The Institutionalization of Real Property Rights - The Case of Denmark

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Abstract

The economic discrepancy between North and South and the hegemony of liberal capitalism after the end of the cold war have brought about a renewed interest in individual property rights. How to put this magic in operation in countries in need of economic development? However, attempts so far demonstrated it to be an almost impossible task, like "replacing the branches of an eagle's mountain nest without disturbing the custodian" (H. de Soto). One approach was to gain a better understanding of, how real property rights came into being in 'the West'.

The paper responds to this request by providing an account of the institutionalization of real property rights in Denmark. At the time of Reformation (1536) a governmental bureaucracy was in operation and it was reinforced by the subsequent Lutheran sovereigns. Religion and Enlightenment co-operated in Denmark and fostered development in terms of liberating the peasant of his dependent position. Ownership in land gradually extended from nobles and crown to peasants and later to workers as well. It appears that mortgaging played a role in this development, but most significantly after the 1960s.

Real property is a phenomenon addressed by a number of disciplines: Geography, geodetic surveying, law, economics, and even history, linguistics and philosophy. Real property is a dynamic phenomenon. The short term dynamics involves lawyers, notaries, and chartered surveyors and staff at the courts, in government, and in the financial sector. The century-long dynamics is addressed by historians and institutional economists, among others. The paper draws on findings from such disciplines. This multi-disciplinary approach provides the basis for a discussion of factors of economic development offered by Douglass C North (1990), a discussion pointing to the various societal costs of creating associations in Catholic and Protestant regions.

1. Introduction

In "The Mystery of Capital", Hernando de Soto raises the question, why capitalism triumphs in the West and fails everywhere else. He points to "the legal property system, [which] became the staircase that took these nations from the universe of assets in their natural state to the conceptual universe of capital, where assets can be viewed in their full potential" (2000: 43-44). He also refers to the fact that most of the assets in Western nations have been integrated into one legal system, which is further formalised so that we have one formal representation system. This integration and formalisation went slowly and rather unreflectedly during some hundred years. The question on, how it came into being has become urgent after the end of the cold war, where capitalism appears as the only serious option for development (2000: 44, 46, 57). The legal property system is a complex phenomenon. The conscious dispositions of property rights demands "an implicit legal infrastructure hidden deep within the.. property system - of which ownership is but the tip of the iceberg". While "[t]he Western nations have so successfully integrated their poor into their economies, .. they have lost even the memory of how it was done, how the creation of capital began ..". ".. That history must be recovered." (2000: 7, 8, and 9).

The following offers a response from one of the smaller Western countries, a recovering of the Danish 'hidden infrastructure' and an account of, how our present property system came into being. General and economic history is reflected from the point of view of a geodetic engineer and from this perspective a new appreciation of the role of mortgaging after the 1960s is proposed. However, before setting out on the retelling of an aspect of Danish history, mention is made of the fact that the events of history can be selected and related in many ways. Therefore, methodological issues have to be
addressed.

A formal representation system includes what we today call information and communication systems, or for short information systems. In the historical context, decisive characteristics of the information system include purpose, data content and procedures, rather than the applied technology. Organisational structure, rules, and educational level of the involved persons are critical components as well. In the context of history of real property, we are concerned with information systems that are embedded in public administration. 'Rules' thus refers to the part of legislation that define purpose, content, etc. of the information system. The following section 2 provides an overview that addresses this field of the geodetic engineer. In order to facilitate the comparison of the Danish case with other responses to the above request, the overview introduces recently developed concepts that emerged in the context of international projects.

As we shall see, a legal property system is more than an information system. Firstly, legislation encompasses more than the prescripts for information systems, for example legal doctrine regarding real property. However, the formal legal system that is specified by legislation seems not to be a suitable frame, as we are not interested in law as such or comparative law, but rather in the interplay between law and other, e.g. economic and political, aspects of society. The political aspect is needed in order to be able to reason about causes of development. The notion of institution is adopted to encircle the aspect of history to be presented. The institution of real property rights has been addressed and traced historically, notably by Douglass C North (1990), which allows us to put the Danish case in a wider context (section 4). Denmark has through some centuries had a uniform Christian religion and a uniform bureaucratic administration, which in the explanatory model offered by North fits with the situation in South America, while the Danish economic development rather compares to North America. The Danish evidence, supplemented with readings of Roman Catholic doctrinal texts, is used to suggest a modification of the model of North, which points to the societal costs of creating associations.

