we may to a greater extent draw benefit from the mathematics. In principle this may be done by using the notion of welfare, but if so, the economic relations will be highly complicated and require complicated mathematic methods.

If the human conditions play a great role, as in Greenland where the economic and cultural aspects cannot always be separated, we must be cautious not to make direct conclusions from the economic man, as other aspects of human life should also be taken into consideration, that is to say, the technically most advantageous solution should not be chosen regardless of the cost.

As regards the education, the modern community introduces coefficients of evaluation which give rise to an essential difference between the cost and the price. The greater the distance between he who is to have the advantage, and he who is to pay, the greater will be the inclination to choose the best regardless of the price. Moreover, the technical development produces so much new which it may be desirable to introduce and which may be introduced rapidly, if no regard is taken to the price.

Thus, according to modern views, welfare is no purely economic notion measurable in real income, but a very doubtful notion, because there are no hard-and-fast rules for the relations between the money income and the produced and even consumed articles and other forms of human life. The recent efforts to produce evaluation coefficients between the cost and the price have more reference to Greenland than to other regions, on which account all comparisons and efforts to maximise a rather undefinable prosperity function will not be very satisfactory. Considering, for instance, the health service, the citizens of some communities are to pay part of the expenses and must accordingly fix their demands with a view to their other wants. In Greenland the immediate relation between the expenses and the price in this respect was of no great importance as

long as most decisions were taken by the administration. To-day such a restraint as regards an increase of the expenses has been much reduced.

This development may be appraised in different ways, but it is characteristic of many of the dispositions made that the Folketing (Danish parliament) has paid no great regard to the expenses. To understand this, it would be desirable to know the development in other geographic regions and the extent to which valuation elements have been inserted between the cost and the prices in other developing territories.

To understand the economic relations in Greenland it would be of importance to know the altered views and responsibility in fields in which the economic possibilities of the citizens have been forced into the background by emotional desires. As mentioned above, the human mind must be regarded as a unit, altered views in one respect being associated with the views held in many other respects, so the different aspects of the development may throw light on each other.

To get an idea of the altered conditions of life and human evaluations in Greenland during the past twenty-thirty years, we may consider the altered sexual habits. Some information thereof has been acquired through scientific investigations, e. g. of the following questions: How many children born out of wedlock have a Greenlandic, and how many a Danish father? How old are their mothers? What are the habits of the young Greenlandic women in particular in relation to the Danes, and do there exist any complexes in this respect which illustrate the relations between the various groups of population? How is the attitude of the parents of the young women and their boy-friends? Are special measures taken to induce young people to consider the connection between the present and the future, and what are the effects of such measures? etc.

This is a field in which extended welfare investigations would be in place, e. g. a continuation of the work done by the Committee on Social Research. It may be said to be a question of general welfare, not welfare economy, but is that correct? Are sexual habits not connected with the consumption of alcohol, cigarettes, the purchase of fine modern clothes, chocolate, etc.? Can it be denied that sexual habits have something to do with the need for money of the young Greenlanders and their demand for higher wages? Many forms of economic connection are not immediately obvious and should be elucidated with a view to an economic long-term policy strongly rooted in the mind of the Greenlanders, if unpleasant surprises should be avoided.

A development planned in agreement with the Greenlandic population will hardly be limited to statistics of criminality, venereal diseases, sexual habits, etc., however interesting such figures may be as expressions of general evaluations, which must necessarily form the background of future dispositions.

To fully understand the Greenlandic need of new social structures and economic development, we must know what they regard to be of human worth. This requires the cooperation of the Greenlanders; they must determine themselves the trend of their development, what they wish to preserve of their own, and what should be acquired from the outside world, and whether they wish to rapidly attain a higher economic and cultural level at the sacrifice of immediate benefits.

It will be of no great consequence to transfer Danish considerations of welfare to Greenland, as they would hardly agree with the Greenlandic mentality. But it would be of interest to know the attitude of the Greenlanders, old and young, towards the altered economic and human conditions, and whether they consider them as improvements. This applies to all regions undergoing a rapid economic and technical development, but in Greenland the development has relation to the development during centuries.

It would be even more important to investigate what elements play a role for the change of habits of the Greenlanders, and whether they are influenced by the more well-to-do and respected Danes. Great demands were therefore earlier made to the character of the Danes who went to Greenland.

In this respect comparisons may be made with other related regions, and with sociological investigations made in various parts of the world, often under the leadership of international organs, e. g. the UNESCO, which ensures as correct results as possible. In recent years, when the developmental problems have been topical, the influence of sudden economic measures—now an increase of the gross national production, now removals of the inhabitants of small villages to towns, where the new technique requires more manpower—on the human personality and character has been studied.

The economic-cultural transformation of the present-day Greenland has many other aspects of interest than sexual habits, consumption of alcohol, and juvenile delinquency. Investigations should also be made of the trends of the cultural development, whether the cultural horizon of the Greenlanders widen, and what this means to the balance of mind which has always been one of the most significant assets of the Greenlandic population.

In the last instance it must be a political task to decide what measures should be taken as a result of the investigations made in order to further the welfare of the citizens.

The examples given above may be supplemented by many others, but, as mentioned in a previous chapter, economic science is no ivory tower whence a dispassionate view of the community is taken, it must contribute to the solution of the human problems of the community as a whole.

It may to some extent be expedient to regard the immediate situation as marked by an interaction of business-economic and welfare-economic points of view, the business-economic views having often been represented by the Royal Greenland Trade Department and the welfare-economic views by the central administration. The Danish policy hitherto pursued in Greenland from the time of HANS EGEDE to the present day has endeavoured to view the development from a long-term angle and to include welfare-economic elements. Historically, and compared with the policy of other countries in similar territories, we may therefore speak of a specially Danish point of view, recognised from many quarters to contain valuable elements which may be of interest to other regions, also.

It will appear from the above that I regard the problems by which we shall be confronted during the coming generation as so complicated that they will have to be solved through the cooperation of the administration and science, the administration naturally adopting short-term, and science long-term views. Under these circumstances it is important to recognise the extent of the problems and to solve those which are most urgent.

### 5. A constructive view

It is common in Denmark to regard the economic dispositions from a historic angle, not as isolated measures. This may easily lead to conservatism, as regard to the past may impede the initiative required by the development. It will be expedient, therefore, to supplement a historical view with a constructive line of thought based on rational considerations.

The same applies to economic planning, for history never repeats itself completely, there will always be something new in addition to many connections with the past. But it is desirable that the new development should meet the demands of the population to a greater extent than it did in the past.

As such a constructive view will contain something new and untried, it may involve risk, if it is not supported by a comprehensive material of experience and knowledge of the human mind.

All economic planning will have to be based on a constructive view to find out what aspects of the economic and technical development are actually needed by the population.

This is true in all communities, but in particular in economically underdeveloped territories, to which the United Nations have given far-reaching promises of help in their Declaration of Human Rights. It also applies to Greenland, where the technical development and the improved conditions of transportation have created new premises for the construction of a new community.

Such preliminary constructive ideas were laid down in the report of the Commission of 1950, which bears evidence of having been prepared immediately after the war, when rapid and rational improvements were intended. However, people failed to understand that the human mind requires some time to develop. This has been realised later, when the rapid dispositions made in those years have been somewhat criticised.

The results arrived at in 1950 should probably be regarded as historical elements of a development which did not differ very much from the Danish policy hitherto pursued in Greenland.

Considering the possibility of basing the future development of the economy of Greenland on fishery from larger vessels, we may compare the economic possibilities of a Greenlandic fishing vessel with those of vessels of other nations fishing in the Davis Strait, e. g. the presence of harbours at which they may call, the treatment of the catch ashore, the supplies of the ships, capital supplies, contacts with the markets, possibilities of utilising the vessel all the year round, overhead charges of the community, etc. The basis for such a comparison should be the business-economic profitability of the various types of ships with ports of registry in the Faroes, Iceland, northern Norway, or other large fishing nations.

To-day the business-economic conditions may hardly be regarded as isolated phenomena, but must be viewed as elements of a total national legislation and its taxation or subsidiary policy, as for Greenland the special price policy and social policy pursued from early times. This policy aimed at securing satisfactory living conditions for the Greenlandic population, but on the other hand it involved expenses which are not included in the business-economic comparison, but in a total social valuation, in which the working account of the private enterprise (and the analysis thereof) is replaced by a community account (and an analysis thereof).

To undertake such comparisons, we may draw support from the statistics of other countries, which have in recent years been placed at the disposal of the international work. A cooperation may also be established with suitable fishery banks familiar with the conditions for financing.

Business-economic studies of the profitability of existing or potential Greenlandic industrial enterprises may likewise be made. The result may be that the establishment of business-economically unprofitable enterprises by means of government support may from a welfare-economic point of view be recommended in order to improve the economy of the Greenlandic population.

This requires an understanding of the political goals aimed at—in the widest sense of the word—and the different views held. From a business-economic view the wages must be regarded as expenses, while the working profit constitutes a significant welfare-economic goal.

Let us for instance consider the normal working hours of Faroese and Greenlandic fishermen, respectively, in favourable and in hard weather. Is it a privilege to the Greenlandic fishermen that they may frequently return home? What is the attitude of the two groups as regards public support? Would the Greenlanders perhaps prefer harder work, if it meant a greater income and purchasing power? Will it require lower prices of consumers' goods or support in the form of loans or investments to ensure a Greenlandic standard of living similar to that found on the Faroes or in other parts of the Danish kingdom?

With a view to long-term planning such preparatory investigations are often profitable economically, as they may form a reliable basis for future political dispositions to be made by Greenlandic and Danish authorities, and both business-economic and welfare-economic views would be taken into consideration. Moreover, in case of unexpected events (varying possibilities of catch, migrations of fish, price and market fluctuations, etc.) such investigations would enable the authorities and others responsible for the Greenlandic trade and industry to take the most expedient measures under the altered conditions.

According to the view of most economists, an increase of the work of the individual and a rationalisation of the production would be the best basis for a better and more stable standard of living, though under certain conditions a direct or indirect support may be expedient from a welfare point of view.

It is uncertain, however, whether subsidies or other social measures may be continued for an unlimited period of time, so in a democratic community everyone should get a training in accordance with his abilities; in the long run it will be more satisfactory to both the individual and the community. And the inhabitants should realise that an increase of the productivity means improved living conditions to them all.

In the economic history it has been demonstrated again and again that in many cases an increase of the productivity has a direct relation to a greater economic freedom and independence, but that the greater freedom and independence of one group of the population will necessarily mean greater dependence and less freedom to other groups. Welfare, therefore, is directly associated with personal freedom. From a constructive point of view it must be important to help the least self-asserting part of the population, viz. in Greenland the Greenlanders, to a free and harmonious development of their abilities.

## 6. Forms of trade

Provided that conditions were alike in Greenland and the other ports of the Danish Kingdom, and the predominant Danish views to-day

were to be applied, it would be natural to desire more freedom and initiative, a reduction of the governmental trade, and an extended private trade activity. This would require competition between a number of sellers and buyers living near each other, in order that the quality and the prices might be decisive for the development of the trade. If so, the businesses would get an optimal size with a satisfactory utilisation of their capacity. However, such conditions will rarely be found in Greenland and can hardly be established there.

The development which may be expected to take place in Greenland will most likely be similar to that known from the Faroes, northern Norway, and many other places with a formally free initiative, but often actually monopolised private enterprises, because no other trading enterprises are found within a reasonable distance.

To ensure that a shopkeeper in an isolated place is not to misuse his element of monopoly, the so-called free trade should be sharply controlled. However, this would not further the effectiveness or the initiative of the Greenlanders.

Not for economic reasons only, but from the desire of developing fair and noble human characters, we should take a greater interest in a partially cooperative development characterised by the cooperation of the individual Greenlanders, who out of regard to their own welfare and that of their families should be responsible for their economic dispositions. This would make the Greenlandic population as a whole more independent.

The form of such a cooperation, between the individual Greenlanders and between the Greenlanders and the Danish authorities, would very likely be influenced by the experience gained by the Danish cooperative societies, but as the new social structures should be adapted for the Greenlandic conditions, the Danish societies, which have developed under entirely different conditions, should hardly be used as direct models. Information may in addition be obtained from other regions whose geographic conditions are more reminiscent of the conditions in Greenland.

Owing to the special Greenlandic conditions it would be desirable that independent Greenlandic cooperative societies or municipal enterprises should cooperate with the Royal Greenland Trade Department for some time, during which the local conditions should be determined by the local population, and the conditions relating to the world market by the central organisation.

It is also desirable that the cooperative movement should spread to the fisheries, possibly resulting in the purchase of larger fishing boats.

During the development suggested, the Greenlanders will come to work more independently of the Danes employed by the Royal Greenland

Trade Department. Good personal contacts may be established between the individuals of the two groups, who will have the possibility of helping each other by supplementing each other's knowledge and abilities. This may contribute to preserving the good relations between the Greenlanders and the Danes which have persisted during the ages, even though difficulties may arise owing to the present rapid technical development.

## 7. Technique

Technique is never a goal in itself, but a means for human beings to satisfy their needs, and it should accordingly be valued on the basis of these needs, notably in Greenland with its limited resources of capital and technical skill.

Many technical problems in Greenland are solved by the Danish administration, but others are of such an order of magnitude and technical character that they should preferably be solved by the administration in cooperation with Danish contractors, exceptionally in cooperation with foreign technicians.

If a rapid development of the Greenlandic resources and a more suitable utilisation of the economic-geographic possibilities are aimed at, the Greenlanders will not for a long time to come be able to solve the problems themselves and the necessary capital must be supplied by other parts of the Danish community. It will be the object of the administration, in cooperation with the political representatives of the Greenlanders and the Danish political leaders, to decide how the available capital and manpower should be distributed between Greenland and the rest of the Danish kingdom.

It will be difficult to make a list of priority as regards the tasks to be solved. Some will claim that the school should be given the priority, while others will suggest that the health service, or the production as a basis for the further development should take precedence.

In many parts of the world a first-class technique has failed to lead to the result desired owing to the lack of confidence between the groups of population interested in the result and to their fear of exploitation.

Let us consider the conditions outside Greenland which formed the background of the widespread dissatisfaction owing to which the technical development did not proceed as part of a sound development. If, for instance, a European enterprise wished to lay out a plantation in a poor territory, it rarely inquired about its right to do so, but regardless of the legal practice in the place and the views of the population, it secured the best soil against a more or less modest payment.

Such a failing understanding of the conception of the local population is hardly shown by the Danish contractors operating in Greenland,

so their activities will hardly have the same political effects as the activities of private enterprises in other developing territories. It will probably be right to utilise the experience and abilities of skilled contractors in the service of the Danish-Greenlandic cooperation instead of leaving the work to the public initiative, which procedure would, no doubt, in many cases be more expensive. The Greenlanders are aware that they cannot themselves solve the intricate technical problems; less difficult problems might be solved by what might be termed a "technical middle-class" of Greenlanders with some technical training.

The division of labour taking place in Greenland to-day at a rapid rate is in principle the same as that which has already taken place in Denmark and in other countries.

The technical training of able young Greenlanders may lead to an increased productivity and an improvement of the economy, and may give rise to a growing self-confidence and self-respect of the population.

In many developing territories private capitalists have started enterprises capable of competing with the local trade and industry, which owing to lack of capital used an outmoded technique. By means of a highly developed technique and sufficient capital such great enterprises have often attained a satisfactory profitableness to the benefit of the shareholders, and it might likewise be in the interest of the local states to receive high concession charges.

From a business-economic or strictly fiscal point of view such enterprises may therefore have been desirable. Their welfare-economic importance, however, was sometimes negative, because they destroyed many ancient traditions, generally without offering anything culturally valuable instead. Some enterprises, however, established institutions to the benefit of the population.

To avoid economic conflicts and to preserve the good relations that have hitherto existed between Greenlanders and Danes, efforts should be made to develop an economically significant middle class within the Greenlandic community. This will in the first instance require a satisfactory training of the Greenlanders, in continuation of the children's schools and the adult education in high schools (folk high schools) and technical schools.

It is likewise indispensable that the young Greenlanders should receive a vocational training adapted to the Greenlandic conditions. In many cases, however, the technical training will not suffice, some financial support must be offered, if they are to undertake some of the tasks presenting themselves in Greenland. The leaders must leave it to the Greenlanders to deal with such problems as they are qualified to solve—a tendency which has gained ground in recent years.

A technically able middle class with human interests may be rather economically independent and may thus, in company with such as are trained in the public service, create a basis for a political development with a growing feeling of responsibility to replace the tendency to claim from other parts of Denmark.

It is considered desirable from many quarters that a long-term planning of the development in Greenland should include human considerations and the cooperation of the Greenlanders in the solution of the economic problems, to make them understand that economic advantages and economic responsibility are closely associated. In the technical field, also, it will be of importance that Danes and Greenlanders should supplement one another to avoid superiority and inferiority complexes, in order to arrive at a satisfactory result.

### 8. Various conditions

In addition to those mentioned above, some other economic and human questions as regards the Danish-Greenlandic cooperation will be urgent in the time to come. A satisfactory development in Greenland should be planned on a historical background, as no hard-and-fast rule for all conditions and all periods can be given. In the above I have not fully described all the problems presenting themselves, but have considered in more detail special aspects of the Danish points of view and their future transformation as a result of the historical development on the basis of new premises which would be desirable in view of the development that has actually taken place.

Hence, I shall not here deal further with the details characteristic of the Danish lines of thought and the use of basic ideas in Greenland, but merely point out that the individual evaluations and considerations must be viewed together, as an isolated use of them may have isolated effects in other respects than intended. From an economic angle the individual action cannot be valued as an isolated phenomenon, as its effects will spread in circles to the whole social life of the community.

To avoid misunderstandings, the citizens of the various groups should understand that the individual decisions and parts of the development are associated with other dispositions and may be regarded as expressions of a total sense of justice.

However, as we are concerned with groups of population with widely different historical backgrounds—what is regarded as a matter of course by one group, is not understood by the other—the development of such a common sense of justice may be difficult, but of great importance for an understanding of the daily events.

It is well-known that the reforms carried out in Greenland after 1950 payed little regard to the profitableness, the principal aim having been to help the Greenlanders. During the last few years the Danes have not, perhaps, understood that economic and human developments cannot be separated; a combination thereof has been characteristic of the Danish policy during the past few centuries and is symptomatic of the Danish mentality.

If in the planning of the coming development in Greenland the main importance is attached to the development of free and independent personalities, an economic policy aiming at the development of what has internationally been termed "the whole man" should be adopted.

### 9. Summary

To-day it is just as difficult as before to form an idea of the future development. The whole world community is undergoing a technical revolution, above all a revolution of the transport, as a result of which human beings will come into a more intimate contact with one another and accordingly be enabled to satisfy more easily their needs of material goods.