Institution is understood in the sense of North as "the humanly devised constraints that shape human action" (North, 1990: 3). These constraints are created through 'collective intentionality' (Searle, 1995: 23f). It is assumed here that either a role model or a group provide a shared understanding, which is reinforced by repeated action. The shared understanding is structured into a hierarchy of 'status functions' (Searle, 1995: 41f). Now, how do these institutions come into being? Searle asserts that ".. the creation of institutional facts may proceed without the participants being conscious that it is happening according to [the form 'X counts a Y in C']" (Searle, 1995: 47) Furthermore, "in the very evolution of the institutions the participants need not be consciously aware of the form of the collective intentionality by which they are imposing functions on objects. In the course of consciously buying, selling, exchanging, etc., they may simply evolve institutional facts" (: 47).

We are aiming at tracing institutional development in Denmark, and thus we would benefit from a more explicated development model of institutions. Such a model could possibly be the outcome of an activity labelled 'institutional analysis and design', extending from the well-known 'information systems analysis and design' (see Stubkjær, 1999, for a survey). It appears that neither 'institutional analysis', nor 'institutional design', nor the combination are new, cf. institutional analysis (Ostrom, 1991), institutional design (Goodin, 1998), and 'institutional analysis and design' (Ostrom, 2002). However, while an investigation of these sources is outside the scope of this paper, some suggestions for issues to look for through history are more readily available:

Research prepared in the context of East European transitions agrees to the 'invisibility' of institutional change: "It will turn out that 'design' [of institutions] is a rare and unlikely mode of change; it is even less likely that the activity of ‘designing’ will be recognised, acknowledged and remembered as such.” (Offe, 1993: 10-11). However, with many reservations and variations, which are omitted here, some suggestions are indeed offered: ".. persons (such as Jacek Kuron in Poland), circles and movements that were publicly credited with the quality of being trustworthy proponents of these ideas [of alternatives to communism] in Hungary and Poland, turned out to be powerful resources in the process of institution building, as they represented, at the round-table talks, in the media and elsewhere the
moral infrastructure and normative meaning of the order to be built." (Offe, 1993: 16). These persons, informal networks and associations made "the visible presence of nuclei of an oppositional political culture capable of entering into relations of compromise and competition with the authorities of the old regime [, and] turned out to be a decisive determinant in the process of institution building." (: 16). The negotiation of modified institutions was based on "... the presence of a model of the new institutional order that is typically not invented on the spot, but ‘imported’ and suitably adapted from more or less remote points in time or space. Institutional designs are typically copies, and they are frequently advocated as such." (: 15).

What can be extracted from these findings is that authorities, movements, and associations and their interplay should be recorded, and that 'models of new institutional order' should be looked for.

More subtle factors of institutional chance are identified by North (1990). They include the institutional structure of society, which may support or hamper the wealth-maximising opportunities of organisations and other entrepreneurs, and hence economic development. Factors includes skills, be it communicative or tacit knowledge, and incentives. The institutional structure provides various incentives as to whether skills are developed within, for example, the religious or the technological domain. Also, the institutional structure may vary as regards the tolerance of development of new knowledge and world views. Finally, factors of development include people's perception that the structure of rules of the system is fair and just (North, 1990: 73f).

We shall thus look for education and motivations for learning. As regards whether rules are fair and just, we pay attention to their internal structure, e.g. the occurrence of dual standards.

The focus of this work is real property rights, but apparently it is necessary to include political aspects and authorities. In order to further specify the interplay between governance and property, reference is made to the concepts or 'ideal types': bureaucracy and patrimonialism of Max Weber. He suggests the concept pair 'bureaucracy-patrimonialism' be used to describe national states in their historical fluctuations between either of the two extremes. In bureaucracy, decisions and procedures are rule bound, positions are well defined with disjunctive competencies, and administrative means and fees, etc. are kept strictly distinct from the material, individual assets of the staff. In contrast, patrimonialism regards an organization of administrative staff like bureaucracies, but the relations within the organization are different: The authority relationship is based on personal loyalty to the superior or ultimate leader. Down the hierarchy, the leader can handle with substantial discretion his subordinates and the dependent clients or subjects outside the administration. You could say that a staff member operates as the 'owner' of his position in the patron's hierarchy. Within patrimonialism, political rights and economic rights come together, in the sense that the political power includes the command of all resources. Property rights or political rights for any group independent of the leader does not exist (cf. Collins, 1986: 39).