During the past generations, more especially the last decade, Denmark and Greenland as well as other countries have undergone an economic, technical, and transport development which must be assumed to be of essential importance for the social structures which are in future to ensure an equilibrium between the economic forces and the human mind.

While previously the economic conditions and the associated political problems were strongly influenced by the scarcity of production factors and a great many consumers' goods, to-day and in future this scarcity will probably be of less importance, although human needs are in some measure unlimited.

The many difficulties associated with the above-mentioned scarcity will gradually be replaced by a growing interdependence, which in connection with people's knowledge of living under conditions which are in accordance with their sense of justice, will be of greater significance in future than before.

In addition, however, the development has often led to a growing mutual good-will and understanding of the fact that human beings are less different than previously assumed. To-day an increasing number of people are aware that their well-being depends on that of their neighbour. If such a good-will is to be of importance for the relations between the races, it must be based on a certain sense of justice, and such economic principles should be employed that they will provide space for all people and all countries.

In my opinion the general Danish views and social structures contain elements which may contribute to such a development, and I likewise believe that the century-old cooperation between Danes and Greenlanders, characterised by their respect of the peculiarities of one another, may be of importance for other countries and thus contribute to the creation of the good-will necessary for the development of good relations between the races.

As there is probably a connection between the Danish-Greenlandic cooperation and the development within the international organisations, there is a wide perspective in the correct solution of the problems by which we are confronted in Greenland; it is very important that a policy of mutual good-will should be followed in Greenland and Denmark, and this good-will should be based on a mutual respect and understanding of justice by men of all races.

## CHAPTER XI. CLIMATE AND PRODUCTIVITY

### 1

All over the world the productivity of a number of trades and industries depends on the climate. In Greenland this is of great economic importance, as several trades cannot be carried out owing to the climate, while others may be difficult and expensive; on the whole the possibilities for trade and industry are small in all parts of the country.

The Greenlandic climate is a polar climate, that is to say that the mean temperature nowhere rises above 10° C. in any month of the year. As a consequence, the corn will not ripen and the trees not grow to a size of economic importance.

The conditions, however, were skilfully utilised by the original Eskimo population, though during the year they had to move from place to place in search for favourable hunting conditions. Even when the communication with the outside world had been established, the population still had to live very scattered owing to the few and limited possibilities of securing a satisfactory catch.

Gradually as the communication with the outside world increased, and the Greenlanders desired to attain the same standard of living as the inhabitants of other countries, they grew more dependent on supplies from more productive regions, and at the same time the extensive seal hunting was replaced by the more intensive fishery.

As regards the agriculture, some minor areas in southern Greenland offer possibilities for some species of grain to develop so as to become useable as green forage, and in addition to the grass growing on the mountain slopes the grain may form the basis for an extensive sheep farming activity. The economy of the sheep-farming further depends on the possibilities of an economically satisfactory transportation to the trading places with easy access to onward transportation by ship.

### 2

As will be known, the Greenlanders have to base their existence chiefly on hunting and fishing, which, like all other trades associated with

the sea, are highly influenced by the climate (gales and ice-cover) and the consequent migrations of the sea-mammals and fish, and in periods with modest capital supplies their hunting equipment had to be modest, too. And owing to the great distances to the markets, the price of the catch on the markets must be so high that the cost of transport will be of minor importance. At the present day it is a minus to the Greenlandic fishing trade that it is partially limited to the comparatively cheap cod.

Half a century ago cod were only present in such small quantities along the coasts of Greenland that they could not be utilised economically. However, owing to the rise of the mean temperature of the sea-water during the past fifty years such large quantities of cod are now present that cod fishery is in some measure profitable.

A disappearance of the present large quantities of cod along the coasts will be of far-reaching importance to the economy of Greenland, for if so, the Greenlandic fishermen will have to go farther out to sea to secure their catch, which they cannot possibly do in their small fishing boats, and great investments in larger fishing vessels will therefore be required.

It is likewise of economic importance to the Greenlandic cod fishery that in some districts cod are only present during short periods of the year. Thus, in the Egedesminde district this species of fish does not commonly appear till the beginning of July, to disappear again in October.

Also other species of fish of economic importance occur along the Greenlandic coasts. It is characteristic of some of them, e. g. the halibut, that they grow very slowly in the cold sea-water, so if an area has been partially emptied for fish, it will take years before gainful fishing may take place there again. This applies to a much less extent to the shrimps, which in some districts are present over large stretches and thus offer possibilities for production of great significance for the subsistence of the Greenlanders.

### 3

Considerable fluctuations in the occurrence of cod in the different months of the year are not uncommon in other parts of the world, either. Thus, it may be mentioned that the abundant occurrence of cod at Lofoten, which has for centuries been a condition for the fishing trade in northern Norway, is limited to a few months of winter and early spring and even varies from year to year. It is characteristic, however, that at Lofoten and in many other regions the fishing trade and other sources of livelihood supplement each other; the fishermen at Lofoten supplement their income from the winter fishery by the income from a modest agriculture in the summer.

Occupationally, conditions in Greenland differ greatly from those of northern Norway, as most Greenlandic trades yield the largest output during the few summer months, while in winter the earning possibilities are very limited. A study is available for some districts in the Disko Bugt showing the distribution of the trades over the various months during the period prior to World War II, which confirms the restriction of the chief economic activity to the summer months.

The general satisfaction of the requirements of food in the form of calories must be almost the same from day to day, and as the catch varies with the fluctuations of the climate, the conditions of life must depend on the reserves collected, either in the form of meat depots or, in recent times, of deposits in the savings banks. Previously, periods of emergency were overcome through the solidarity of the inhabitants, in late years, however, through social measures.

#### 4

Similarly as fine, sunny days alternate with stormy and cold days, the hunting and fishing possibilities in Greenland vary with the seasons.

It is obvious that measures to further the productivity and the earning power of the Greenlanders should naturally be taken in periods when the possibilities for improving the profitableness are greatest. This applies not least to measures aiming at providing the Greenlanders with motorboats and larger fishing vessels.

However, such measures should be supplemented by endeavours to increase the production in months in which the earning possibilities are minimal. In addition, some trades and industries occur in Greenland whose earning possibilities are uniform all the year round, e. g. handicraft, reindeer breeding, etc., the furthering of which must from a social point of view be preferable to such yielding a higher profit.

Such trades must therefore have a special coefficient of valuation as compared with trades associated with favourable seasons, and this should be taken into consideration during the economic planning. In this connection mention may be made of the home industry, as to which there is, as a rule, no possibility of substitution, but which induces people to increase the production.

#### 5

Altogether, the Greenlandic trades have few possibilities of substitution. If a trade should prove unprofitable, the question of the reasonability of an industrialisation of Greenland may arise, in order to make the population more independent of the seasonal fluctuations of the climate and perhaps to increase the possibilities of substitution.

However, in this connection some rather considerable economic reservations must be taken.

As mentioned above, the building of an industrial plant in Greenland will be more expensive than the building of a similar plant in Denmark, the cost possibly amounting to twice as much. This is due to various causes (greater cost of transportation, need of Danish manpower, preparation of a suitable building site, more expensive electricity, etc.), so competition with Danish firms will require a greater productivity or more abundant supplies of raw materials than in Denmark. An increased productivity can hardly be expected owing to the lack of trained manpower, while some raw materials may be supplied from the fishing trade, e. g. shrimps of a high quality.

An industrial production in Greenland must be payable in a competition on equal terms with other productions, but this can only be expected in few fields. Furthermore, if expensive industrial plants are placed in Greenland, a reasonable utilisation of their capacity will be required, as the fixed expenses are to be paid in all events. This will require a careful maintenance and accordingly the availability of sufficient spare parts. Only few industries in Greenland will be profitable, and many plants are therefore established from a welfare point of view to provide regular occupation to the Greenlanders instead of public aid.

## 6

From a world-market point of view the Greenlandic production must be of a largely marginal character, that is to say at certain times, only, will it be of any importance. Thus, the earning possibilities of Greenland as a business-economic unit will be determined by this fact: the production will at times secure fairly high prices, e. g. in times of war and economic booms, while at other times it will be rather superfluous and fetch such low prices as not by far to cover the cost.

Altogether the people living and working in Greenland are confronted by more severe conditions of life than in other parts of the world, and the productivity is not, therefore, directly comparable with that in other countries.

## CHAPTER XII. PLANNING

### 1

Besides by the local productivity, the Greenlandic standard of living is determined by the subsidies granted to and the investments made in the Greenlandic community by the Danish government, which depend on the economic standard of the rest of the Danish kingdom and its interest in a rapid development of Greenland.

From a total economic point of view it will be advisable to regard this complex of problems as a unit, for an economic valuation may easily be influenced by changing feelings. It may be preferable to make an analysis of the problems in order to throw light on the relations between the individual elements and thus to enable us to take a standpoint to the various problems.

There are, however, two central problems, viz. whether the standard of living in Greenland should be viewed from a short-term or a long-term angle.

### 2

To a community like the Greenlandic the standard of living is of essential importance, as it forms the basis of the material as well as other aspects of the cultural life and must necessarily be closely associated with the sense of justice of the population. Fundamentally, it should not be an administrative, but rather a political question to form the basis for the future cooperation between the two groups of population.

If the politicians leave the decision to officials without political training, these latter may be criticised for lacking an intimate feeling with the public opinion in Denmark and Greenland, and it may be of great value that the Danish politicians should know the special Greenlandic possibilities of an economic and cultural life.

A complete distinction between the political and the administrative functions is hardly possible, the different problems overlapping one another. But similarly as it is of importance that the officials should be loyal to the political authorities, the political authorities should be loyal to the officials and not interfere with matters which naturally belong to the functions of the officials. This is true especially in a democratic

community, where politicians cannot know all the details, but must base their decisions on the general sense of justice and otherwise rely on the officials in various respects.

### 3

To decide what are political and what are administrative functions in questions connected with the standard of living of the population and the distribution of the national product between the various groups and individuals, it should be considered whether they have relation to short-term or long-term planning. In most cases a compromise between the two alternatives will have to be arrived at.

It is unfortunate if the decisions are rather casual and give rise to doubt as to whether they are made in accordance with the political principles.

The principles of the policy pursued may be altered from time to time, but this should be done on the basis of careful considerations and evaluations. A moderate criticism and the advancement of new points of view will always be useful and must, in a democratic community, be the basis of a gradual development. The individual citizen in Greenland should have the feeling of being fairly treated in accordance with his sense of justice. A certain stability of the decisions will therefore be required, one case forming the precedent of the subsequent cases. To arrive at an equilibrium between the various views, public discussions should constantly take place, based on a thorough informative work.

### 4

Let us return now to a consideration of the tendency resulting from the joint political and administrative standard-of-living-policy termed short-time planning, which paid greater regard to the momentary situation than to the uncertain future and accordingly used a temporary favourable development of the price situation for an improvement of the conditions of life, and compare it with good economic conditions in the long run.

In the first place, many people will be interested in getting better and better economic conditions without paying regard to the more distant future. Secondly, it will be necessary to understand that modest improvements to-day will mean better conditions in the time to come.

In regions where two races meet and a short-term economic policy is pursued, the dominant race may select a few representatives, offer them more training and higher wages to associate them with their group, and thus exert a greater influence throughout the area. A long-term policy, however, may be assumed to have the opposite effect, as

the particular group will not be closely associated with any parties, and accordingly it will gradually lose its influence.

If the inhabitants of a territory are confident that the political decisions are fair, a modest welfare policy may be pursued during a fairly long series of years, before violent political conflicts will set in, depending on the intelligence of the group without political influence and its economic position in the community (race discrimination), though some members of this group will agitate for higher wages based on greater political influence, to a less extent on skill and productivity.

## 5

In the administrative work intending to improve the standard of living for some time into the future (long-term policy) the political consideration which is the principal factor in a more or less casual situation, will recede into the background, as a local and temporary political uncertainty will hardly be of long duration. The greatest interest should be taken in ensuring that the greater part of the population will get a feeling of justice. The elements of the political arguments should accordingly be fair and reasonable. During such a development the political authorities should be in close contact with the economic science in order to be able to distinguish between casual and structural changes. It is significant in this connection that the various dispositions are considered right and fair by the population.

If the sense of justice of a population or population group is combined with concrete decisions as to the current standard of living, a generally accepted basis must be found, e. g. the productivity and the consumption should have a direct contact in order that the greater part of the population may feel capable of earning what they need. However, in a modern community with its many intricate conditions this may be a difficult problem and will require a good deal of common sense and goodwill.

An administrative analysis of the conditions will not suffice, the population directly interested in the problems should try to understand the economic and cultural facts. Essential for the economic development are the available technical means, and regard should likewise be paid to the possibility of securing the necessary capital and obtaining from abroad what the population cannot collect itself. To arrive at a close association of the standard of living and the productivity, importance should be attached to the pay rates.

If the standard of living has been fixed by the politicians, and the administration has fixed the relations between the individual groups through cooperation with the employer and the employees, a long-term

standard of living may be established which will pay due regard to the productivity and the sense of justice of the different parts of the population.

However, during the rapid development to-day variations may constantly take place. From a long-term point of view it will therefore be reasonable, to ensure an improved standard of living from year to year, in favourable years to set aside money for reserves, e. g. through a price equalisation fund.

Finally, it should be pointed out that a long-term policy cannot be carried out completely, as we do not know the future productivity, so the economic policy must necessarily be a combination of long-term and short-term points of view, such improvements being made every year as the economic development will permit.

## 6

As pointed out above, the standard of living of the various groups of a community must have relation to the general sense of justice, that is to say, there must be some connection between the productivity and the standard of living, or between the wages and the public aid, so that it will be generally understood that better conditions of life may be obtained through a growing productivity.

Similarly, the wage level must have some proportion to the public aid; this applies especially to the workmen's wages and the aid offered to people of this wage class in case of unemployment, sickness, or accidents. Moreover, in a community like the Greenlandic community the rates of public aid must show a reasonable proportion to one another. The central point is that the population should have a feeling of being one great family comprising both Greenlanders and Danes.

## 7

As previously stated, the standard of living of the population is of importance for its welfare, and the population should have a greater understanding of the intimate connection between the standard of living, the productivity, and the sense of justice; that is to say, the notion of the economic man should be replaced by the notion of the whole man. Both Greenlanders and Danes should be aware that owing to the different natural and climatic conditions, the conditions in Greenland cannot be compared to those in the remaining parts of the Danish kingdom.

In a democratic community it is essential to distinguish between the field of action of the political authorities and that of the whole people, but this may be difficult if the various groups of population have a

different sense of justice. If so, a free exchange of opinions must take place, based on information spread through the radio and the press.

In general it is unsatisfactory that the conditions of life are subject to fluctuations, especially if the population is composed of different groups, e. g. Danes and Greenlanders. An improvement of the life conditions will always be welcomed, but it will require some maturity to recognise that such an improvement will have to be temporarily stopped. Hence, it is of interest for an understanding of the Danish-Greenlandic cooperation that during the centuries no deterioration of the life conditions has taken place, but that they have constantly improved, now fairly rapidly, now more slowly. The central point of planning must be the interest not only of the economic man, but of the whole man. It may make the planning more difficult, but it will, no doubt, be more useful.

## CHAPTER XIII. SALARIES AND WAGES IN GREENLAND

### 1

Not far back in time it was a principle generally acknowledged in most countries that citizens of different races got different pay; that this rarely gave rise to discussion, is probably due to the greatly varying productivity in the various regions, and altogether the necessity of an intimate connection of pay rates and productivity was generally recognised.

As a rule difficulties only arose in case of different degrees of productivity, and to overcome the difficulties special kinds of work were reserved for the different races. Thus, in colonies and dependencies the workmen's work was given to the natives, while work requiring a special education was left to the white race.

The advancement, especially after 1945, of other views and of increased claims for equality was due to various causes. During the war the mother countries had promised altered economic conditions when the victory had been gained, but the promises proved difficult to fulfil. The provisions in the Charter of the United Nations of 1945 and the Universal Declaration of Human Rights of 1948 were expressions of altered views, which reflected a development of the ideas of the public opinion more than an approach between the productivity of the groups in the different regions. It was expected that such an approach would result in a future approach as regards the productivity and a greater possibility of providing better conditions of life for the poor classes of the population.

In many cases the increase of the productivity during the last few years had been less than expected, and the claim for equality was therefore chiefly maintained on an ideological basis. Endeavours were often made to overcome the economic difficulties and the political dissatisfaction by national and internal measures to improve the health and school services, which in the long run might result in an increase of the productivity. But new problems turned up, especially as a control of the infant mortality resulted in an increase of the population and more mouths to satisfy.

## 2

In Greenland, as in most developing countries, we are confronted by increasing economic claims, which will, no doubt, increase still further in the coming years, if the consumption in Denmark and the consumption in Greenland are to approach one another.

In view of the working possibilities in Greenland to-day such claims are naturally made to the government.

There can hardly be any doubt that when economic equality has been wholly or partially introduced in regard to the salaries and wages paid by the government and the municipalities, the equalisation will soon spread to the whole Greenlandic community and in view of its construction give rise to an increasing claim to the effect that the public wage level should form the basis of the earning power and conditions of life of the whole Greenlandic population. This will result in a corresponding rise of the prices of the Greenlandic products bought by the Trade Department, no matter whether or not the products may be sold at a profit on the world market.

If such a rise of prices is not introduced together with the wage increase, we may expect considerable tensions between Greenlanders paid by the Danish state or industries dependent on the state, and the more or less independent Greenlandic hunters and fishermen. It must therefore be regarded as quite possible that the equal wages will result in an equalisation of the conditions of life and an increase of the income in other fields, also.

It is natural, therefore, to discuss the consequences of the wage policy in various respects, the immediate as well as the more remote effects, from the consideration that the wage policy is intimately connected with other aspects of the economic policy associated with other aspects of the social life in Greenland.

From a human point of view it will be natural along with the wage increase and rise of income, to preserve the present regulating rules for the Greenlandic community in order to preserve the equal conditions for the Greenlandic families. In this connection I am chiefly referring to the obligation of the Danish state to buy the whole Greenlandic production, no matter whether or not such a purchase will be profitable considering the prices on the world market. The life conditions of the Greenlanders may thus approach those of the Danish population without the Greenlanders having to face the risks on the world market which the Danish population will necessarily have to meet. Altogether the Greenlanders may be more favourably situated than the Danes. This human view is justifiable, because we are concerned with a period of maturation which is necessary, if full equality in all respects is to be attained.

In such case a substantial rise of wages and income in Greenland, if not accompanied by a corresponding increase of the productivity, will imply a corresponding rise of the Danish government expenses to maintain the Greenlandic economy. The future amount of this support may be calculated on the basis of the cost of transportation, the productivity, and the increase of the population, but considering the number of the Greenlanders in proportion to the Danish population it would not seem prohibitive for the Danish state.

It should be borne in mind that politically it will be possible to improve the life conditions of the Greenlanders at a more rapid rate than the productivity, but a reduction of the earning power and life conditions of the Greenlanders may give rise to bitterness towards Denmark, and in such case the great work already done may possibly have been done in vain.

### 3

An essential condition for the planning of such a wage policy and the associated economic policy is that it may provide a basis for full equality between Danes and Greenlanders. Thus, a policy intending to rise the wages and life conditions without a corresponding increase of the production, and without implying an obligation for the government to buy the Greenlandic products at prices involving a loss, would not be in accordance with the general aim of the Danish policy in the past centuries. Owing to the greatly varying earning possibilities of the Greenlanders in the different parts of Greenland, such a form of equality might result in periods of unemployment and in life conditions corresponding in some measure to those offered in the southern parts of the Danish kingdom.

If such a development was to continue for some years, several Greenlandic families might wish to move to places with more favourable conditions of production, quite possibly to southern Denmark, and if so, Greenland might be deprived of a valuable group of the population necessary for the development of the Greenlandic economy and culture.

It is probably such a form of equality which is to-day found to some degree in other northern countries, and during a similar political development all the international claims for equality normally put forward may easily be complied with, if families move to places with the best living conditions. It is far from certain, however, that such a form of equal possibilities of earning would be desirable in Greenland, as it will create difficulties, if the families with the greatest initiatives would leave Greenland.

### 4

Some people will not, probably, be content with such a form of economic and political equality and therefore wish to find a form which

is in greater accordance with the sense of justice of the Danish and the Greenlandic population. The reason is perhaps that they are aware of the special Greenlandic culture which neither of them want to be without.

As a consequence of this view social and economic forms in more accordance with the special Greenlandic and Danish conditions should be arrived at. In such cases equality would mean that the two groups of population should be given the same possibilities of developing into harmonious personalities, the richer part of the country helping the poorer part.

This may give rise to a special Greenlandic wage problem. Perhaps greater authority should be given to the Provincial Council to solve the Greenlandic problems, as higher wages will require a corresponding increase of the productivity or support from other quarters.

If the Greenlanders are to have the same standard of living as the Danes, and the population should not be decimated through emigration, some financial support must be given, the amount of which is to be decided by the Danish Folketing and the Greenlandic Provincial Council.

An increased Greenlandic self-government in the economic field would mean increased support from the Danish tax-payers. Some form of limitation of the amount must, however, be arrived at, to be fixed jointly by the Folketing and the Provincial Council, in accordance with the political aims for the country.

As a natural consequence of these political ideas the wage problem in Greenland cannot be settled in the ordinary way through competition, but must be decided on this special political basis.

It is obvious that if the political basis for the Greenlandic wage problem is so ill-defined as stated above, its solution must be difficult owing to the competition on the world market and the great price fluctuations, and in consequence the earning and living conditions of the Greenlanders will vary greatly from period to period.

## 5

In view of the close political and economic contacts resulting from the differences in international prices, the recommendations of the United Nations, other international organisations, and the public opinion it will be reasonable, before fixing the public and private wage policy in Greenland, to make comparisons with the wages in regions with similar natural conditions, especially northern countries.

However, as conditions are never alike, certain reservations must be taken; we do not know an economic man, but a whole man, and this means that all aspects of life have relation to the conditions. Still, com-

parisons with the wages in various overseas regions, e. g. in such with fairly related productivities, may be made. A reasonable wage level may be arrived at by considering the various elements; in the long run it will not be possible to isolate some factors, especially the existing natural and climatic factors. All over the world the living conditions are in some measure associated with the natural resources. It is therefore not possible in the long run to ensure uniform incomes in Greenland and in European Denmark and all other parts of the world in a coming world community. Such a uniformity is unsatisfactory and not in accordance with the sense of justice of most men and may lead to unwanted consequences.

To fix a wage policy which is in accordance with the sense of justice of the population, regard should be taken to the proportion between the wages of the Greenlanders and of Danes working in Greenland. The present great difference is obvious to all, but it is less obvious that various factors should be considered, if we are to ensure stable working conditions in Greenland.

The ill-feeling of the Greenlanders due to the different wages might perhaps be reduced by reducing the number of Danish workmen sent to Greenland, in particular as the work may just as well be carried out by Greenlanders, though at a somewhat slower rate.

However, a reduction of the number of Danish workmen would unavoidably result in a slower rate of investment in Greenland. Out of regard to the wage policy such a reduction and slower rate might be met by reactions by many Greenlanders who might wish to speed up the tempo again by getting more Danes to work in Greenland. If so, however, the claims for direct equality between Danes living far away from their families and Greenlanders living in their homes would lose some of its point, the presence of the Danish workmen being wanted by the Greenlanders themselves.

It would be desirable that the Provincial Council should participate in the fixation of the wages, and that it should understand the association existing between the following factors: wage level, subsidies, prices, taxation policy, occupation, etc. This would be of minor interest, if all the wage increases were to be paid by Denmark without the participation of the Greenlanders. But would such an economic policy be satisfactory to the Greenlanders in the long run?

To develop the feeling of economic responsibility of the Greenlandic population, it would be reasonable, as formerly mentioned, to limit the amount paid every year by the Danish treasury to Greenland, either to a fixed total amount, to a certain amount per Greenlandic family (possibly increasing from year to year), or an amount fixed in proportion to the Greenlandic productivity (e. g. as a premium for an increase of the

productivity), but in such a way that the Greenlanders would get an increasing responsibility from year to year.

As regards the Greenlandic wages and salaries, it will be obvious to everybody that in principle there would be nothing to prevent the Provincial Council from adopting a wage increase, if it were accompanied by a corresponding increase of taxes and duties, e. g. on the consumption in Greenland. The wage problem would then be an internal problem of distribution, as in other countries, and nobody in the other parts of the Danish kingdom would desire to alter such a distributional policy.

While an economic policy like that outlined above will not yet be generally understood in Greenland, an intermediary form might be arrived at, considering that wages and expenses have been considerably increased locally without any increase of the productivity, the cost being paid by other parts of the Danish population. However, such a distribution of advantages and expenses will hardly be desirable for the Greenlanders in the long run; like people in other parts of the world, they wish to be economically independent.

In the years with the greatest development it would be in the interest of both Greenlanders and Danes that the expenses should be paid jointly by the Greenland Provincial treasury and the Danish treasury in proportion to the rate of development.

The wage level in Greenland must be intimately connected with the price policy pursued, for the prices are not fixed on the basis of the expenses alone, but regard is also taken to the social welfare, as the prices at which the products most highly needed by the poorest part of the population are sold in the shops do not cover the cost.

To get an economic basis for a rise of the wages without a corresponding rise of the deficit, the prices might be raised in accordance with the rising productivity. On the assumption that the Danish contribution to the economy of Greenland remained fairly constant, the wages in Greenland might thus be increased with the productivity, and the difference between the Greenlandic wages and those paid in other parts of Denmark might be materially reduced, if the productivity should rise faster than in other parts of Denmark.

Such a wage increase combined with higher prices in the shops would imply an altered national budget for Greenland. Thus the former subsidies given to reduce the prices in the shops could be replaced by grants to the production and to new investments. The basic principles of the present state of affairs, viz. that the Greenlandic production is to be a non-profit undertaking and be regulated by transferring profit and loss for the individual years to a special fund, would have to be altered and greater or less support be given to various fields of production.

It is natural that persons and institutions responsible for the export from Greenland hesitate to agree to wage increases and direct support of the production, as such measures may imply unstable conditions for the Greenlandic export. Several foreign countries will not allow competition for their own inhabitants with products supported by foreign governments.

The Greenlandic wage policy is in every respect intimately connected with other aspects of the Greenlandic trade policy. What may, as in this case, facilitate the conditions for the Greenlanders, may mean increased difficulties for the export. However, what procedure should be chosen, must be left to the politically responsible authorities, and I think that in the long run foreign governments will understand the economic conditions in a country located at the limit of human existence.

## 6

It will appear from our considerations of the Greenlandic wage problem that it is extremely complicated and is intimately connected with other aspects of the economic life as well as with the political and cultural views. Hence, measures which are to be right both at present and in the future require a thorough clarification, as the economic measures must necessarily pay regard to the special geographic possibilities, and this should be understood by both Greenlanders and Danes and by foreign countries trading with Greenland.

Human beings in many parts of the world have not always a clear understanding of the economic conditions determined by the geographic conditions; thus, I have often experienced that the political views in Greenland are greatly influenced by a not quite clear human understanding. During the ages the relations between Danes and Greenlanders have been characterised by a human understanding, and this is one of the reasons of the good relations still existing between them, but a growing economic understanding will probably be required.

At the present day we are confronted by the solution of great and difficult problems in Greenland, which will require a considerable good-will between the different parties, and hence all parties must be interested in an objective information.

## CHAPTER XIV. INFLUENCE OF RACE DIFFERENCES ON THE ECONOMY

### 1

In western Europe and in America everybody knows what it means to act in accordance with the economic principle, and all people learn to make their dispositions on the basis of this principle, though the mental development will differ somewhat from one country to another and from one group of population to another.

In West-European-American countries this economic view has developed very fast during a couple of centuries, originally, perhaps, within special groups of population, but gradually it has spread to constantly greater parts of the world community.

The advantages of employing the economic principle in the social life are immense. While as to the greater part of the population no very great increase of welfare took place in any country prior to 1750, the use of the pure economic principle is gradually accelerating, while economic dispositions on the basis of general traditions are of decreasing importance.

The use of the principle of the economic man and the associated rise of welfare is gradually spreading to larger and larger territories, from Northwestern Europe to the rest of Europe and North America and partially to most overseas countries, even in Africa. The principle has been of great significance for the economic utilisation of fast developing countries.

It is understandable that the ideas which facilitated the European-American predominance gave rise to complexes and ill-feeling among the less developed populations, who, though willing to receive some economic advantages from the white man, were aware that their economic and cultural independence and ancient traditions are being lost more and more.

We know some of these difficulties from the relations between Greenlanders and Danes, in particular from the years with a considerable economic development; but the good-will has been greater between the groups, from which it follows that the tensions have been less marked

than in other countries. The cause of this is hardly to be sought in the peoples themselves, but the economic system in Greenland is probably based to a greater extent on the human factor, which probably resulted in better human relations than in many other parts of the world.

## 2

In connection with the spreading of the pure economic principle to constantly larger circles in all parts of the world, a special development of the human mind and ideas has taken place. Everywhere the governments are confronted by claims for equality with one's neighbour, while the peculiar features characteristic of ancient cultures where a man's worth was not only viewed on an economic basis, are disregarded.

As an example mention may be made of the clothes, which were formerly characteristic of the particular region and suitable to the climate.

In the age of individualism, when the former traditions have disappeared largely owing to the European influence, conditions are changing, and the individuals try to approach the European lifeform in many respects; thus, the young Greenlandic women like to wear European clothes, even though owing to the climate other clothes would seem preferable as protection against the cold.

During such a development it is not always realised that great human values may be lost with the disappearance of the original culture, not only as regards the clothes, but not least as regards the local interest in music and song.

This development is known in all parts of the world, also Greenland, where a considerable distinction formerly existed between the two groups of population, the Danes and the Greenlanders. A result of the altered conditions is a claim for higher wages and possibilities for buying the same articles in the Greenlandic as in the Danish shops. Another consequence is that the present-day Greenlanders feel less self-confident than in former times.

The requirements of the Greenlanders must naturally increase along with their growing contact with the Danes, as they wish to reach the same standard of living as that of the Danes.

## 3

Formerly the mode of living of the population in all parts of the world was determined by traditions and by the birth and education of the people, and they regarded this as a matter of course and tried to hold their own by utilising the possibilities of fishing and hunting to the best of their ability, often to the advantage of the whole community.

The individualism and possibility of the individual to hold his own, mentioned above in connection with the development of the European culture, are also reflected in the endeavours to find such social forms that the individual personality and individuality may be given free scope, often at the expense of the personal relations in the families.

Such a free development of the individual personality and harmonisation of the human economic abilities have possibly for centuries been more common in Europe than in other parts of the world. All human beings are influenced by the environment in which they are born.

Along with the growing education between peoples and countries due to the technical development, the mutual respect is to-day increasing and is more highly needed, too. The respect of personalities must gain more ground, if good relations are to exist between the races.

The human personality-principle is not immediately coincident with the aforementioned principle of the economic man. Actually, the development has been more marked by a mixture of, than by a harmonisation of the principles, and in this respect people coming from the European culture have a possibility of misusing their economic forces. A satisfactory development in this respect is particularly difficult, because a growing sense of justice and respect of human personalities are associated with many individual interests tending towards a misuse of power, and it may be easier to the economic man than to the whole man.

During the past centuries the same problems and probably also a mixture of the afore-mentioned principles, have been known from the relations between Danes and Greenlanders.

Although the racial intercourse in Greenland and elsewhere present many related features, there are various points of difference, possibly because in the Danish territory greater importance has often been attached to the development of the personality than to the principle of the economic man, and if we are to understand the special Greenlandic development during centuries, we must remember these special Danish-Greenlandic personal relations.

#### 4

The economic relations between the races exhibit a rather great difference in their consideration of the individual and the collective element. All human beings are characterised by both these elements, but the elements need not be the same in all regions.

Thus, the views predominant in many European countries may lead to a rapid development of these peoples, but the principles may have quite a different effect if transferred to the inhabitants of other regions with other points of view as to what is of interest in human life.

European-American ideas often strongly emphasise the isolated individual as well as the central government, while more mixed ideas of justice, not least as regards the right of soil, are met with in many parts of Africa. Such differences must be due to the different mentality of the people and the different forms of production and cannot be altered as fast as assumed by many capitalists in former times.

The relatively abstract collectivism, which in my opinion is widely distributed in European-American communities, may be largely characterised by the term democracy, that is to say, the individuals have an equal right to vote, but otherwise conditions vary greatly.

Such a democratic view has various advantages, and it is easier to practise; the citizens have possibilities to know what rules they have to comply with. However, many people will feel personally isolated and do not understand the new conditions intended to be to their advantage.

The more concrete collectivism met with in many places outside the community of the white man may most adequately be compared to a family in which the decisions are made by the head of the family or a kind of family council; nobody will feel isolated and may get help from the family in difficult cases. The decisions are made in accordance with less abstract principles than in western European communities, thus it is possible to pay regard to the individuals and their special wishes. However, this offers many possibilities for misuse, as it is natural to attach greater importance to blood relations than to the social legislation and abstract legal principles of the white man. A community guided by the elders of the family will often be conservative and present obstacles to dynamic elements and initiatives, and these people may develop faster if they can accept the new principles in a way which they feel is in accordance with their own view of life and not as a pressure from the outside.

Consequently, the optimal result must be a combination of individual and social views, and of the European culture and the culture of all other peoples. Whether such a combination will lead to a rapid economic development, must depend on the prevalent human views in the community. An imitation of European conditions should not absolutely be aimed at, the historical conditions in the region should also be taken into consideration, and an organic development from the old to the new will often be preferable to sudden transitions. It is not the best thing to regard man as an economic function, while he is a more or less developed personality. I think the economic development will in the long run proceed faster and more safely, if we regard man as a whole and not only as an economic unit.

## 5

Gradually as the distribution of power at the present time is altered, the views, too, seem to alter, largely due to the political development. The productive superiority of the European technique has been increasingly acknowledged all over the world, and all peoples have endeavoured to utilise it, though in some places this has occasioned various trouble in the form of inferiority complexes. This may lead to great tensions, which in the long run may impede the economic development.

However, one form of culture cannot be regarded as superior to all others, and the white race should not be regarded as absolutely superior. The desire of co-existence which politically has played such a great role, should also play a part in the economic and cultural fields. This might be the case to some extent in former times, when the different cultures subsisted independently of one another owing to the very sparse opportunities of contact. At the present time, with the increased contacts, a general respect of one another must be established; all of us know that foreign cultures have something to offer, if we are to have a rich personal life.

Such a development is also known from the Greenlandic-Danish relations. It has often been pointed out that the horizon of the Danes is widened if they go to Greenland and get into contact with the Greenlanders, and gradually realise that the Greenlanders, though different from the Danes, need not be of a lower quality, but that intercourse with them may make our life richer. The same applies, no doubt, to the Greenlanders, though they are perhaps more inclined to admit the value of the Danish influence.

But the relations between Greenlanders and Danes present to some degree the same problems as are met with in most other countries where people of different races are in contact with one another, and some people possibly think that their way of life represents the highest culture. It seems to me, however, that the Danish and the Greenlandic mentalities contain elements of mutual understanding and interest in a cultural-economic development based on a mutual respect, and I hope that this development will be of great effect in the time to come.

## 6

There can be no doubt that the technical progress of the present day enable people to satisfy a growing number of material requirements, and that this development has an increasing tendency. What was previously an expression of the luxury of the upper classes in many European countries, now forms part of the daily needs of ordinary people. This improvement of the living conditions is obvious in all respects, e. g.

the control of diseases, improvement of dwellings, etc. The marginal satisfaction of requirements or the use of the last money unit earned has changed its character. This development is known from Denmark and even more from Greenland, where all the reforms have been introduced more suddenly and are therefore more difficult to accept as a normal part of life.

A special problem arises in Greenland, because the production has not increased in the same proportion as the consumption, and the increased consumption in the poorest parts of the kingdom must be offset by the greater production in other districts. This is fairly easily practised owing to the magnitude of the two groups of population.

If we regard the growing prosperity as an international phenomenon, we cannot disregard the growing difference between the stage of prosperity of the different regions. Thus, the wealthy countries have become relatively richer as compared with the poorer countries, and the demands for equalisation are so comprehensive that even a modest equalisation will require a considerable solidarity. I would think, however, that during the past years the Danes have made great efforts to make it possible for the Greenlanders to get a consumption much nearer that found in Denmark.

## 7

A summary of the importance of the racial differences to the economy will naturally lead to a growing understanding of the significance of international cooperation and interaction. This is clearly expressed in the Charter of the United Nations and the Universal Declaration of Human Rights. According to these documents the member states have assumed various obligations and given promises of far-reaching significance; if they are not carried into effect in such a way that they are generally regarded as an expression of solidarity, they may give rise to inferiority complexes and antagonism.

I think that during the past twenty years the Danes have made great efforts to arrive at an economic equalisation, and I hope that the Danes will continue their efforts to ensure personal equality. I am aware, however, that such a personal and cultural equalisation may be more difficult to carry into effect than the economic development we have experienced during the past twenty years.