As we are interested in individual ownership, it appears as important to track the trend from patrimonialism towards the bureaucracy, which seems to be a precondition for real property rights. (Max Weber presented a model of explanation of the characteristics of Western development relative to other cultures, which is available through a recent interpretation (Collins, 1986). Again, while it seems promising to relate detailed evidence, e.g. from Denmark, to the model of Weber and Collins, this first survey of the Danish history is only somehow informed by Weber's model.)

Above, reference was made to research of several disciplines with bearing on the nature and development of real property rights. The present paper intends to interrelate the contributions of these disciplines. A more mature work would synthesize the findings into a consistent model of development, but for now we have to confine ourselves to a rather discretionary selection of events and relations through Danish history (section 3). No claim is made that this retelling of Danish history reconstructs the institution of property rights in a rigorous way.

2. Real property rights and the needed infrastructure: Land registry and cadastre

Real property rights developed through centuries according to national peculiarities. Legal scholars have identified some common figures, e.g. the notion of a 'bundle of rights' by H. Maine in 1875 and
W. Hohfeld in 1919. Furthermore, the discipline of comparative law has identified families of law, e.g. Romanistic, Germanic, Anglo-American, and Nordic legal families. During the 1970s, concern for economic development in third world countries called for contributions by other disciplines as well. In a formalised property system, real property rights need to be located by maps. Geodetic surveyors worldwide, organised in the International Federation of Surveyors, responded to the call by developing a reference frame through a number of reports, which cannot be summarised here. Generally, the institution of real property rights is approached from the point of view of an information system, as it appears from Figure 1 and the following definition.

"A Cadastre is normally a parcel based, and up-to-date land information system containing a record of interests in land (e.g. rights, restrictions and responsibilities). It usually includes a geometric description of land parcels linked to other records describing the nature of the interests, the ownership or control of those interests, and often the value of the parcel and its improvements. It may be established for fiscal purposes (e.g. valuation and equitable taxation), legal purposes (conveyancing), to assist in the management of land and land use (e.g. for planning and other administrative purposes), and enables sustainable development and environmental protection" (FIG, 1995).

![Figure 1: An informatics approach to real property rights. Source: FIG (1995). DCDB = Digital cadastral data base](image)

In FIG and further international parlance, the term Land Administration has been adopted to better refer to legal and administrative aspects.

The following Figure 3 provides a more comprehensive structure, which combines the above
The components are spatially arranged that the most palpable are at the bottom. The set TerrainObject, Transaction, RealPropertyUnit renders the status hierarchy, which applies for real property rights. The palpable TerrainObject becomes part of a ritualised process, here Transaction, and due to the Transaction, the RealPropertyUnit or the RealPropertyRights or both are changed or reinforced.

The Transaction is triggered by the owner or in the terminology of Figure 3, the AssetHolder. An AssetHolder may be a person with money, but may also be the State, which is entitled through specified Transactions to change RealPropertyRights, e.g. for environmental purposes.

Real property rights are conceived as a three category relation between AssetHolder, RealPropertyRights, and the other members of the society or, more precisely, of the jurisdiction. In order to protect the rights of parties that are not involved in the Transactions, society authorises TransactionOfficers to advise on or perform the complex ritualised processes.

The paperwork of the Transactions updates PropertyDatabases. The term does not imply computer technology to be applied. Pergament diploma and lists of gifts could be instances of PropertyDatabase.

SpatialReferenceFrame includes the means used for location, e.g. geodetic coordinates, but also systematised place names. The features of a terrain, its roads, hedges and ditches, etc. does generally not inform the eye of the boundaries of a RealPropertyUnit, as a hedge may be planted to break the wind and a ditch to drain the soil, while the boundary of the property may be situated another place. Transactions in terms of cadastral measurements are needed to relate TerrainObject to RealPropertyUnit and its sub-units.

The above survey of a complicated subject matter is provided without further references to scientific literature, as it serves as background for the following account of how the main components evolved.
through history.

3. The institutionalization of real property rights

A substantial part of the formal system of real property rights was described systematically in the previous section. The following provides an account of, how the system came into being in Denmark. It includes the following sub-sections:

3.1 Roman officialdom, the basis for formalisation
3.2 Lutheran absolutism, entitling the lay person to perform an active role, e.g. as owner
3.3 Enlightenment and a land reform that included the enforcement of tenants' economic rights relative to the landlord
3.4 The extension of real property rights to lower social strata during a period marked by a general pursuit of 'the common good'
3.5 Land registration and the role of mortgaging, combining bureaucracy and local associations

In the following, 'Denmark' is generally understood in the narrow sense of the term, that is including the major part of Jutland, Funen, Zealand, and until 1660 also the southernmost part of what is today Sweden.

3.1 Roman officialdom

The formalisation of real property rights emerged in Denmark from the 11th century through influence from the expanding Roman Catholic Church. Written documents were foreign to Danes where action of justice was oral, but from the South came the document (diploma) as legal evidence. The oldest diploma known is a deed of gift from king Canute to the cathedral in Lund, dated May 21, 1085 (Skautrup, 1944: 200). Documents were drawn up in Latin, but interestingly, established Danish technical terms like deed of conveyance ("skøde") and mortgage ("pant") are mixed with the Latin text, possibly due to the varying skills of the scribes (Skautrup, 1944: 205).

Education of scribes took place at cathedral schools, in the context of cathedral chapters, which were established, e.g. in Lund, 1085, and in Ribe 1145. Clerics also served at the chancellery of the king, which is known to have been in operation around 12th century. Dated 1231, an inventory of Danish land ("Kong Valdemars jordebog, Liber Census Daniae") was prepared by the chancellery (Skautrup, 1944: 204f). Perhaps, the inventory may be compared with the English Doomsday book.

Legal ruling at local level took place at the about 200 court districts as well as at a growing number of boroughs and - for church matters - at the chapters. Around 1200, recording of such rulings are frequent and often related to one of three things of the kingdom, e.g. in the cathedral town of Viborg, covering Jutland and Funen. A collection of rules for the Viborg thing ("Jydske lov, 1241") was prepared by the bishop Gunner; it differs from the previous by being 'given' by the king and adopted by the thing. Village peasants operated through townships with own customary rules. Quarrels could be presented to ordinary courts, which tended to support the township majority opinion.

Transfer of ownership increasingly took place at the things and was ritualized by the seller putting some soil on a cloak, held by people present, designating the land to be surrendered, and declaring that ownership be transferred to the buyer (Buhl, 1994: 19f). Gradually, deeds of conveyance were drawn up according to recurrent forms (Skautrup, 1947: 16, 72; Buhl, 1994: 20f), and from 16th century the announcement was supplemented with recordings in chronological thing registers. For transactions within borough boundary, the town registry served the same purpose. From 17th century we know that mortgage deeds were recorded as well, and specific mortgage registers were prescribed.

Did we have real property rights installed already in 15th century? The formal conveyance does transfer rights in land, but as to the implications of these rights, we cannot be sure. Exchange of land and other assets was a way of establishing social relations, including mutual obligations, and the
impersonal alienation of an asset only slowly emerged. Furthermore, although the collections of rules generally include inheritance rules, we cannot be sure as to what bindings restricted the dispositions or - in other terms - whether the owner in fact was the individual person or the family. Inheritance rules generally followed the Germanic-Nordic pattern of family inheritance. At least for the major land owners, the nobility, restrictions in dispositions on land were manifest in order to protect family interests (DH, 7: 116), but even here formalisation of the family unit came slowly (fixed family names only instituted by 1526 (Skautrup, 1947: 261). The religious concern for the individual soul may have opened a way for greater individualism, fostered also by the introduction of inheritance by will to allow for donations of religious purpose (Halsall, 1998; section 4).