## CHAPTER XV. LIBERALISM

### 1

The formation of communities as an expression of power is met with wherever people living near one another have no cultural contact with each other and do not want it, but may have great economic interests in common. If so, the goal must be to secure as much as possible of the values and to give very little in return. Generally, however, this will be a short-sighted view. From a more long-sighted point of view there should be established an interaction of such a character that the strongest group takes only so much that the other group will be interested in continuing its work.

However, values may also be given to others without claiming anything in return (e. g. missionary work). The missionary work is often associated with trading activities which may provide a material basis for the missionary work.

This was the case in Greenland, where HANS EGEDE utilised the trading for his missionary activities, and elements of his view persisted during a couple of centuries.

### 2

The term liberalism as denoting a social system should always be used with caution, as it may be applied to many different fields. It seems to me more easily understandable if it is viewed on a historical background.

If it is admitted that even at the present day the term has different shades of meaning, it should at the same time be pointed out that in general usage it means liberation of hampering restrictions, imposed by the government to serve the common interest.

The liberal ideas gained ground in many countries during the 19th century and were employed in a special form in the relations between mother countries and colonies.

### 3

Applied to Greenland, liberalism will in most cases mean freedom from hampering restrictions. The freedom that may come into question

by liberalisation may be either of a formal or of a real character. The formal freedom pays no regard to individual differences, some individuals are able to utilise their freedom, while others are not, due to the lack of capital or of initiative, or both.

Everybody is free to act, or not to act, as he thinks expedient, the government does not interfere. Every man is the architect of his own fortune. Still, from a liberal point of view freedom always has certain limits.

In overseas countries, perhaps to a greater extent than in Europe, liberalism meant a dissolution of the family; the territories concerned were, so to speak, individualised, the responsibility of the individual citizen in regard to other people, whether close relatives or not, was reduced or entirely disregarded. It is peculiar to note that in the wake of the dissolution of the families followed a far-reaching social legislation, assuring the citizens against diseases, invalidity, infirmity of old age, unemployment, etc.

The greater freedom resulting from the liberal ideas, however, has not only been to the advantage of the ablest, but also to reckless individuals without any feeling of human solidarity, thus often where the class distinction included a race discrimination. In such cases the strongest benefited from the work done by others, which has given rise to social and racial conflicts and serious political controversies.

#### 4

The real freedom of a citizen means that he is free to cover his elementary economic and cultural needs and to use a good deal of his time and energy in accordance with his personal inclination and interests.

According to this view, freedom requires certain bounds determined by the horizon of the individual concerned, and in harmony with the horizon of the particular group and not in conflict with the interests of other groups.

In the present-day communities liberalism requires in the first instance the ensurance of tolerable conditions of life to old, sick, children, and invalids, while at the same time endeavours are made to maintain freedom and initiative for all persons capable of utilising such a freedom. Many people think that such a combination will ensure the greatest possible happiness to the largest number of citizens.

#### 5

Several countries, for the most part earlier dependent territories, have only one or very few products available for export. If the prices on the world market vary greatly, and if the producers receive the

world market prices, and the competition is free, the income of many families will vary considerably from year to year, that is to say that in one year they may be rich, in other years starving. The income secured in one year must in many cases be spent in another year. In a liberal society this may be done by not using all the money earned in the good years.

To many families this will be difficult, and the difficulties will be greatest in the poorest parts of the world, often countries in the far north producing articles which will have to be used in a short time. In such countries it may be necessary to establish a buffer between the world market and the standard of living. To-day this may be done in different ways. In the international discussion we need it in the cocoa plans in various African states.

In a liberalised Greenland such a buffer will be more necessary than in most other parts of the world. The conditions of production may differ very much due to the ice and gales, and the conditions for sale may differ so much that sometimes the Greenlandic production is not demanded on the world market. Hence, a buffer will be needed also in a liberal society. If a man is to have a feeling of freedom, he must at least have enough food to survive.

If liberalism is understood to mean that people shall feel free, it is more necessary in Greenland than in other countries to have such a buffer. In my opinion it is incorrect to say that there has been a monopoly in Greenland in the sense that the Greenlandic population did not have the same possibilities as free men in other countries; it is correct to say, however, that there has been a buffer against the fluctuations of the world market, which buffer made the Greenlandic families free to live their own life.

## 6

The criticism of the claims for freedom put forward during the past century is especially based on the view that the greatest profit and the highest standard of living of all individuals depend more on solidarity and cooperation than on their own work, as was formerly the case in the individual families. Men may feel freer by working together than by working against the interests of one another. But the cooperation will often necessitate that the state should organise the common work in accordance with common principles, and this may make the people feel freer than in a more formally free society.

The original Greenlandic hunting communities were characterised by such a cooperation. Men had to work to the best of their ability, and all should use what was necessary, and they might have the good day in common. If a man did not do his best, he would not feel himself a normal member of the community, he would "lose face".

These conditions of production and consumption continued even after the arrival of the Danes and their undertaking of the administration, and lasted for centuries in accordance with the same principles but in different forms.

It may be said that this cooperation is not a form of liberalism, but I think that it made men feel more free, when they lived under the severest conditions under which men have possibilities to live.

In Greenland freedom through cooperation is highly needed, and I think that new forms of cooperation will be necessary when the Greenlanders have to live in closer contact with the world market in the years to come.

## 7

It is obvious that the various above-mentioned forms of liberalism and endeavours to ensure freedom to the individuals and families have been particularly suitable in Greenland at different stages of development; under the changing conditions the Danish administration has always endeavoured to ensure freedom to the Greenlanders in their daily life.

Up to 1950 the object of the Danes was to support the Greenlanders and facilitate their work. The economy and whole existence of the hunter (later fisherman) depended on his freedom to choose where and when to hunt; his catch depended on his choice of hunting grounds and time for hunting, and in accordance with the economic principles practised in Greenland he was always certain that he could sell to the shop what he did not need himself.

These conditions were the result of a number of historical factors. Gradually, however, the development had to be adapted to the policy and technique of the new time, when Greenland may form a free part of the world community. Such a development, however, had to be very expensive, but the Danish Folketing has taken the full consequences thereof and granted the necessary funds. Greenland is now a free society with other forms than in former times, but the Greenlandic-Danish relations have always been characterised by a mutual respect.

## 8

The historical conditions and the associated policy, however, cannot be regarded as universally valid. Politically much has happened in Greenland as in other regions which prior to 1940 had remained uninfluenced by the technical development, and it is understandable that to-day endeavours are made to arrive at the form of liberalism and freedom which is in accordance with the new time and its special needs.

It is a fact that the human horizon has widened everywhere, and if it is desired that the human being shall feel free within certain bounds, these latter will have to be altered in accordance with the present-day horizon. The Greenlandic hunter with his limited horizon is now suddenly to become a fisherman with the whole world as his horizon. In some measure we are confronted with the same problems in Greenland as in Asia and Africa, greater problems than human beings have ever had to deal with.

There can be no doubt that the Danish goals in Greenland are related to the goals aimed at in many developing countries, viz. to ensure to the inhabitants a greater freedom, good health, improved education, a more satisfactory technique, etc., in brief, to make them harmonious in a modern fashion.

The form of liberalism and freedom which I consider most satisfactory, requires agreement between the mental horizon of the inhabitants and their working conditions, if tensions and misunderstandings are to be avoided. The unhappy effects of failing harmonisation are known from other parts of the world, so if the present problem cannot be solved, an approximate harmony should be aimed at in Greenland.

Such an approximation may be arrived at in two ways. On the one hand, a rapid widening of the horizon of the Greenlanders should be attempted. On the other hand, the economic policy pursued may put limits to their economic horizon by inviting them to form unions to get a wider common horizon and thus acquire an understanding of the economic relations.

As often pointed out, it is particularly significant that the Greenlandic population should get a greater economic responsibility through its political organs. I do not doubt that the Greenlanders will gradually become able to understand their economic conditions as part of the world, and to understand that the economy of Greenland depends to some extent on the difficult geographic conditions.

## 9

It is largely the same endeavours towards liberalism and a free personal development combined with a will to cooperation which characterise the problems in many developing countries.

These problems are of growing importance, but they have proved to be difficult to solve and have given rise to various conflicts.

There are, of course, differences due to geographical, political, and human conditions, but as far as I understand, the differences are not so comprehensive that the individual countries may not draw benefit from

each other's experiences. Hence, detailed discussions on an international level will undoubtedly be of great significance.

Such discussions may give rise to increased contacts and a growing good-will to the benefit of all parties. But they will not exempt us from our obligations to try to solve the special problems met with in Greenland; they can only be solved by a mutual goodwill between Danes and Greenlanders and an understanding of the special geographic conditions in Greenland.

## CHAPTER XVI. THE POLITICAL ADMINISTRATION

### 1

The peculiar relations between the Danish kingdom and Greenland developed during the 18th century in continuation of the work of HANS EGEDE and his assistants. The basic idea of HANS EGEDE was that the Greenlandic trade should serve the interests of the missionary work, the object not being to secure a profit, but to provide a material basis for his mission in life: to christen the Greenlanders. His ideas were shared by many people afterwards engaged in the Greenlandic trading activities. The Danes and Norwegians working in Greenland liked the Greenlanders, and many mixed marriages were contracted, whose descendants have exerted their influence on the development right up to our time. It is peculiar that such a large number of Danes and Norwegians thrived in the barren and inhospitable regions and wanted their children to form part of the Greenlandic population and to live under the severe natural conditions in Greenland.

The daily work in Greenland was carried out partly in cooperation with, partly in opposition to, the political administration in Copenhagen; owing to the great distance it was not always possible for the Danish administration to understand the special Greenlandic conditions. Thus, it may be mentioned that shortly after the establishment of the colony, the government tried to place some convicts at Godthåb. However, the experiment was no success and was definitively abandoned after a short time. The inspectorates were established in 1782, after which date the object of the Danes was indisputably to work for the benefit of the Greenlanders, not least the Greenlandic women.

An even more peculiar Greenland policy developed about the middle of the 19th century both in Denmark, in a number of commissions, and in Greenland. The commissions arrived at the result that a form of liberalism like that then developing in Denmark proper was unfit for Greenland, where the object must be to govern the country in accordance with the common humane and cultural ideas of the time, and this would lead to other economic-political ideas, which would provide a basis for the development of the Greenlanders into free personalities (cf. the discussions of the commission set up in 1834).

The transition from the absolute monarchy to a democratic government in Denmark in 1849 did not alter the fundamental Danish attitude. Although no small number of politicians wanted the ideas of freedom to gain ground in Greenland as in Denmark, they loyally bowed to the opinion of the government officials, viz. that measures suitable in Denmark would be detrimental to the Greenlanders.

In this way the daily political administration came to rest with the chief official for Greenland, whose recommendations were, as a rule, followed by the changing ministers.

Of the many able and respected officials acting as heads of the Greenlandic Trade Department during the 19th century, notably HEINRICH RINK deserves mention. He was a scientist, who had been a member of the Galathea Expedition and subsequently stayed for some years in Greenland for scientific purposes. During his stay there, he developed such a great sympathy with the Greenlanders that he entered the administration, to act finally as chief of the Trade Department. As will be known, he solved a number of problems aiming at developing the Greenlandic population and adapting the administration to the nature of the country, to the mind of the population, and to the world economy.

In accordance with this view, the measures taken naturally differed from those taken in regions where the economic goals ranged higher than the cultural development. In agreement with the population, this development has been continued in order to necessarily approach many Greenlandic dispositions to those made in other parts of the kingdom.

This special development of the administration of Greenland had various far-reaching effects; thus, the political administration was entrusted to persons who had carved their way in the Greenland service. As a consequence, traditions came to play a great role. Some experiments made immediately after the change of the century (1900) to do away with the Greenlandic traditions proved no success.

On the other hand, such an element in the Greenlandic policy produced a considerable gap between Greenland and the rest of Denmark, and the natural contact between the various groups of population of the kingdom was not established to the extent desired.

Many circles in Denmark felt a great sympathy with the Greenlanders, but the sympathy was long associated with a lack of knowledge of the Greenlandic problems due to the special Greenlandic nature. The failing understanding was emphasised by the Act of 1925, in pursuance of which Greenland was to pay its own way. There was no particular reason for the Danish public to take an attitude to the Greenlandic problems, and many people rested content by ascertaining their special character, and took no interest in analysing and understanding them.

## 2

The political conservatism and traditionalism characterising the relations between Greenland and Denmark persisted till the communication between the two regions was interrupted during World War II. The development during the war, influenced by the contact with the United States and Canada, inaugurated a new time.

The new ideas claimed greater equality between Greenland and European Denmark, and this claim got its political result in the new Danish constitutional act (1953), according to which Greenland politically forms part of the Danish kingdom; it is to be regarded as a Danish island, and be represented in the Folketing, and the legislation for Greenland and that for Denmark now approach one another in many respects.

## 3

As regards the administration there is no full equality between Denmark and Greenland. Thus, the Danish administration of Greenland is conducted by a permanent undersecretary of state, who has to report to the Minister for Greenland Affairs. That is to say that a single person is in charge of the administration and may exert a good deal of the political influence which it was formerly a political goal to abandon. The best thing which Greenland has got through this principle was the close cooperation of all parts of the administration. All the Greenlanders knew that the administration was a unity and that they were treated according to the same cooperative principles in all respects.

As a natural consequence of the altered political conditions after 1953 administrative equality with the rest of Denmark was desired. This may be obtained by moving the various fields of administration to their special ministries, e. g. school matters to the Ministry of Education, legal matters to the Ministry of Justice, etc.

This might be an advantage, as a different treatment of the various matters in Greenland and Denmark would to a great extent be avoided; on the other hand, the Danish officials who are to make the decisions, will hardly be fully familiar with the special Greenlandic elements, and the decisions may thus give rise to criticism in Greenland, as many Greenlanders will be more directly interested in their own conditions than in the Danish principles.

A special moment to be taken into consideration as regards the dissolution of the Ministry for Greenland and removal of the various offices to other ministries, is that the decisions of these latter may have different effects in various small communities, where the inhabitants are in close contact with one another.

This might be counteracted by allowing the Greenlanders to participate to a greater degree in the administration, and it is an advantage that they are familiar with all the elements of the case; the drawbacks are that in the small communities their personal feelings may influence their decisions.

#### 4

In modern communities there is a tendency to imitate one another, not least among the different races, which are now in closer contact with each other than in former times.

This tendency to imitation is characteristic of the development in recent years all over the world, also in Greenland, but very likely it will soon cease and be replaced by tendencies to develop one's own characteristics and personalities.

Although at its first stage the technical development and mass production in many respects had a levelling tendency, it would seem quite natural that the continued technical development will offer more time for the cultural development and a greater mutual fructification.

If differences should arise, it is desirable to find such forms of administration as will not obstruct a further differentiation; it is not desirable to consider Greenland a Danish county, but regard should be taken to the mind of the Greenlandic population, and greater authority should therefore be given to the Greenland Provincial Council than is normally given to Danish county councils.

Thus, for instance, it would be reasonable for the Provincial Council to put limits to the consumption of spirits instead of leaving the decision of this question to the political authorities in Copenhagen.

Since, in addition, as has been the case since 1953, the Greenlanders are given the same possibilities of electing representatives to the Danish Folketing as the rest of the Danish population, a form of political equality has been established.

Considering the special position of the Greenland Provincial Council as compared with the other Danish county councils, it would seem reasonable that it should appoint its chairman itself. This would contribute to emphasise that an increased political influence is associated with an increased responsibility.

After World War II the Greenlanders have got a greater political influence in all respects, which must imply a greater responsibility. I think that the Greenlanders will to an increasing extent be aware of this responsibility, and understand that in a poor country it is impossible to fulfil all the wishes in the course of a short time. Much may be done by the Danes, but I think that much more will have to be done by the Greenlanders themselves in the years to come.

## CHAPTER XVII. MUNICIPAL SELF-GOVERNMENT

### 1

Considering the economic and cultural development it will be reasonable to point out that although the geographic and climatic conditions in Greenland differ materially from those met with in most parts of the world, many social conditions are common, and it may therefore be advantageous to utilise the experiences made in other places, especially because the Greenlanders will probably during a rather short time have to pass through a development which has elsewhere taken centuries.

Before municipal self-government in the modern sense was introduced in Denmark and other countries, people living at the same place depended more or less on one another according to certain rules and customs.

This was the case in the early village communities, but the position of the individual inhabitants often depended on the size of their properties. This obstructed the production, but offered possibilities for a normal human intercourse without very great conflicts.

The initial capitalistic development opened a possibility for the personal initiative to make itself felt and for the removal from one class to another, which, however, was not always due to superior personal qualifications.

A rapid development set in, when the concentration of capital utilised the increasing technical development. As a rule, such a capitalistic development took only place in rather few regions, and often, mostly in the overseas regions, it implied a concentration of power on foreign hands. The new groups of wealthy citizens arising with the development of capitalism did not feel the same obligations as the former members of the guilds or rural communities to help their friends and colleagues, but often utilised their economic power, until the greater number of the population made joint attempts to arrange matters in accordance with their sense of justice, which resulted in the formation of new groups with uniform economic interests, working together in trade unions and cooperative societies.

One of the new forms of social development was the municipal councils established in most countries. Sociologically a good deal of the

mutual, often voluntary, support of the homes and local groups was limited by the struggle for life and had to be administered through the municipalities, so the tasks of these forms of cooperation were largely of a distribution-political character. Gradually the earlier help to one's family, neighbours, and colleagues was replaced by rights fixed by the legislation, which the municipalities were to administer in a human way.

## 2

The municipal development in Greenland has been somewhat different. No great capitals were needed, as in the precapitalistic societies, the Greenlanders produced themselves their means of production (e. g. kayaks), and there were no gaps of importance between the rich and the poor. In the small villages there was no class division, all participated in the production and the consumption. The great adversary was Nature, which was most easily combated through cooperation and mutual support.

This special basis for subsistence contributed to the formation of fixed customs as to the distribution of the production. Either all the inhabitants of the village had abundant supplies, or perhaps they all starved: the most skilful hunters produced principally for themselves and their family, but in the second place to help others who were unable to secure the means for their livelihood themselves (widows, orphans, etc.).

This gave rise to the establishment of various rules for the distribution of the catch, e. g. to those who were able to produce, but hesitated to go out hunting in bad weather. The skilled hunters were highly respected by all the inhabitants of the village.

If a Greenlander did not take his part of the common work, he was not respected in the same way as other members of the society, he "lost face"; this meant so much to the Greenlanders that they sometimes preferred to retire to the mountains to never appear among their colleagues and friends again. In some cases, however, they wished to live as parasites in the villages, though this was not easy. Justice was enforced through songs at the common festivals, where the other inhabitants told them what they thought about them.