Finally, general rules for the adoption of formal rules were only emerging. From 1360, new kings had to agree to a Coronation Charter. By the same token, the assembly of lords became the forum for adoption of new legislation, until absolutism was introduced by 1660.

The model of the Coronation Charter was the English Magna Charta from 1215, which instituted a division of power between the king and the estates, especially the higher clergy and the nobles. The later versions of the Danish Coronation Charters included quite specific regulations as regarding the transfer of real property rights between king and estates, and among the estates as well.

Summarising the period until 16th century, we do find a basis for formalisation: Clerics, who could set up documents according to law; a legal system, which could proclaim law, but only weakly enforce it; and a Christian world view with secular implications to appear only after the Reformation introduced the Lutheran version of Christianity.

3.2 Lutheran absolutism

Danish bishops, cathedral chapters and monasteries were in dialogue with their mates of the Roman Catholic south, but except for the containing of royal powers by Coronation charter and clerical officialdom, renewals in terms of celibacy of priests and formation of lay people hardly gained a footing in these distant tracts. Lutheran reformation came by the early 16th century as a new spiritual power, after a period which also politically was disorganised.

The first Lutheran king, Christian 3rd, balancing between the fractions of nobles, the major cities, external powers in Germany and the Netherlands, and the Catholic clergy, managed to get hold of the country by force, but then was concerned to re-establish legal procedures (DH, 6: 279f). For example, during the same 16th century the crown was concerned to protect the peasants relative to their masters (DH, 6: 130, 269, 290) and to consolidate legal prescripts into a general law book (279f, 285). The codification effort succeeded by 1683 with the adoption of the Danish Law ("Danske Lov"), well before comparable law books were prepared in other European countries, e.g. "Preussisches Landesrecht" of 1794, and the French "Code Civil" from 1804. By 1660s, absolutism was introduced. However, royal willfulness was generally balanced by leading advisors and the chancellery.

Church land and church offices, e.g. cathedral chapters, was taken over by crown administration without much further change. For example, the chancellor of the king overtook the office of the next bishopric (Roskilde), including responsibility for the university (DH, 9: 241). Careful management of crown contracting concerning entails estate gave the crown an increased income that was badly needed. The accounting practice spread through the whole country. By late 17th century, tax registers mentioning every holding, copyhold or free, were in place at the manors and centrally. Due to the remarkable Danish continuity, the name of the central register, Matriklen, is still designating what in further European countries is called Cadastre, and elsewhere Land Administration.

The follower on the throne, Frederic 2nd, was quite another character, but he demonstrated how land could be traded in an entrepreneurial sense. He was eager of hunting, and arranged by exchange of property with the nobility that scattered possessions were consolidated into 2-3 larger units. The nobility followed suit where possible.

Reformation caused a change in higher education, which supported the above development towards a state of law and order. Before Reformation, some nobility youth frequented the university with a view
to take up clerical positions. After a university reorganisation it became frequented by commoners, who could study theology, medicine, or law. The youth of the nobility, however, now preferred through their journey of formation abroad to learn law and other disciplines useful for governmental affairs. This practice remained for centuries (DH, 10: 40). Arriving home, some almost volunteered for the chancellor, hoping for a suitable entailed estate (DH, 6: 154, 205). Installed there, they were responsible for the administration of justice at local level (6: 219f). Sources reveal that the judicial standard could be high indeed (DH, 7: 92f). The commoners becoming priests mediated between the formal, document-based central administration and the informal village community. They proclaimed the law, be it divine or secular, and in the later part of the period they also issued information on economic development. The title of one of many books: Agricultural Catechism, 1782, seems indicative (Skautrup, 1953 :100).

The Lutheran church may well have been a "means of indoctrinating the population with the Lutheran dogma of divinity of authority", as a recent Danish historian a bit sarcastic phrases it (MFA: 6.4/p.4). However, the Lutheran dogma also provided all strata of society with a sense of being responsible according to law, divine as well as national. Because worship was performed in the national language, the evangelistic message Sunday by Sunday was forming the people, as worship attendance became a civil duty (DH, 8: 357). While the model of Roman Catholic formation of the lay people was confession (Morris, 1989: 305f; 489f, 491), the Danish model became singing. A psalm book of high quality original Danish poetry became popular property and has been rehearsed and sung in school and church till the age of TV-broadcasts. The example below is a morning song:

My soul! Be fresh! Enjoy! let sorrow wither,  
your bodily perianth is in God's hand.  
This very day He gives me strength and power,  
that through my calling and position,  
I duly serve my God and Father.  

God, join hands with me and grant  
the generous Holy Spirit thrive my vocational work.  
Bless me, oh Lord, of your might!  
If only I today, and every day as well,  
in You and in my industry be satisfied!

Kingo: Nu rinder solen op, 1674; Verse 4 and 5

It is perhaps more worldly oriented than the majority of psalms, but it is indicative in proclaiming the lay person as a recognized participant of a divine project, an individual entitlet to dispose of his resources. Such vitality brought about by Lutheranism went along with admonitory sermons on obeying authority: "You have a mortal lord of manor as your master .. yet later an overlord over lords, by the name Jesus Christ", as an early Lutheran bishop put it (DH, 6: 176). The words were directed towards the lower strata, but Christian 3rd, called 'the priestly king' (DH, 6: 306) abided by the same overlord, and thereby reinforced the legal institutions by outlawing dual standards. His successors on the throne largely followed suit in legal-economic affairs, witnessed by advisors and the chancellery.

By about 1650, 47 % of the land of the kingdom (not including boroughs) was under crown administration, including church holdings. 47 % was owned by the nobility, while about 6 % was freehold. The land was structured into about 9000 townships, which were made up by 920 manors, 71.200 copyholdings, and 4.800 freeholdings (DH, 7: 118). Less than 1 % of the population owned this land. Interestingly for the further development, freeholdings were unevenly distributed across the country, most common in periphery areas. In the duchy of Slesvig, south of the kingdom proper, freeholdings were quite common and we find a segment of larger peasants, who through generations provided bailiffs and sent their sons to cathedral or borough schools. Peasants in this area managed to convert villeinage into a cash fee, and in some townships they started a process to consolidate their share of commonly tilled land into parcels, which they could manage individually with benefit.
By 1700, do we have real property rights in Denmark? The answer tends to the affirmative; perhaps one could even say that we had a market in land, but definitely a tightly regulated market. Tenant contracts, conveyance deeds, and mortgages were recorded and enforced, at least at some places quite rigorously. However, what is nicely recorded and easily available for the historian is perhaps the fraction with the 'best practice'. Still, property rights were far from comprehensive and exclusive. King, landlord and tenant were bound to one another by a host of rules, contracts, and conventions. Finally, to the restrictions in the exercise of property rights we must add the fact that less than 1 % of the population had owner status.

The Enlightenment and the land reform of the later 18th century

Outside boroughs, illiteracy was largely ruling so economic development had to come from the upper strata of society. Around 1750s the leading advisors of the king had a power, which the later history dubbed 'a government by excellencies' (DH, 9: 304f, 311). History tells that these high-born characters were self-confident in their position as governors of state affairs and convinced that the general welfare of the kingdom was dependent on their efforts towards 'the common good'. Patrimonialism, the exploitation of a position for private benefit, worked in Denmark as elsewhere, but the social construction of congruent worldly and divine kingdoms may explain why service of office predominated among those in power. Being self-confident in one's position was not restricted to the upper strata, as the craftsmen, farmers, priests, and civil servants of the time all were serving in a position. (The German "Beruf", literary: vocation or calling, fits the corresponding Danish term "kald", and much better than English terms like position or occupation conveys the Christian worldview related to work). However, mobility among positions did not exist. When mobility later emerged, for example by commoners getting higher positions in central administration, the government of the excellencies was overturned.

The period was characterised by wealth brought about by international trade, but also by agricultural experiments performed on some manors, firstly in the duchies south of Denmark, later on crown land and noble manors on Zealand. A new surveying technology, the plane table, was applied to measure homogenous pieces of land. Having valued the yield of every piece, parcels which were carefully computed and regular of shape were laid out for every farmer according to his share in the township yield. This radical change of tilling practise was frequently opposed by the farmers, but the general experience was that it was beneficial in economic sense for all parties. Some farmers got education, and were pointed out as models for their equals by poets in the spirit of Rousseau.