Before the Greenlanders were christened, some conflicts between the inhabitants of a place might be settled by murder, which might lead to vengeance and hatred between the inhabitants; however, this way of life was abandoned through the influence of the Danish missionaries, many of whom married Greenlandic girls and lived among the Greenlanders and exerted a great influence on their way of living.

Owing to the respect of the inhabitants for men with a "face", either Greenlanders or Danes, it was for many years unnecessary to have a municipal organisation.

But the development during very long periods led to a decreasing self-respect among the Greenlanders, which gave rise to many difficulties in the daily life in the villages, and in relation to the Danes, who decided most matters.

### 3

At this stage of the Danish-Greenlandic development we encounter (in 1857) the first form of an organised Greenlandic self-government, viz. the local councils, whose chief object was to establish contacts on an equal footing between the Greenlandic population and the Danish officials, and provide a basis for the development of Greenlandic personalities in a community characterised by Danish and Greenlandic cooperation. The councils did not make the daily administration easier to the Danish officials, but they meant that the Greenlanders had to give their opinion on many matters.

During this period the main problem was the production, generally seal-hunting. While originally the Greenlanders were only interested in producing enough to satisfy their immediate needs and to secure some reserves for times of emergency, their surplus catch could be sold to the shops, which enabled them to buy various articles, i. a. hunting equipment.

For a long time it was the desire of the Danish administration that the Greenlanders should secure higher incomes through their sales to the shops in order to get better dwellings (wooden houses on the Danish model), and the prices paid for the Greenlandic products were therefore raised; however, many Greenlanders were more interested in buying coffee and sugar-candy—at that time alcohol was not sold in the shops. Not till the subsequent generations did the demand of the Greenlanders comprise major categories of articles.

A characteristic feature of the municipal development was the apportionment. The basis of the original municipal income was constituted by the amounts paid by the government in proportion to the quantity of products sold to the shop (it has been discussed whether it was a tax paid by the government or by the receiver). The income secured in this way was in the first place employed for social aid to widows, children and all persons who could not produce themselves, and the rest was distributed every year to the hunters in proportion to their sales to the shop. In this way the greater amounts were used more economically. The special importance of the apportionment in Greenland was that once a year the hunters got a fairly large sum of money for equipment purchases.

The activities of the local councils continued during a long period, aiming at supporting the position of the skilled Greenlanders and at securing their influence on the further development of the country.

However, there have always been Danes in Greenland who were aware that a policy whose economic aims dominated over the cultural climate would be short-sighted and unsatisfactory in the long run. As long as seal-hunting was the predominant trade, it is obvious that the economy of the Danish-Greenlandic community would in the last instance depend on the catch secured by the skilled hunters, and it was acknowledged by all parties that the good hunter was the central person in the place.

#### 4

Considering the policy pursued in Greenland during the past centuries, it must be admitted that the social system which corresponds to the stage of development of the population is the most suitable; what was of importance for the development of the Greenlanders during one period, may impede it during a later period, and the dispositions of the administration were long characterised by regard to the understanding and daily life of the Greenlanders.

Gradually the Greenlanders became more interested in the income and monetary economy and felt less obliged to help poor relatives and neighbours, and the necessary help was therefore offered through municipal institutions, similarly as in Denmark.

It may be claimed that the provisions for the Greenlandic municipalities stipulated in the act of 1925 were in accordance with the Greenlanders' sense of justice and the stage of development of the Greenlandic trade and industry, and the sums paid were fixed in proportion to the wages and salaries which the Greenlanders might earn by normal work.

But it required considerable human maturity of a primitive people to understand the necessity of establishing close seasons for some of the most commonly hunted food animals; however, the necessary rules were carried by the different councils in all parts of Greenland and is now respected by nearly all Greenlanders.

During the first generation of the present century, when fishery replaced hunting as the principal trade in Greenland, it was a special problem to develop the initiative and responsibility of the Greenlanders as regards the new possibilities of production through a more intimate contact with the Danes, e. g. in the new form of the municipal councils (1925), where Greenlanders and Danes came to understand and respect the views of one another.

It is likewise characteristic of the successive development of the municipal self-government in former times that it rested to a fairly great extent on the productivity of the Greenlanders, who thus understood that the social aid distributed to their own countrymen resulted from their own work. It was the fundamental idea of the Danish policy pursued

up to World War II that the Greenlanders should be economically self-supporting and owe no gratitude to the Danes for the help offered. The central idea of this period was that if the government and the Danes gave the Greenlanders a gift, there should be a possibility for the Greenlanders at a later time to give the Danes a gift in return. This did not make the economic development fast, but it created good relations between Greenlanders and Danes.

The possibilities for expenses were highly limited through this principle, but it was pointed out to the Greenlanders that the funds at their disposal had an essential relation to their own production and that an increased production would mean greater sums of money at the disposal of the municipal institutions.

## 5

After 1950, when the Danish government had given up the idea that the economy of the Greenlandic population was to pay its own way, much larger funds were placed at the disposal of the Greenlandic community and its municipal development.

It is not the object here to discuss in detail the recent changes of the Greenlandic self-government (development of the Provincial Council for the whole of Greenland and the new municipal system with its larger municipalities), but only to point out the background of the development.

It is characteristic of the new municipal policy in Greenland that it has aimed at establishing a welfare community like that in Denmark, that is to say, to ensure reasonable economic life conditions for all the inhabitants and a further development of the social institutions under municipal guidance, partly in the same way as in southern Denmark.

The most conspicuous example is provided by the housing policy, which intended to improve the houses and not least to provide dwellings for old people. As regards the good houses, the cost was necessarily very great, but the inmates are only to pay part of the cost in accordance with their economic possibilities. However, this is no unique example, the same policy has been pursued in many other fields (social policy, health service, etc.).

The social legislation in a geographic area will, as a rule, be influenced on the one hand by customs and family obligations, on the other hand by the general welfare of the inhabitants, and if the social obligations are great, the taxes must be raised in the same degree.

In Denmark the municipal councils are to make both ends meet, and to cover increased expenditure by increasing the income taxes. In consequence, the marginal expenses of a family and that of the municipality will have some relation to one another.

This is not the case in Greenland to-day, but it will be necessary in the long run to apply the same principle, in order that the marginal expenses and the marginal income may have some relation to each other. This is not necessary in the period of development, but when this period comes to an end, the principle will have to be used, and it is necessary that the dispositions in future shall have some relation to normal times if the Greenlanders and the Danes shall be equal in all respects.

It is of importance for the development in the coming years that the municipal authorities should endeavour to increase the Greenlandic production in order to reach this equality as fast as possible. It will be necessary that the living conditions should have relation to this marginal principle in the long run.

I suppose that many Greenlanders will understand that they will do neither themselves nor their children any good if they do not respect the economic principle. It must be the central aim of the Greenlandic self-government to ensure to the Greenlanders possibilities of always being free personalities.

I hope the inhabitants in the southern part of Denmark will not only offer the Greenlanders economic aid, but also enable them to have the same feeling of being free men as they had, when the Danes started their work in Greenland.

## CHAPTER XVIII. DEMOCRATISATION OF THE GREENLANDIC ECONOMY

### 1

The Greenlandic economy and the economic system applied may be viewed in relation to two fundamentally different purposes, in the first place its influence on the income and standard of living of the Greenlandic population, and secondly, its contribution to the development of the Greenlanders into free personalities.

The first view is used to a great extent in the West-European/American economy and has contributed substantially to the growing economic welfare, not least as influenced by the technical development and the associated competition. The other view has played a role in communities composed of several races, where the welfare economy was a means, not a goal. It is peculiar that in Greenland the latter view has been employed to a fairly large degree, because the social development was influenced by HANS EGEDE, H. RINK, and their followers, who all liked and respected the Greenlanders. It is the object of the present chapter to analyse the two views and to arrive at social systems as suitable to the Greenlandic geography and the Greenlandic minds as possible, and an economic policy which may combine the two views.

The two views are somewhat related to one another, as a successful economic system—that is to say, a system offering possibilities for a large gross national product, rationally planned without unemployment of any importance—may in itself contribute to a harmonious development of the inhabitants.

However, the two views and the social systems derived from them also present differences. If Greenland is to form part of the world economy and derive benefit from the technical development of the whole world, the Greenlanders will have to work hard under the severe natural conditions.

The present lower cost of transportation as compared with former times does not prevent Greenland from occupying a marginal place in the world economy, which means that the Greenlandic production will hardly be needed during periods of depression. It may therefore be

hard for small Greenlandic enterprises to hold their position so as to be respected in parts of the world with more favourable natural conditions.

## 2

A desirable economic democracy may in the first place rest on the social sense of justice and the economic principles of the administration and the bounds it sets to its activities, and this sense of justice must be accepted by the people.

A characteristic example of such an economic policy of the central administration is presented by the fact that the Greenlanders have for centuries been able to get certain articles, necessary for the daily life of the families, at very low prices.

It is further in conflict with the general tendency of monopolistic price formation that the central administration of the Greenlandic trading activities fixed uniform prices for a long period and at the same time obliged itself to buy and sell the articles listed at the prices fixed. This puts a limit to the monopolistic possibilities, as extraordinary situations cannot be utilised by the administration. It means that the welfare policy has been superior to the ordinary economic policy.

In this so-called monopolistic community the Greenlander was free to go out hunting, or not to go, just as he liked, and he knew the price of the articles he could sell to the shop; the economic conditions of the world market did not affect his daily life. In brief, he was a free man and could do what he liked, though in reality his freedom was limited by the daily needs of his family and himself.

A decline of the market price outside Greenland which transformed a former monopolistic profit into a loss, would have no influence on the obligations of the administration to buy, nor on the welfare of the Greenlandic family.

The social life of the Greenlanders was democratic, with few possibilities for a man to utilise the poorer economic conditions of others. Gradually, however, some class division made itself felt owing to the increased knowledge and responsibility and the associated differences in income.

Up to World War II the Greenlandic community showed a steady, but slow economic progress uninfluenced by the fluctuations on the world market, the great depression having no influence on the working conditions and the daily life of the families. During this period the cultural cooperation with the Danish people began to make itself felt in Greenland, proceeding hand in hand with the ancient Greenlandic customs and mentality and with a mutual respect of the two groups of population.

The economic development was slow, but the Greenlanders and the Danes respected the abilities of one another in their special fields.

### 3

Owing to the different geographical conditions, Greenland and Denmark cannot be placed on the same economic level. Thus, the technical difficulties for work in Greenland must, of course, be greater than in Denmark; as examples may be mentioned the water supply, which in many places in Greenland is impeded by the permafrost.

The distances between the inhabited places were so great that competition could not be established to the same extent in the two parts of the kingdom, and various measures to protect the Greenlanders from exploitation had therefore to be taken.

On the other hand, after World War II it was reasonable that the Greenlanders should be given greater freedom and new possibilities in accordance with their altered stage of development, as the technical and cultural development had approached the two groups to one another.

The Greenlanders had learned to use a better equipment, and from year to year they grew increasingly capable of doing the same work as the Danes, but their possibilities of obtaining specialist training was not the same as in larger communities.

Thus, the Greenlanders were capable of undertaking work in various fields, e. g. many technical units such as dockyards, printing offices, power plants, etc., while in others it was more economic to use Danish specialists.

It is a condition for a satisfactory democratic development in Greenland that the various groups should do their work and cooperate effectively, and that the Greenlanders should gradually have a more specialised training so as to become the chief person in the common work, in which all Greenlanders should participate to avoid a division between poor and rich groups.

In this connection I am specially referring to the price policy, which may serve as an example of the other forms of a regulated economy, and owing to which the class division in Greenland is less than it would otherwise have been. If a private Greenlandic enterprise holds an actual monopoly, it will rarely from a social point of view be allowed to fix its own monopolistic prices; the principles of price fixation should, at any rate, be laid down in the fundamental provisions, with a view to ensuring a reasonable profit to the owner.

Thus, it may be stipulated that the government is to offer financial aid to a reduction of the prices, perhaps at the free disposal of the local administration, but as a rule it should be employed either for social

purposes or to ensure higher incomes to the Greenlanders. It has likewise long been a general practice to support the house-building to provide dwellings at a reasonable price for the Greenlanders.

In case of an effective management of a Greenlandic enterprise, it may possibly yield a profit to the Greenlanders, working there. But there may also be some danger to the inhabitants of Greenland. To avoid such difficulties they should not have too much contact with foreign capital circles, and it should be avoided that other countries within the European Common Market should in future dominate the Greenlandic trade and industry.

From a democratic point of view it would be of importance to encourage the initiative of the local population and facilitate its contact with the outside world in order to interest the foreign capital in starting enterprises in Greenland without exploiting the population. To solve the problems arising in connection with the supply of fresh capital and the establishment of new industrial enterprises, both parties (the Greenlanders and the foreign capital) must be aware that the policy pursued should be in accordance with the Greenlandic sense of justice.

If such agreements are to extend over a number of years, it will necessarily take some time to prepare them, as all possibilities are to be taken into consideration, in order that personal contact and technical skill may cooperate.

The policy to be prepared should arouse the interest of Greenlanders and Danes in practising an economy which will be of benefit to the parties themselves and to the whole community, and give more space for the initiative than if one group dominated over the others. The realisation of such ideas will probably require an economic decentralisation and democratisation with a free and careful discussion with the Greenlandic Provincial Council and in the Greenlandic newspapers. After considering the problems, the Council will, no doubt, be able to outline an economic policy for Greenland which will be to the benefit of the whole country and in accordance with the natural conditions in Greenland and the sense of justice in Greenland and the southern part of Denmark.

#### 4

While a democratisation of the producing industries should proceed very cautiously, as the managers must be responsible for the rationalising measures taken and the daily work, a more general decentralisation of the commercial undertakings will be easier, for the Greenlanders will more readily take on responsibilities whose consequences will more directly affect themselves.

As repeatedly mentioned, the price policy in Greenland has never been fixed on the basis of the cost, but with a view to the welfare of the Greenlanders. The price policy includes the subsidies for certain articles, which are at present granted by the Danish government, and the Danish administration decides to what articles the support should be given.

However, there would be nothing to prevent the removal of the fixation of subsidies and what might be termed political prices to the political level to be fixed through negotiations between representatives of the Provincial Council and the Folketing, or these latter should either of them fix generally the support they wanted to offer. If so, either the present principle of uniform prices all over Greenland could be maintained, or the prices might be differentiated according to the needs of the individual regions. The prices might also be based to a greater extent on the cost, while the social points of view would recede into the background, in order that the price policy might approach the principles practised in other parts of Denmark. It would also be possible, as previously done, to let some groups of commodities cover a larger, others a smaller part of the fixed expenses, which would also result in a kind of differentiation.

A social price policy might be practised by inducing e. g. housewives organisations or the physicians to inform the inhabitants of what kinds of commodities will further their health and what will be detrimental in the long run. This may be done, if the shops are decentralised so as to be taken over by the customers in some form or other.

It might be objected that such a social price policy would be in conflict with the principles of free trade in Greenland, where some people think that a competition would make the prices approach the cost, but, as mentioned in a previous chapter, this will be difficult to practise owing to the great distances between the shops.

As to the assortment of goods, it is a problem what goods are on the whole to be sold in Greenland, and which of these should be available in all the shops. Some people want the necessities to be as cheap as possible in the shops, while others are more interested in an assortment more like that in Denmark.

In Greenland, as elsewhere, some inhabitants want to buy more than they can afford, with the result that articles which they cannot do without are bought in smaller quantities or often in poorer qualities; they forget that if they buy small quantities, the cost will be greater.

A certain commodity need not be obtainable in all Greenlandic shops, nor at the same price, but it is desirable that the population itself should decide what articles should be available in the shops, and the principles to be followed.

By a democratisation of the economy through a widened self-government and management of the local shops, a rational limitation of the central administration of the trade might take place. Along with the transfer of the administration of the shops to the local population, the governmental trade activity might assume the form of a wholesale business, probably later developing into a cooperative society.

Even though the actual wholesale activity is preserved for the government, the local shops may be owned locally by cooperative societies. However, care must be taken that the professional skill in the daily work is not lost, for also a democratic form of trade requires special knowledge and individual initiative. It would seem reasonable that a larger number of young Greenlanders should be trained in Danish businesses as well as in local enterprises. A disregard of such necessary training may have unwanted consequences.

## 5

A democratisation of the Greenlandic economy requires not only a higher degree of self-government of the Greenlandic enterprises, but the individual Greenlander should have possibilities of taking an initiative within his special field. Such an initiative requires technification, greater investments, and cooperation with the central administration and the political authorities, and the technical problems in Greenland may be more difficult to solve than in other parts of Denmark. For a long time to come Greenland will, for this and other reasons, have a greater public sector than most other communities. Hence, the large public sector should be prepared to offer favourable working conditions to the small private sector, in order that the private initiative should not encounter bureaucracy, but regard and understanding, so that the private sector may get possibilities for an effective development.

Such a requirement may be said to have been fulfilled in recent years. As will be known, the Greenlanders are in great need of liquid capital to enable them to start new trades and industries, but the Danish State is willing to grant the necessary loans, as well as to support the building activities through favourable agreements with Greenlandic artisans.

The development of free Greenlandic industries may, no doubt, be furthered by the support of expert Danish enterprises, but the Greenlanders must necessarily be sure that the cooperation will not offer the greatest advantages to the Danish capital interests.

## CHAPTER XIX. THE PRINCIPLE OF CONCESSION

### 1

Owing to the high cost of transportation in Greenland and the great distances to the markets for purchase and sale, the formation of large units is connected with great difficulties. Moreover, by concentrating the stocks in Greenland to comparatively few shops it will be possible always to have supplies available for the daily need of the population. A complete or partial monopoly will therefore be advantageous and in case of a concentration of the stocks it will be easier and cheaper for an industry or business to reach an optimal, or approximately optimal, technique, and for the inhabitants nearly always to get their necessities in the shops.

These natural economic tendencies towards the formation of a monopoly has through the ages been emphasised through a political concentration and the social-political goals, and the Greenlandic economy therefore assumed a different character from that usually found in regions with other geographic conditions, where a free competition will more often be met with.

In the period about 1840 an attempt was made to limit the monopoly by granting a concession to a private tradesman who thought it possible to derive some profit from the fairly high prices of the Greenlandic seal oil on the market. However, owing to the very high cost, the attempt was no economic success and was given up in the course of some few years. About the middle of the 19th century, when liberalistic ideas were predominant in Denmark, one commission after the other was appointed with the object of suggesting new and more liberal forms of work in Greenland. The considerations of the commissions, however, did not lead to any far-reaching reforms.