Some excellencies participated in these experiments and also brought about a public debate on these and similar issues. At the occasion of the king's 32nd birthday, the general public was invited to prepare treatises on "every subject that may serve the sustained flourishing of the country". The treatises were published through a decade (1755 - 1764) and created a spirit of curiosity in economic and political affairs among the reading strata, notably priests and other university educated local officials (DH, 7: 334f, 341). The Royal Danish Agricultural Society of 1769 and other patriotic societies acted as forum of discussion, slowly transposing the pretty 'top-down' key of the absolutist regime into a more participative one.

During and after an interregnum marked by a king, who suffered from mental illness (dementia praecox), commons were able to gain higher posts in central administration. A bloodless coup d'état installed the crown prince Frederic 6th as the effective royal ruler till the insane Christian 7th died in 1808. Shortly after taking office, he issued by May 13th 1776 an order on the lifting of joint cultivation. The order was based on previous experiments and further reforms on crown land, as well as debates and outcome of previous orders. However, it introduced a new mechanism. While the former schemes left the right of initiative with the landlord or - later - a majority of tenants, the initiative was now given to the entrepreneur among them. A single tenant of the village was entitled to trigger a quasi-legal process by which his share was extracted from the joint tilling of the township and consolidated into a few lots. The process was based on detailed mapping in scale 1: 4000 and assessment of yield as described above. The individualisation did not imply the granting of ownership, rather, copyhold generally became hereditary and obligations later were transformed into cash fees.
The land reform process was conducted by a land surveyor, while the assessment of yield was done by two village peasants, elected among the villagers themselves. The costs of the process had to be paid by the villagers, and all township parties had to contribute to the costs, whether they wanted to extract their share from the community or not. Claims were submitted at a three-person committee. The committee was chaired by the concerned chief official of one of the 17 counties of the kingdom. The central administration ("Rentekammeret") elected the two other persons among local judges, higher officials or nobles (often represented by their bailiffs). Further claims were resolved by the "Rentekammer", except for claims specifically regarding title, which were to be handled by the ordinary courts. No tenant was forced to leave the cultivation community of the township. The township community extended sheer production matters and the community affairs were embedded in own customary rules. The desire for combining the old, secure community with the new individualism is still visible across Denmark in terms of the so-called star allotment: Boundary banks and hedges radiate from the village centre between the old farm houses until the township boundary.

The change factors of the land reform

What were the change factors of the land reform? As suggested above, the congruent, worldly and divine, kingdoms were the structural background. Even if the divinity of the absolutist monarch was questioned by a growing number of people, the vocational attitude to work and position remained (DH, 10: 39). Furthermore, the royal decrees implied a concern that contracts were kept, even where a party was not able to defend his rights by own means and, moreover, that contracts ought to be human, accomplishable. This concern was especially held by the commoners among the civil servants, but finally voiced by the crown prince, Frederic 6th.

Generally, it is held that the important change of the reform period was not the reallocation process, but an order of August 8th 1787 that enforced the economic rights of the tenant relative to the landlord. It instituted that the state of a tenant holding should be assessed by an independent party at the death of a tenant or other closure of tenure. The party should find whether the landlord should be compensated for losses or on the other hand the estate should be paid in return for improvements (DH, 10: 74f). Furthermore, the fixing of obligations in terms of a cash fee was finally forced through after several promptings. Governmental committees travelled across the country, engaging in fierce negotiations with peasants and landlords to establish a fair deal (DH, 10: 82).

Furthermore, experience showed that the new organisation of the means of production was effective. This was not only due to the effect of tilling one's own land, but also to the fact that e.g. manure was used more efficiently. Landlords benefited themselves from new crops and methods of cultivation. Some were prepared to alienate tenant holdings to invest in new equipment. Moreover, care was provided for those among the villagers, who could not cope with the new individualism, and who could possibly have fuelled riots, by poor-law authorities being installed in 1803 (MFA: 6.5/ p.3).

Finally, general education was introduced, and by 1850s illiteracy seems to be eradicated.