In the 19th and 20th centuries the monopolistic system presented great deficiencies and difficulties, not least because the inhabitants of a place depended in almost all respects on the local governors, and although these latter generally wanted to help the Greenlanders, the conditions often gave rise to criticism.

Such a system would hardly have existed for hundreds of years, if the officials of the administration had not felt obliged by a certain sense

of justice and certain general administrative principles, acknowledged in both Greenland and Denmark, to do their utmost to provide favourable conditions of life to the Greenlanders.

Although administratively the conditions were satisfactory, the Greenlanders themselves enjoyed no political protection, through their own representation, against misuse of the monopoly, since prior to 1953 Greenland sent no representatives to the Danish Folketing, which therefore had no direct knowledge of the Greenlandic conditions, but had to be informed through the administration. However, it meant an essential change of the position of the Danes in the administration that the parliament, in pursuance of the act of 1925, set up a Greenland Committee and moreover, according to the Constitutional Act of 1953, the Greenlandic population now elected two members of the Folketing, and the former two provincial councils were replaced by one council invested with more power.

On the other hand, the influence of the trading organisation has been much reduced in recent years by the abolition of the former legal trade monopoly and its replacement by a mixture of public and private trading, so that the situation may in some degree be characterised as a monopolistic competition. However, the public trade endeavours to be loyal to the small private enterprises, which have no great possibilities of holding their own in the competition. In the minor inhabited places one shop will suffice, namely that belonging to the Royal Greenland Trade Department.

In future the object will therefore be to arrive at a cooperation between the private Greenlandic tradesmen and the economic forces of the Royal Greenland Trade Department. Such a cooperation may be established by granting concessions which on the one hand pay regard to the economic results and ensure the participation of the whole Greenlandic population in the development, and on the other hand offer the best possible conditions to the private initiative of both Greenlanders and Danes.

## 2

Concessions may be most easily granted for such fields as have no relation to the earning power of the Greenlanders in general, but where the capital of the concessionary firms may use the same economic principles as are employed in private or concessionary enterprises in the southern part of Denmark.

This applies principally to mineral deposits. The object must be to develop the deposits which will be most profitable to the capital. This can only be done, if the interested groups will make great efforts, at first by prospecting and subsequently by a thorough geological mapping, and lastly by investing large capitals.

The economic importance of a deposit obviously depends on its location and its percentage content of valuable substances, but in addition the high cost of transportation to and from the market must be taken into consideration. The deposit must therefore not only be rich, but also of a considerable order of magnitude, if mining of it shall be payable.

It would be unreasonable, according to a modern line of thought, if an interested capital group should be allowed to undertake such a work on its own account. If a rich Greenlandic mine is found, it would seem natural for the poor Greenlandic community to reserve to itself some of the great values derived from it. In practice, however, it will be impossible to distinguish between natural values and that part of the output which is due to the special technical skill.

In the 19th century it would seem a rather satisfactory form of concession to allow a private group to work the mine during a limited number of years against a stipulated charge fixed in relation to the export of minerals. Such a form of concession, originally employed in the past century for the concessions granted to the Cryolite Mine and Trading Company, would be fairly easy for the government to manage and during the past they have given rise to no conflicts of importance.

However, this form of concession had certain drawbacks, i. a. it turned out that the private holder of the concession got the whole profit of price increases, no matter whether these were due to a general rise of the price level, to an increased value of the natural product, or to the special mercantile or organisatory skill of the managers of the company. Another drawback was that the holder of a time-limited concession would be economically interested in working the mine in such a way that he got the greatest profit during the period of concession, that is to say, working the richest part of the mine, while from the point of view of the government it would often be desirable that the mine should be utilised in the technically best way during its whole lifetime. Prior to 1940 this form of concession implied considerable difficulties for a rational utilisation of the cryolite mine, as the government and the holder of the concession disagreed as to what would be the most expedient utilisation of the mine.

During the considerations topical in the 20th century it seemed rational to employ concessions, as such mean a cooperation between the government granting the concession and the body investing the capital and its mercantile and technical experience. This is most easily done in the form of a share capital contributed by the two interested groups and, like the capital of joint-stock companies, acting through a board of directors and the managers elected by the latter.

The advantages of such a procedure are obvious, as in such case the mine may be worked in accordance with mercantile principles unaffected by the governmental administration, and it may thus avoid the high cost often associated with governmental trade activities.

It must therefore be the object of the government to take care that the deposits in Greenland, if any, are carefully investigated by geological specialists, no matter whether the expenses may or may not be covered by the finds, and the profit of the mining of such possibly rich deposits should be used for the benefit of Greenland, which in all other respects is a poor country.

But it is not only as regards mining that an extended cooperation between public and private interests may be of advantage to Greenland. Owing to the special conditions, concessions granted to private companies may be advantageous to the Greenlandic community. In this way it may be possible to get the different interests work together from the point of view of the whole society.

### 3

More difficult problems will arise, if a concession has direct effects on the special Greenlandic economy and on the welfare and continued development of the population.

A special problem to the administration has been presented by the Thule district, where KNUD RASMUSSEN worked in the interests of his Greenlandic friends. After the death of KNUD RASMUSSEN, the Thule district has formed part of the sphere of action of the Greenlandic administration.

It is interesting to note the relationship between the economic views held by HANS EGEDE and by KNUD RASMUSSEN, respectively. The central idea of HANS EGEDE was to christen the Greenlanders, while that of KNUD RASMUSSEN was to make the Greenlanders form part of the world culture. Both of them liked the Greenlanders and would do all in their power to make them happy. The different views led to somewhat different ideas of the economic and social principles to be employed, but both views have contributed to form the central Danish ideas.

Considering the general aims of the Danish administration of Greenland, it must be a condition that money-earning should not be the central aim of the Danish work in Greenland and that the different forms of monopolies, also the private concessions, should not work in the interest of the private capitalists, but that the basic principles for the Danish relations to the Greenlanders should in all respects be the welfare of the Greenlanders.

A small community like the Thule district, then comprising only some 200-300 inhabitants, must be based on mutual confidence, as

in the time of KNUD RASMUSSEN. The development of the Thule community may serve as a model for the co-existence of different races, but I do not think that the ideas used at Thule can be directly transferred to any other district in the world. This established, I may add that some element of good personal relations and a sense of justice among the people should be of interest everywhere between human beings, especially where people of different races have to live together in relatively close contact.

#### 4

In former times the relations between the Greenlanders and the Danes had a personal character, but difficulties arose, as everything grew more impersonal. I think, however, that good personal relations may be established in the future, if the growing units can be divided into minor units paying both individual and connective regards, e. g. by employing the principle of concession to fields where special trade interests may be segregated as a natural economically independent unit. This has been the case with the local air service. The advantage is that the private aviation company may be operated on the basis of business-economic principles and at the same time form part of the total Greenlandic economy.

In this way a double purpose is fulfilled, viz. to secure a regular air service in Greenland and to establish an interaction with other Greenlandic means of communication.

Similar principles have been followed as regards the supply of articles which may be segregated from the economy in general, e. g. the supply of fuel to Greenland. It is of principal importance to the whole Greenlandic trade life that the necessary fuel may be supplied at the lowest possible expense. Here the private initiative may be of advantage as regards the purchase, transportation across the Atlantic, storing of the oil products in Greenland, etc., and it is important that the Danish oil companies regard it as a national object to cooperate with the government in supplying oil to Greenland at the cheapest possible price.

The fuel may be expediently distributed according to the principles generally practised by the Greenlandic community, or a concessionary oil company may distribute it to the consumers. In the latter case the price policy would present the most difficult problem, as there would be many possibilities of a price differentiation, which should be carried into effect as part of the general Greenlandic welfare policy and therefore will require a considerable public influence.

A mixed concession arrangement may also be employed, if re-shipment in Greenland is wanted as part of an international transport organisation. Owing to the isolated position of Greenland such problems

would be of minor importance, but it may arise in case of transportation of fish caught in Greenlandic waters, transportation of ore mined in regions at which it will only be possible to call during some few months of the year, and finally, because Greenland will to an increasing extent be a transhipment station for the international air service.

Quite possibly an increasing cooperation between foreign interests and the Greenlandic society will be established in future. I think it will be possible to let the capital interest of the foreigners form part of the welfare policy in Greenland, and it may, I suppose, lead to a personal development of the Greenlanders and an understanding of economic questions, if they get more into contact with economic circles outside Greenland. But if the concessions given are to be controlled by the Danish government, we must necessarily be sure that the work done will contribute to both the economic and the cultural welfare of the Greenlanders.

## 5

In some respects concessions may serve as a basis for cooperation between Greenlandic and foreign interests as regards fishery, because the rather strict regulations in force up to 1950 will not be satisfactory to the present community. The conclusion has been drawn that the special Greenlandic welfare policy should be replaced by the same rather free commercial conditions as in Denmark, and that foreigners should have the same access to the harbours in Greenland as in most other countries. To this it may be objected that the Greenlandic nature is not well suited for a free competition, and that the welfare work should not cease before the situation is considered sufficiently ripe for it, and that it has been a good thing for Greenland that the country was not till the most recent years opened for the use and misuse of alcohol, as in most other harbours of the world.

The total economic result for Greenland might perhaps be better, if the Greenlanders and the Danes cooperate, than if the two population groups and capital groups work separately or at any rate not on an equal footing. Formerly such a cooperation might lead to the misuse of the population, but in the coming years there will be no great possibilities of misuse. The Greenlanders will have to work more regularly than in former times, while the fixed expenses to the fish canning plants and the fishing vessels will have to be paid, no matter whether or not they are in action, and the foreigners and the Greenlanders must learn to respect one another, if a form of cooperation between them should be established.

It will hardly serve any purpose to prevent an increasing transformation of the Greenlandic trades and industries on a European model, if only such measures are taken as are in conflict with the sense of

justice of Greenlanders and Danes, on which the development has hitherto been based. Thus, it should be realised that e. g. a special Greenlandic-Danish-Faroese fishing company may imply a number of indirect effects to the economy of the Greenlandic community, and I think that the difficulties in the years to come will be just as great as they have been in other parts of the world, where different races have had to work together.

Finally, the centralised authority of the Greenlandic administration and the Trade Department might be limited by granting minor groups of Greenlanders and Danes a concession-like authority in certain respects, e.g. a kind of self-government as regards the supply of electricity and water and the production of houses and store houses for fish, etc., in accordance with the local conditions and in a way suited for the Greenlandic community. The foreign capital operating in Greenland must not dominate the local life, as has been the case in many other countries where people of different races have had to cooperate. In this way the central administration would be limited to decisions of primary importance, while it would be left to the minor units to settle their own affairs.

As a basis for such a development the accounts should in the first place be prepared so as to give a clear idea of the work. It would be of very great importance that the agreements concerning the operation of such cooperative enterprises should be made in accordance with the sense of justice of the inhabitants of both Greenland and the rest of the Danish kingdom. Still, there will always be possibilities to fail. However, great efforts should be made to train the population in technical matters, but also to educate them to be good citizens of a modern society.

## CHAPTER XX. EDUCATION AND ECONOMY

### 1

In all communities there is a connection, conscious or unconscious, between the social system employed and the plan of education. This is not to be wondered at, for it must be the object of all education to help the young generation to adapt itself to the community in which it is to live. There may be different goals, e. g. to develop a community of harmonious personalities, or a community which may form the basis for an adaption to a rapid technical development in competition with other communities. That is to say that no form of education is in itself preferable, but it must be viewed on the background of the general intentions of the community. At the present time we are most interested in analysing the problems and in educating all people to specialists, but very likely the time will come when the stress will be laid on the synthesis, that is to say, on the personality of man. This will probably be more understandable to other races than to the Europeans and the Americans.

It is pointed out above that according to the experience made during the ages, the various forms of community in Greenland must be estimated on the basis of the circumstance whether or not they facilitated the development of the population from a primitive stage to a free working member of the world community. The point must therefore be whether a given social system provides satisfactory possibilities for a free development of personalities. This must depend on the economic conditions of life, which will lead to an education regarding the whole man as more than the economic man. That is to say that the education must aim at the form of community which provides the most satisfactory conditions for life in all respects.

### 2

In accordance with this line of thought as a basic principle it might be claimed that the best possible education under the circumstances should be chosen, or that the education in Greenland should not be second to that in other parts of the kingdom. It is not easy in the concrete case to decide what education will be the best, as it must be viewed in relation to a number of other factors.

An education like that in Denmark would be much more expensive calculated per child in Greenland than in Denmark owing to the high cost of school-building and transport of materials. Moreover the children from the minor places would largely have to live at the schools and thus lose some contact with their homes and the influence they might receive from them. It is doubtful whether this would be best for the children and the young generation in the long run, and I do not feel sure that it will lead to a coming generation of free and harmonious personalities.

The view might also be held that the Danish community should pay the same amount per child and young for education in Greenland as in other parts of the kingdom, while the rest should be defrayed by the Greenlanders, possibly in the form of a reduced education, so that the children got their knowledge of life through their parents, especially their mother.

I think there is something useful in the old ideas of RINK, namely that the work in the schools and the life of the Greenlandic community should be closely associated. In the short run the development in Greenland would perhaps not proceed as fast as now, but the personalities of the coming generation would probably get better possibilities for making their families happier, though perhaps not richer. The central point of the education would then be to adapt the youth to the conditions of human life.

### 3

Let us consider now the chief object of the children's school. If a close contact were established between the homes and the school, and the parents had some influence on the planning of the school work, they would have to decide whether their children were to be educated so as to adapt themselves to life in the Danish community, e. g. to a regular work in a Danish factory, shop, or bureau, or in a Greenlandic community, perhaps continuing the occupation of their parents, though on a technically and economically higher level. The two forms of education may gradually approach one another, as the technical development proceeds, but never be quite alike, as the natural conditions in Greenland and Denmark will never be alike.

Above all, if the young Greenlanders wish to move to Denmark to start work there, they should be familiar with the Danish language, and I suppose it would be useful for them to use the Danish language about economic problems as early as possible.

If it is considered of importance for the whole Greenlandic community that some people should live at the small isolated places, the education must be different; thus, more regard should be taken to the daily life of the adult, and the children should be informed of the habits of the

animals of the region and learn more about the Greenlandic legends and acquire a greater part of the ancient culture.

If a bilateral development is desired, with a closer association of a number of young Greenlanders to Denmark, an increase of the social class division in Greenland cannot be avoided. This may be of advantage, but it may also lead to conflicts and tensions which will not always be advantageous to the development of a sound economy and a happy personal life.

It may be desirable, regardless of the increased expenses—which it will hardly be reasonable that the Greenlandic community should pay—to divide the children at an early stage, perhaps at the start of their education. But it should be pointed out to the teachers that such an early division may be contrary to general democratic principles and give rise to a social class division of great consequence. At any rate, the children should not be divided on the basis of their intelligence, but according to their association with one or the other cultural circle. The economic and cultural aspects of life in Greenland cannot, at any rate, be sharply distinguished from one another. Both of them must be regarded as parts of the general welfare policy, and it should be possible to develop a cultural and economic life with its roots in both the old Danish and the old Greenlandic mode of life. If in future the school will aim at making the young Greenlanders to Danes like other Danes, both the Greenlanders and the Danes will lose something of their personalities, and I do not think that it will be a good idea, even if it would mean an increase of the national product.

#### 4

As for the education of the young Greenlanders, the aforementioned difference will be even more conspicuous, as their education is more closely associated, than the children's school, with the social life and the tasks with which the coming generation may be confronted.

If the education is to make the young Greenlanders more suited to take up a work in Denmark, it must be planned in accordance with the demands made by the Danish trade and industry, and it must be just as good as that given to other young people in Denmark, even though it may take some longer time, not owing to their different abilities, but to the very different conditions under which the two groups are to start their work.

If the young people are to be educated for life in Greenland, they must be well trained in fishery, the treatment of fish, fish canning, the tending of motorboats, etc.

Although the two kinds of education will differ in many respects, a good deal of the education will in both cases be of a more general

character, aiming at making the young people capable of adapting themselves to the community in which they will have to live.

It would seem that in future there will be no sharp distinction between skilled and unskilled manpower as everyone will have to learn something. The development will tend toward a need for special training for special purposes. This training may be more or less comprehensive according to the character of the work and the abilities of the pupils, but the development should proceed in such a way that there will be no great possibilities for class distinction in future Greenland.

In a social respect this would be of great importance, as in this way the Greenlanders might to a greater extent be occupied in accordance with their abilities and interests and live together as free men respecting each other's personalities higher than their social position, as was the case in ancient Greenland. Owing to the natural conditions, however, it may be expedient to utilise the Greenlandic manpower for one purpose during the summer and another during the winter.

Furthermore, it would seem that the need for future special training in Greenland will not only be technical, but must be combined with the desire that the young Greenlanders should have a wider horizon and understanding of the needs of the modern community; they must form part both of their local culture and of the world culture.

To understand the needs of the modern community and how to satisfy them, the Greenlandic children might perhaps attend school for a longer period of years. Or their education might be continued in evening schools or special winter schools or by means of radio courses, etc.

It is necessary that the young Greenlanders should be informed of the importance of capital formation with a view to an increase of the productivity, and thus be induced to save money for their future needs, instead of receiving the capital needed from southern Denmark.

In planning the education, more particularly the adult education, advice should be asked from the school and educational experts, but regard should also be taken to the wants of the Greenlandic trades.

Considering the above, it must be important to realise that education is only a part—though an indispensable part—of the general social development, and the problems arising must therefore be viewed from a general social angle.

## 5

It would be of importance that the young Greenlanders should be given an opportunity to solve the problems by which young people in all countries are confronted, notably where different races and cultures meet and where the youth have more opportunities for the development of their character than in older communities where many things and many ideas are more fixed.

It is characteristic of the education of young people in Denmark that they are given time and opportunity to clarify their universally human problems. A means in this respect is provided by the folk high schools, which do not merely aim at imparting knowledge to the pupils, but at making them more mature as man and woman in order that they may understand the human life with all its many difficult problems. This may be of interest not only for their individual mode of living, but also for their co-existence in smaller or greater circles and communities.

The influence of the folk high schools in Denmark is regarded by many Danes as favourable. This has given rise to the establishment of Knud Rasmussens High School at Holsteinsborg, which is expected to exert a similar influence on the young Greenlanders, and to offer possibilities for a further development of the peculiar Greenlandic culture.

As pointed out above, the technical development to-day tends to make people alike in various respects (customs, clothes, interests, etc.), but I do not think that this uniformity should always in a great degree be of a European character.

The view might be held that the young Greenlanders will for the present be so highly engaged in vocational training and the whole technical development that they will possibly lose something of their personality and respect of the culture of their own people.

To this it may be objected that a stay on a high school generally make young Danes more free and harmonious, and gives them an understanding of the major problems of life. It is the desire of wide circles in Greenland and Denmark that young Greenlanders should have possibilities for a similar development at Knud Rasmussens High School at Holsteinsborg, while at the same time they should preserve their Greenlandic characteristics.

## CHAPTER XXI. ECONOMY AND SENSE OF JUSTICE

### 1

The economic life of all communities must be based on certain rules of law, which, in turn, must be based on some sense of justice. However, there need not be agreement between the general sense of justice of the inhabitants and the legal rules employed, especially if these are laid down by a dominant group.

Thus, besides the sense of justice, the legal system may include an element of power, but since the sense of justice, the element of power, and the various social conditions alter in the course of time, the legal system of a community will constantly change through the influence of the existing political organs. Conflicts in this respect between different races may result in a lower social product than if the sense of justice of the whole population agrees with the legal system.

The frames of the legal system of a region must in principle be determined by the common views of the population. At times it has been the general conception of law that the best result would be attained, if the individual citizens were able to act directly in accordance with their own economic interests, as this would be to the benefit of all the other citizens also. The historic development has shown the correctness of this view under certain geographic and historical conditions.

To-day all are aware that this view cannot be equally employed under all circumstances. Under a liberal legislation the man who serves his own interests, does not thereby in all cases serve the interests of his fellow citizens. While previously the economic life of most communities only had to operate with competition and in exceptional cases monopolies, there are now a great many intermediate forms, as often described in the modern economic literature.

It is understandable that the economically poorest people get the impression that they do not derive the full benefit from their work, and therefore try to alter the legal system. This is a difficult task, as both the element of power and the sense of justice have different forms, and each form may be differently valued by the individuals at different times.

If the sense of justice is manifested in a growing legislation with provisions for the behaviour of the citizens, the administration to take care that the provisions are complied with must be widened. If the citizens understand that the regulations are to their own benefit, the administration will meet no obstacles.

A comprehensive legislation and a great administrative apparatus are regarded as unsatisfactory by such citizens as are interested in creating something in an untraditional way, for they will often have to apply to a great many public offices and be hindered by provisions which they do not, perhaps, understand.

The consequence of these different views must be that every community should have a legislation and an administration which on the one hand are optimal to the welfare of the population and on the other hand are understood and respected by the majority of the inhabitants, and which may be altered, if they are in conflict with the general sense of justice.

## 2

The question of the optimal administration aquires a special character, if the legislation and administration are determined by the ideas of one group of population or race, while those subjected to the administration belong to another race. In such cases the measures taken may have quite different effects from those intended.

Thus, it is quite possible that the sense of justice in a European country is not equivalent to that in some developing countries. As an example hereof may serve the different rights as to the property of soil in Europe and in many overseas countries, which may have some connection with the conditions of production.

If it is considered the main object of a community to provide possibilities for the individual citizens for a free cultural development of their abilities in accordance with their ancient traditions, many of the new rules of law, though excellent from a European point of view, would have an impeding effect.

The fulfilment of the goals described in the present paper require that the local population should be mature enough to realise that the new rules offered them would be to their advantage, as men belonging to the Greenlandic culture.

## 3

If the development of Greenland is viewed from the above-mentioned angles, it will probably be admitted that perhaps in no other territory have European colonisers shown such great respect of the local rules of law and the local sense of justice. This is possibly connected with a general Danish respect of the cultural values of other people, but it is

probably to an even greater degree due to the fact that at the original stage of development in Greenland the social and legal systems created could hardly be very much improved under the special geographic and technical conditions (cf. RINK and the points of view advocated by him).

The correctness of this view may be confirmed by a survey of the content and extent of the rules in force during the period in which Greenland was characterised by the original occupation of its inhabitants. Such a survey would show a greater agreement between the administrative provisions and the social system than between these provisions and the sense of justice in the southern part of Denmark.

The Greenlandic forms of trade and the Greenlandic sense of justice and rules of law have to-day approached the Danish ones. In the course of some few years this necessitated a comprehensive administrative extension. On the whole, however, the growing administration has been to the advantage of the Greenlanders, and as a rule this has been realised by the Greenlanders, but perhaps some difficulties would not have arisen, if the sense of justice of the Greenlanders had had some more time to develop.

The term administration is here applied in a somewhat wider sense than usual, namely as including the work of all persons occupied in the trade and technical services. The number of technicians and the work done by them show a considerable rise during the past few years, and a high stage of technical development has now been reached in Greenland, and it will be necessary to arrive at a sense of justice which is in accordance with the new technique, though it may take some time.

It would likewise be interesting to know how the growing administration (in an extended sense) is distributed between Danes and Greenlanders, to get an idea of the interaction of the Greenlandic and the Danish sense of justice and its effects. It might be expedient to calculate the number of Danish officials and craftsmen per 1000 Greenlanders to-day and immediately after the war; it might make many people understand the difficulties which the Greenlanders now have to meet.

It will be easier to understand the relations between the Greenlandic and the Danish sense of justice, if we bear in mind that the present administration is largely paid by the Danish taxpayers. However, the Folketing has obliged itself ethically to supply this contribution far into the future, namely as long as the present development proceeds.

#### 4

A good deal of the new social system is more highly influenced by the former Danish than by the former Greenlandic sense of justice, and this has given rise to a growing personal uncertainty among the Green-

landers, who often feel that much of personal interest to them has been forced into the background, and they do not feel as sure as personalities as they formerly did. These difficulties are not necessary, but they have resulted from the very fast technical progress.

In the years to come the Greenlanders will have to understand that the growing administration is not merely a gift, but an obligation to gradually qualify themselves to undertake various major tasks in their own community, in order that they may feel to be equals of the Danes coming from the southern part of the kingdom.

One of the consequences of these endeavours to reach equality with the Danes is that the Greenlanders claim the same respect and the same pay as the Danes. This is difficult in a country which by nature is very poor. A discussion of the principles of justice and equality should necessarily take place.

On the whole, the sense of justice and equality is a variable concept which may comprise various elements. It will be necessary to discuss how the sense of justice can be used in forming the coming society in which all people should feel members of the common Danish-Greenlandic kingdom.

As regards this Greenlandic and Danish sense of justice in the time to come it may be natural to compare the Greenlandic productivity with that of another Danish island, e. g. Funen. It would be a primary point of the sense of justice that everybody should have the full benefit of his work, and that the richer part of the kingdom should help the poorer part. These two different ideas will give rise to difficulties and they must be discussed in an open and kind atmosphere in order that we may arrive at a legislation in accordance with the time.

Such economic considerations have no relation to the equality of human beings, but more probably to the geographic conditions; the Greenlanders live at the extreme limit of human existence, and this will always give rise to economic difficulties.

At the present time the economic views should be supplemented by an understanding of the psychological burden which the very fast transformation during the last decade means to the Greenlandic community and to the Greenlandic mind.

This burden may be reduced somewhat by a slower realisation of particularly Danish views, and by allowing as many Greenlanders as possible to participate in the administration.

If the rational principle is employed always to choose the technically best qualified man to a position regardless of his Danish or Greenlandic origin, the technical maximum production would be attained, and under otherwise equal conditions the largest national product in Greenland, and accordingly the best material conditions of life, would be secured.

If in some field or other Danish technicians were to be replaced by Greenlandic manpower, the yield might to a certain degree be technically inferior, and the technical development would proceed more slowly. But if it would induce the Greenlanders to qualify themselves to the work, a momentary reduction of the production might result in an increase of it in the long run, and the psychological effects might be very great.

If the economic considerations are supplemented by psychological elements, it might be considered whether a personal support of the Greenlanders in the form of an increased responsibility for the development would be of such a great value that—regardless, possibly, of a less production and a deficient tending of the technical plants—it would be preferable to the employment of technically more qualified Danes.

In this connection it is important that equal pay should be associated with equal work. Danish craftsmen are not sent to Greenland to compete with the Greenlanders, but to offer them the assistance they need, and to do so they have to live away from their families and homes for a shorter or longer period.

These different facts should be kept in mind by both Greenlanders and Danes, and the administration should to a great extent have the character of a common work.

Hence, the economic development should proceed in accordance with the sense of justice more than with the technical possibilities. Otherwise the great work already carried out in Greenland may lead to a decreasing sympathy between the two parts of the Danish kingdom.

As far as the Danish-Greenlandic relations are concerned, I would think that it will be necessary to understand that the technique is not the only means by which to create welfare and make man happy.

## CHAPTER XXII. ECONOMIC FLUCTUATIONS

### 1

As repeatedly pointed out, it has hitherto been the chief object of the Greenlandic monopoly to guard the Greenlandic population against the consequences of fluctuations of the prices of Greenlandic products on the world market, and the fluctuations therefore only figure in the Danish budget. It has always been the goal of the Danish work in Greenland to further the human development, not to score economic profits. To-day these special conditions exert their influence not only on the budget, but on the whole Danish community through the Danish taxes, so it would be reasonable to consider them in some more detail.

In general it is impossible to calculate what one part of a country means to its total economy. The various parts of a state are associated by numerous bonds of a cultural as well as an economic character, each with both direct and indirect effects, of which we may get some idea by analysing the national budget.

Besides elucidating the economic interaction, a number of questions, differing in form and content, may be put forward to elucidate special problems of the Greenlandic-Danish economic relations. Thus, for instance, we may investigate the influence of one area on the others as regards occupation, the supply of capital, whether or not interest on it may be expected, the profits which the government derives from, or its expenses in connection with, a particular region.

Such problems may perhaps be elucidated, in particular if we disregard the indirect effects. As Greenland is located at such a great distance from the remaining part of the kingdom, it must in principle be rather easy to elucidate the direct effects. The principles of valuation vary in accordance with the goals relevant during the particular period. Thus, there is an essential difference between the principles of valuation employed by the government as regards Greenland before and after World War II, and the results arrived at are accordingly different, too.

Moreover, the valuations made from political quarters are not the only possible ones; it may be interesting, also, to investigate what Greenland has meant to the Danish trade life.

Some of the actual and potential principles of evaluation which may be employed between mother countries and non-selfgoverning territories will be discussed below.

## 2

The Danish-Norwegian activities in Greenland were not started for economic purposes, but as HANS EGEDE was unable to make both ends meet, he asked the Danish government for support. The government, however, was likewise unable to derive any profit from the trading activities, and a concession was therefore granted to a Danish businessman named JACOB SEVERIN and subsequently to a "General Trading Company" representing great mercantile interests all over the kingdom. Previously intensive whaling had taken place in the northern seas, not least by Dutch whalers. A competition was now started from Greenlandic quarters to prevent the foreigners from buying the blubber which the Greenlanders needed for their winter supplies. However, as the trading company derived no profit from the undertaking, it was taken over by the government in 1773, and since then the government has been in charge of the trading activities.

The government at first tried to start whaling on a large scale. This was done by establishing a number of whaling stations along the coast to enable the Greenlanders to rapidly attack the whales, if they appeared near the stations. Economically this activity was no success; it would have been more expedient to hunt the whales in their haunts from ships, than to hunt them during the rather short periods in which they approached the stations. Moreover, the climate presented great difficulties, the cost of transportation to Copenhagen was high in proportion to the price of the whale oil, and finally, the stock of whales was too small for an intensive utilisation. The result was that the whaling stations could not be run at a profit, and as the catch decreased year by year, the whaling was given up.

During the first half of the 19th century the Danish state derived some direct profit from the Greenlandic products, chiefly the seal and whale oil, which was sold at fairly high prices, as at that time it was still extensively used as a means of illumination.

As will be known, the Greenlanders had developed a hunting technique which enabled them to secure what they needed themselves and in addition some blubber which they sold to the shops to buy the most necessary Danish articles instead. It was the object of the Trade Department to induce the Greenlanders to increase their catch, and not to buy more from the Greenlanders than they could do without, if they were to keep enough reserves for cases of emergency; this was sometimes difficult as regards coffee, which was much coveted by the Greenlanders.

About the middle of the century the income of the Trading Department exceeded its expenses. However, this favourable situation did not last long, as the demand for whale and seal oil on the world market decreased owing to the appearance of kerosene, and for a number of years the Danish government derived no profit from Greenland, but had to pay comparatively large amounts.

To reduce the effects of the falling oil prices for the Greenlanders, the government used the trade monopoly to ensure economic welfare to the Greenlanders and otherwise concentrated on the cultural work, viz. improved education and a preventive health service, though on a relatively modest scale.

### 3

During the first fifty years of the present century the Danish government was prepared for the possibility that its administration of, and monopoly in, Greenland would imply neither income nor expenses for the state (cf. the act dated April 18th, 1925). The surplus, if any, was to be used to increase the material and cultural development of the Greenlanders.

The economic profit which Denmark derived from Greenland in those years consisted in the earnings of the Danish trade and industry resulting from the trading with Greenland, as well as wages paid to Danes working in Greenland.

The most characteristic feature of the Danish economic policy pursued during this period, and that which was of the greatest importance for the Greenlanders, was by means of the monopoly to keep away the effects of the great price fluctuations on the world market, in order that the Greenlanders might maintain their usual standard of living.

Thus, the selling prices and the purchasing prices, which were fixed for one year at a time, were fixed so as to keep the purchasing power of the Greenlanders fairly constant, provided that their catch remained almost unaltered. The Greenlanders were free to produce more, if they wanted to improve their economy. In consequence, the prices remained unaltered in all the shops in Greenland regardless of the varying economic results of the trade from one region to the other.

The conception that the economy of Greenland was to make both ends meet, could be complied with as long as the seal hunting remained the chief Greenlandic means of livelihood. The conditions were more difficult after 1920, when cod fishery gained more ground, for it meant an interaction with more remote markets, and the Greenlandic technique in this field was rather poorly developed.

During the inter-war period an important economic development was produced through support to the fishery, e. g. by the building of store houses for fish, and the purchase of motorboats, though all within the frames of the prevailing standard of living, which improved year by year in pace with the growing production and successively changed from payment in kind to a monetary economy.

Measured by a European standard, the Greenlanders lived under very poor conditions, but this was compensated by their feeling of freedom and their ability to compete in their own field with Danish-born citizens.

However, during this period the fair-minded and self-conscious hunters who felt independent of the Danes and free to behave as they considered right, might still be met with.

#### 4

In accordance with the recommendations of the Greenland Commission of 1950, the view that Greenland was to pay its own way was given up; the idea was that poor economic conditions should not prevent the Greenlanders from participating in the Danish and international development. In pursuance of the amendment of the Danish constitutional act of 1953, Greenland now forms part of the Danish kingdom, but as it is the poorest and least developed part, it must have a reasonable claim for support in order to reach economic and technical equality with the rest of the kingdom.

After 1950 the economic conditions in Greenland corresponded in many respects to the general theory of economic education, but the economic aid should only be given as long as the economic education was necessary. The population lacked capital for practising their profession and for securing suitable housing, but if it got the necessary means for production (e. g. fishing equipment, motorboats, store houses, factories), the Greenlanders would very likely work as effectively as other people. The development of the productivity must proceed along with an improved health service, e. g. control of the tuberculosis, which had hitherto taken a heavy toll in Greenland. Finally, the Greenlanders would have to learn Danish, if they were to attain full equality with the Danes in all technical respects.

The realisation of all these measures required considerable financial contributions from the remaining parts of the kingdom, but the Danish Folketing is still willing to make such contributions.

The third view is that the Greenlanders should be offered the same standard of living as other Danish citizens (same schools, water supply, power supply, etc.), and the Danish taxpayers should be ethically obliged to pay the necessary amounts.

The above-mentioned aspects of the financial relations between Greenland and Denmark mean economic burdens to the Danish taxpayers. It would seem desirable, therefore, to calculate the expenses which either of them would mean to the Danish state during as long a period as possible, due regard being taken to the rapidly increasing Greenlandic population.

Such calculations should be supplemented by the economic effects of the Greenlandic economy on the Danish trade life. Thus, for instance, a Danish contractor working in Greenland will increase the Danish national product, provided that it does not mean a minus elsewhere on the national budget (e. g. due to the failing profit which he might have derived from other work). It would therefore be of essential consequence whether the Danish community at the time of calculation had the necessary idle production factors at its disposal.

Finally, it should be pointed out that during the centuries of Danish-Greenlandic cooperation the economic relations have not been regarded as isolated phenomena, but as parts of a larger cultural unit. Hence, a period of analyses will be succeeded by a period of syntheses. It will require great human maturity, but will, no doubt, in future be regarded as indispensable.

This applies to a way of thinking according to which all human relations should form a unit. The isolated economic man is no good idea for Greenland. The central point of view has for centuries been the whole man, not the economic man.

## CHAPTER XXIII. THE PRINCIPLE OF ACCELERATION

### 1

To understand the social economic phenomena, it is necessary not to regard them as isolated phenomena, but as parts of a larger unit in connection with other factors of importance at the moment or during a certain period. As an example from advanced countries may be mentioned the building of arteries of traffic, e. g. subterranean railways in cities, as this may economically and culturally alter the town-planning. The same phenomenon, though on a small scale, is met with in Greenland where many enterprises want to establish themselves in the central place, which may result in excess capacity in some respects and lack of capacity in others.

The economic conditions may be subject to constant fluctuations in accordance with the alterations of demand and supply. Hence, only a limited number of such elements are general and universally valid and may be transferred from one field to another.

If we compare the economic conditions e. g. with the technical conditions, it will be obvious that while the technical phenomena may be isolated and studied in a laboratory, this is not the case with the economic conditions, as an isolated study of these may be rather misleading. It is therefore difficult to arrive at an economic and generally applicable lawfulness.

An economic measure will often have various more or less powerful effects, like the rings produced by a stone thrown into the water.

The difference between economy and technique is that the effects of a technical phenomenon can be calculated accurately beforehand, while the effects of economic phenomena can rarely be calculated, as a number of factors will have to be taken into consideration. Thus, for instance, the building of a fish-canning plant may affect the wages, which, in turn, may induce the Greenlanders to buy more articles in the shops, which will result in increased purchases in Copenhagen and more sailings, etc.

The various economic possibilities have been of great importance for the economy of Greenland in recent years, a transition having taken

place from one social structure to another. In many cases it has given rise to conflicts, showing the necessity of rapid activities within other social sectors, also.

It will be easier to start a new rapid development than to stop it, if the scarcity of production factors makes itself strongly felt, and thus in many countries it has been preferred to get an inflationary development with all its unavoidable effects (e. g. the indirect effects of the inflationary development in Germany in the 1920's).

## 2

As the indirect effects of different economic dispositions in Greenland have varied greatly before and after 1950, they will be dealt with separately.

Formerly most economic variations in Greenland were influenced by the seasonal fluctuations. Owing to the climate the year was divided into seasons according to the hunting possibilities, which often forced the population to move from one place to another to utilise the best hunting grounds. Consequently, no great investments were needed: capital goods consisted of self-produced umiaks and kayaks, and skin tents, which were most suitable during the summer. The individual seasons were of short duration, and storing of meat was required for periods of emergency. The fluctuations from one season to another might be considerable owing to the highly varying seasons of the year and the associated occurrence of the animals hunted.

Considerable variations from year to year might also be due to the varying occurrence of the Storis and icebergs along the South Greenland shores and the varying duration of the ice-cover in North Greenland. The first Danes and Norwegians arriving in Greenland bought the surplus production of blubber and skins and delivered various articles in exchange, which meant a facilitation of the daily work of the Greenlanders and made their daily life less risky.

This stabilisation of the economic welfare of the Greenlandic population had direct relation to the cultural development. In this respect the Danish influence gave rise to a gradual alteration of the requirements in the form of a transition from the economy in kind to a monetary economy and the consequential greater dependence of the general market, for when they got more money, the Greenlanders imitated the Danish demand in various respects. The growing demand for Danish articles required investments, principally in buildings for the increasing public activity and service offered to the Greenlanders.

However, not even this slow development during more than a century produced chain reactions; the question of new investments in

Greenland were for many years determined by the political grants, not by the economic interaction or the Greenlandic needs. The grants long remained rather small, and on the whole the administration had to limit the investments to a minimum from year to year.

Chain reactions, which are so well-known from other economic fields, were of no importance in Greenland till the development of the cod fishery. As will be known, large quantities of cod appeared along the coasts of Greenland after the change of the climate about 1920. The former modest investments did not suffice any longer. The Greenlandic fishermen now had to buy boats, preferably motorboats, and moreover those with a permanent residence needed better houses than when they had to move from one hunting ground to another. Owing to the growing occurrence of cod, it was expected that the fishery would increase from year to year, so still more boats and fishing equipment would be needed as well as more and larger houses for the cleaning of the cod, more and larger shops and store-houses, and, in connection with the cultural development and the transition to a more Danish-influenced economy, more schools and hospitals.

The latent need for investments increased strongly during the 1930's, but was kept down by the financial policy then pursued by the government. Such a conservative financial policy was practicable as long as the government enjoyed the full confidence of the Greenlanders. Still, the latent needs of the population constantly increased. This period ended with the years of war, when reservation in regard to investments was indispensable.

### 3

The political and economic conditions in connection with the work of the Commission of 1950 provided a basis for a sudden and rapid development with increased investments in all social sectors. This transformation was furthered by various economic conditions in Greenland, e. g. the prices of the Greenlandic export products in proportion to the import products were more favourable than before the war.

Under free economic conditions a sudden economic development will rather soon be limited by the shortage of capital and means for investment (raw materials) and of manpower, which will, as a rule, soon result in an equilibrium between the various economic factors. None of these self-regulating shortage factors were allowed to make themselves very much felt in Greenland, the capital needed was readily granted by the Danish government and parliament, as it meant no increase worth mentioning of the Danish national budget. Hitherto the authorities had been very reluctant as regards grants to Greenland, but larger investments were soon considered desirable for political reasons. Moreover,

the favourable prices of Greenlandic products immediately after the war were assumed to continue. In this connection mention should be made of the establishment of the United Nations and the great interest taken by this organisation in the non-self-governing territories.

The necessary capital for investments was readily supplied from Denmark, and it was likewise possible, though expensive, to increase the sailings to Greenland to the extent desired. The private capital, however, was reluctant, probably on the consideration that the Greenlandic production offered no basis for satisfactory profits.

The third factor, the manpower, could not be satisfied either, owing to the scarcity of vocationally trained Greenlanders. This scarcity, however, was of no consequence to the investments, as Danish manpower might be had from Denmark, if the authorities were willing to pay the expenses connected therewith.

If, thus, the scarcity factors were eliminated in the Greenlandic community, the economic chain reactions were given a freer play than elsewhere. While prior to 1950 the Greenlandic economy showed an economic equilibrium between all the social functions, though on a low level compared with Danish conditions, great investments in all fields would be required, if the conditions for life in Greenland should in the course of a short time reach the standard of living in other parts of the kingdom.

The transformation of the chief Greenlandic means of livelihood from hunting to fishery necessitated a concentration of the population in places with good possibilities for ships to call, suitable fishing plants, more well-provided shops, etc. This provided a rational background for investments and for Danish cultural institutions to exert their influence on the Greenlandic population.

The investments were naturally concentrated to the largest towns, a practice known from other countries also (Denmark, the European Common Market, and many developing territories) owing to the growing order of magnitude of the optimal technique. The concentration of the Greenlandic population was desirable for both economic and political reasons, and the large investments have resulted in the desire for further investments to provide similar conditions to those in Denmark.

According to the general reaction principle, the desires for further investments will constantly increase, and owing to the improved living conditions in Denmark during the past generation, an approach to them will necessitate an even more rapid development in Greenland.

The most difficult problems met with in Greenland in these years are, thus, a number of chain reactions. There will be a growing need for harbours, where large sea-going ships may anchor alongside quay to avoid expensive transportation. This has necessitated a development of

the conditions ashore to arrive at a satisfactory utilisation of the capacity of the harbours and to make them payable. It will require a rise of the production, viz. the fishery, and additional investments in larger motor-boats, which will perhaps later be replaced by trawlers like those used by the Faroese fishermen. An increased catch of fish will need additional fish-canning plants and freezing plants.

In a liberally governed society such a development will only continue as long as the owners of the capital may reasonably expect a satisfactory economic result. In Greenland, where this self-regulating factor is disregarded, and the investments are determined on the basis of political considerations, there are no other limits to the development than the political considerations and estimates, as the investments are fixed by the politicians, who do not pay much regard to the climatic conditions, which make it very difficult to attain a reasonable profit.

#### 4

In Greenland there is, and has always been, a considerable interaction between economy and politics, and all economic elements are therefore included in the political considerations, and the liberal idea of the invisible hand has therefore been rather a political than an economic principle.

In general the decisions of investments have relation to economic conditions several years into the future and must therefore in most countries be based on estimates of prices and cost, but in Greenland they are more often based on political estimates.

In a European community there will normally be greater possibilities for investment than in poorer communities with few industrial plants; in Greenland there is moreover a great factor of risk due to the uncertain future, where the cod is the central economic factor; if the sea-water grows colder, the cod may possibly leave the Greenlandic waters.

The political authorities deciding the investments to be made in Greenland will have to consider the great spreading of the apportionment curve. Some will be inclined, as was the case prior to 1950, to regard the element of risk as very great and will accordingly be reluctant to undertake new investments. If so, the economic conditions will stagnate. Politically, however, it may be preferable to give the investment estimate another form by paying regard to the increased possibilities of employment due to the investment. This procedure may be reasonable in Greenland viewed from the angle of general welfare and considering the few other chances of income of the Greenlanders.

Thus, it may be taken into consideration that the investments may once give rise to a reduction of the public support, and in addition the general cultural developmental policy should as far as possible be associated with the employment, not with the unemployment benefit. If the estimate made by the authorities prior to the investment should prove too optimistic as compared with the results, the economic consequence may be a postponement of the unwanted effects through new investments. This may be especially easy in fields where the regulating economic forces have been eliminated by special measures. However, the economic history exhibits many examples showing that an optimistic economic chain has suddenly ended in an economic crisis.

Theoretically the economic consequences in the long run might be calculated, if the economic risk associated with various links of the chain is underestimated, which will result in a prolonged deficit. From a political point of view it would be easier to disregard such deficits and to invest successively, till the same standard of living as in Denmark is reached in Greenland, or an equilibrium may perhaps be attained at a still higher level. If it is intended to keep the increase of the production on a level with the improved standard of life, this may require fairly constant supplies of capital from the Danish community; however, this may lead to difficult relations between the Greenlanders and the Danes and to difficult political problems.

It is a general desire in both Denmark and Greenland that such political economic difficulties should be avoided in future. I suppose the best procedure would be that the Greenlandic population should acquire a growing economic self-government and a greater understanding of the effects of the economic factors. This will be difficult owing to the complicated economic and natural conditions, but it will tend to develop the self-consciousness of the Greenlanders and their feeling of being members of a greater economic partnership. In former times the Greenlanders managed their own economy; it is to be hoped that they will be able to do so in future, also.

It might facilitate the Greenlanders' understanding of the difficult economic conditions to prepare national budgets for Greenland with specification of the various fields of work and geographic regions. For by comparing their own field of work with the economy of other parts of the world, they may come to understand the economic conditions of the whole community.

## 5

About 1950 the Danish parliament, as mentioned above, changed its view of the Greenlandic economy, which implied considerable and

immediate economic advantages to the Greenlanders; but it also gave rise to difficulties and various kinds of tensions.

It would be very unsatisfactory, if in the coming years the Folketing would re-assume the principles of evaluation employed prior to 1950. However, this simply cannot be done.

But the development must continue to accelerate for many years, and will proceed in accordance with the new principles unaffected by possible economic difficulties in the southern part of the Danish kingdom, if the relations between Greenlanders and Danes shall continue to be good.

## CHAPTER XXIV. OBJECT AND SUBJECT

### 1

The problem of arranging the economic relations between individuals of different origin and with different interests has always occupied the human mind, and the human sense of justice has always been in conflict with the use of force. As far back in history as our knowledge goes, the element of power has been strong, but not omnipotent. The sense of justice was probably first employed within minor groups with some personal contact with one another, as in the original Greenlandic society. In later times, when comprehensive rules of law had been formed, the individual could secure economic advantages and make arrangements for the future through investments, and this has often offered possibilities for using force. The conflict between the sense of justice and the element of power has been particularly prominent in the relations between different races.

In the relations between mother countries and their colonies the mother countries long had the character of subject, while the colonies represented a kind of object. In other words, the element of power dominated over the sense of justice.

In some cases the natives were treated in a human way. The mother countries endeavoured to christen them, to offer them medical service and nursing, some education of the children (preferably the boys), tolerable working conditions for the adult, often in plantations owned by the "white", and they also tried to induce the natives to cultivate such products as could be exported to the mother countries for further processing, etc. In brief, the natives, the object of this procedure, received to a certain degree some culture and a human outlook on life from their mother countries.

To the local population none of these views were satisfactory. The mother countries were absolutely the stronger, they were equipped with weapons to which the natives were defenceless, and right up to the present century they could do nothing but to obey, and their bitterness often developed into hatred. Nor did a kinder treatment satisfy the natives, they did not want to be the object of the mother countries. As

communities they wanted to be responsible for their own affairs, they preferred to solve their own political problems, even though it might be less satisfactory in an economic respect. In brief, they preferred to be subjects, not the objects of a foreign administration, regardless of the economic advantages which this might mean to them.

It was not till rather recent times that the mother countries, forced by the international circumstances and often too late, abandoned this subject-object view and tried to find other forms of cooperation which would be to the advantage of both parties.

The great majority of former colonies have now developed into free and self-governing states. The endeavours now aim at creating an interaction on the basis of political equality. In many cases, however, the endeavours have not been crowned with success, and the former subject-object view has been detrimental to the good relations.

Although the relations between Denmark and Greenland do not fit in with this mode of thinking, some elements of it may be met with. It may be reasonable as a conclusion of an account of the economic interaction between Denmark and Greenland to consider the subject-object problems in view of this cooperation. The conditions have varied in the course of years, but an attempt will be made here to point out some characteristic features of the various historical periods.

## 2

Although it has been characteristic of the Danish trading activities and colonisation of Greenland from the very beginning in 1721 that the cultural work in its widest sense dominated over the trade, the attitude of the Danish government to Greenland and the Greenlanders cannot be said to have been uninfluenced by the views held in Europe during the 18th century as regards foreign races in overseas countries.

Thus, not long after the arrival of HANS EGEDE in Greenland, the Danish government sent a number of convicts to Greenland for the purpose of securing some economic values for the state. However, the economic result was poorer than expected, and the government was therefore inclined to stop all activity in Greenland; but this plan was soon given up, as the government felt some moral and christian obligations towards the Greenlandic population.

A good deal of literature from the 18th century deals with the relations between the Greenlanders and the Norwegian and Danish tradesmen and missionaries, notably the work of HANS EGEDE and his sons. To understand the Danish-Greenlandic interaction it is necessary to read that literature. But in addition, a great many Danish and Norwegian citizens married Greenlandic women, and a number of esteemed Green-

landic families, who have in the course of time contributed to the development of a combined Danish-Greenlandic culture, have descended from these mixed marriages. That the Greenlanders have come to play a dominant role in the work, is probably due to the mutual confidence developed in the course of time and to these mixed families.

The instructions of 1782 to the Danish administrators directed them to protect the Greenlanders and to secure tolerable living conditions for them in their own country, especially the Greenlandic women.

This tendency to pay special regard to the Greenlanders had relation to the extremely difficult conditions of production. Still, during the 18th and 19th centuries the hunting technique of the Greenlanders was so highly developed that neither Danes nor Norwegians could compete with them, and the Danes and Norwegians felt that they depended on the Greenlanders in many respects.

When in the first half of the 19th century the prices of seal oil, the chief Greenlandic product, rose, the view was advocated that Greenland should be a source of income to the Copenhagen trade, and when the Commission of 1834 was set up, the majority of its members were inclined to abolish the monopoly and make the trade free. However, after studying the Greenlandic problems, the Commission ended its work by recommending the preservation of the monopoly.

### 3

Various views as regards Greenland have been held during the past century. In general, however, its history would seem to have been characterised by a humanistic colonial policy, though endeavours in the opposite direction were also noted. Thus in 1908 a commission of businessmen suggested that the Royal Greenland Trade Department should be transformed in conformity with the prevalent conception of a liberal economic policy. Actually, however, it resulted in no very great alterations. During the first half of the 20th century the administration of Greenland had the character of a monopoly with a strong concentration of power with the head of the administration.

It is peculiar that the decisions made by the administration were to a greater extent in the interest of the Greenlanders than in the interest of the Danish State. According to the terminology used in this chapter, the Greenlanders were formally objects, while the head of the administration was, as a rule, the sole subject, as the changing ministers largely had to follow his advice. He was a *bonus pater familias*, who arranged all matters in a way which to his judgment was the best possible, and for a long time this state of affairs met with no particular opposition.

During the past hundred years the great influence of the head of the administration was supplemented by an ever increasing local self-government in the form of various provincial and local councils, but still the Danish administration was able to arrange most matters in accordance with the principle now termed general welfare, and on the whole the Greenlanders were content with the system.

Thus, although in all major political questions the Greenlanders were objects of the Danish administration, in their daily work they felt subjects; they were proud, if they succeeded in catching a seal and thus secured food for their whole family.

The same was the case, if a Greenlander had taken a Danish official safely through a risky sledge journey. In most cases, therefore, a satisfactory cooperation was established between Danes and Greenlanders, and Greenland could rightly be characterised as the settlement of the happy smiles, to which many Danes formerly occupied in Greenland longed back.

However, such conditions prevailed only during the period of seal hunting. At the transition to cod-fishing these harmonious subject-object relations could persist no longer, and various difficulties arose. The situation prior to 1950 is now history, and the relations between Danes and Greenlanders will now depend on the influence of the development towards European conditions.

#### 4

Considering the development in Greenland after 1950 and the legislation and numerous regulations introduced during the past decade for the purpose of giving the Greenlanders the same legal status and social advantages as the other citizens of the Danish kingdom, we get the impression that the Greenlander has become a subject to almost the same extent as the Danes.

It is admitted from Danish quarters that previously the conditions in Greenland and Denmark differed greatly in many respects, but large capitals have now been invested to remove them: just as good and effective hospitals, schools, radio service, etc., are now found in Greenland as in other parts of the kingdom.

This is evident from the large amounts which have been granted for Greenlandic purposes in recent years; such large amounts of the funds of the community are hardly spent to the benefit of any other group of the population numbering only about 30,000 individuals. It bears evidence of the efforts of the Danish government to raise the Greenlanders to the same economic and cultural level as the other Danish citizens.

## 5

On the background of the comprehensive development since 1950, the great work done and the large amounts invested, it is peculiar that the Greenlanders do not feel themselves subjects in the same way as before 1950, and many Danes therefore regard them as ungrateful.

But many Greenlanders feel more or less unfamiliar with the new conditions, it would seem that the many excellent and appreciable measures taken by the Danish administration have often made them feel rootless in their own country.

In many respects where the Greenlander previously felt to be the subject, that is to say, the human being on which life in Greenland hinged, he has now in several respects become an object of the good Danish work. The extent of the Danish help offered will appear from the number of Danes occupied in Greenland before and after World War II and from the amounts granted by the government.

The consequence of the rapid development, which is very difficult for the Greenlanders to understand in all respects, is that they grow uncertain and discontent. The equality of status obtained is not alike in all fields, thus it is more advanced within the public sector (hospitals, schools) than within the private business-economic sector. The latter comprises the Greenlandic homes, which owing to the differences in pay have had difficulty in developing in pace with the Danish homes. It is understandable, therefore, that the Greenlanders desire equal pay for Danes and Greenlanders.

## 6

It might seem an expression of ingratitude that the Greenlanders, who were previously content with the modest help offered them, are now to a certain degree discontent and claim more and more. It is important, however, to understand the difficulties which arise and to endeavour to overcome them so as to further the development of the Danish-Greenlandic cooperation.

The question has been raised from various quarters whether a less rapid development would be more satisfactory to the Greenlanders, as in such case they would have more time to become familiar with the new conditions. During centuries, however, it has been the chief object of the Danish work in Greenland to provide possibilities for a maturation of the Greenlanders to enable them to participate in the life of the outside world.

A development of respect and self-respect between the two groups of population is the only way in which the above-mentioned difficulties may be reduced and the good cooperation intensified. Much would be gained, if, as has been done lately, the Danes going to Greenland to start work there were more informed beforehand of the conditions and the Greenlandic mind, and knew how to behave to avoid offending the Greenlanders and hurting their feelings.

Similarly, the Greenlanders should understand the Danish mentality, in order that better relations might be established between the Greenlandic homes and the Danish craftsmen and others working in Greenland.

We may all of us make mistakes, as all who have participated in the responsibility for the development will understand, but a common admittance of the mistakes made will not, as a rule, give rise to bitterness. Quite possibly the participation of the Greenlanders in the economic work may, owing to their great familiarity with the geographic conditions, make the development follow a more economic trend, possibly, also, make it proceed more slowly.

This may be deplored by many people interested in the full equality of status of Danes and Greenlanders and a rapid rise of welfare; still, it is significant that the Greenlanders should participate in the economic responsibility and in determining the rate of development.

Precisely in the economic field it is desirable that the Greenlanders themselves should feel subjects, not objects of even extremely interested and benevolent Danes.