Did we have real property rights by 1800? By all means: About half of holdings were acquired by tenants as freeholds (MFA: 6.5/p.3), and by 1850, only 1% of land was still in joint cultivation, mostly moors and peat soil (Thomsen, 1988: 115). An independent, self-sufficient farming class developed, which was able to compete internationally on agricultural products by the end of the 19th century (MFA: 6.5/ p.4)

3.4 The extension of real property rights to lower social strata

During the latter half of 1800s the guild system was abolished (1857), boroughs expanded through the earthwork bounding the city, and industrialisation slowly emerged. New railroads winded their way through the country and in agriculture the effects of the land reform were consolidated. The farmers established associations to process agricultural products: diaries and bacon factories, and became able to compete on the world market with these products. Although landlords still played an important role
in society, the money economy and the improvement of education gradually diluted their privileges. During the first quarter of 1900s, entailed property was converted into 'normal' holdings. Many smallholdings were established through this process, thereby spreading the access to real property rights.

By the end of 1800s, industrialisation brought strikes and street-fights. The general practise of handling societal problems through associations operated here as well: The workers union and the employers' association made by 1899 a general agreement ("Hovedaftalen") on the rules of the game and some years later set up a quasi-legal body ("Arbejdsrettet") to arbitrate in interpretation issues. The workers union succeeded in keeping a high degree of organisation of workers, implying that especially the skilled workforce was a like a monopoly in their hand. Through the 1900s, they used this bargaining position to canalize a share of the surplus of production to their members, thereby enabling them to acquire their own detached houses during and after the economic growth of the 1960s. Again, access to real property rights were spread, and now to all strata of the society, who were able to earn their own living.

The rise in general living conditions may be attributed to industrialisation, science, and other factors that in principle are available to every country. What may explain the Danish development, especially the spread of property rights to a substantial number of inhabitants?

In Denmark, it is fairly common to attribute the "Danish" way of development to Grundtvig and the cooperative movement ("andelsbevægelsen") (see, e.g. Ingemann, 2002; and specifically on the political economy of Grundtvig, Ingemann, 1997). Grundtvig (1783 - 1872) was a priest, a poet, who contributed to about one third of psalms of the Danish Psalmbook, and above all that a spiritual animator. Through studies, writings, and speeches he provided a world view, a vision that was realized through the next generations. He was deeply entrenched in Christianity and wrote psalms of a depth only matched by few, but by the same token he was able to ask of the boundaries of Christianity and point to what was beyond. He worked himself through several personal crises and was repeatedly in opposition to the established church.

To give an idea of his poetry, mention is made of a Pentecostal psalm, a hymn to the Holy Spirit and its effects. The psalm paints through the first verses a picture of Danish nature, the farmers' fields and harvest, sun and birds, forests and meadows:

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and lovely trickles at our step
through the meadow thebrooklet of the flood of life

Grundtvig: I al sin glans nu stræler solen, of verse 3. 1843
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It would have been picturesque, had it not vibrated and eventually bursted into a crescendo of praise that included all tongues, including pagan and Jewish. Like Kingo, he relates the everyday and the transcendent, but while 'everyday' for Kingo was duty in the presence of the king, for Grundtvig 'everyday' was cultivating the created world, especially the countryside. Grundtvig raised the question: What was of value in the North before Christianity? Did truth only come by Christianity? An answer developed through countless drafts, namely that the mythology of the North contained truth and, furthermore, that this truth was a paradigm of the life that the people of the nation were performing. Grundtvig at that time gave up the 'sweet dream' that the whole Danish people would be 'deeply Christianized'. He envisions the 'national spirit' as the uniting bond, as it manifests itself in language, historical narratives, and mythology (Thanning, 1971: 62f, 66).

Lutheran Christianity was perceived individualistically, as a 'Christianity of penance'. Therefore, it did not answer the questions raised by societal life, how the work of creation was to be redeemed. He echoes the statement of Kingo that all members of the people "with heart and soul perform their trade, each in his circle, yet intensely participate in one another's pursuit, as parts of one body, .." (Grundtvig, quoted by Thanning, 1971: 69). Significantly, however, Kingo's hierarchy of God, king, and estates
was replaced by interrelated circles, while the heart, soul and compassion for 'the common good' were the very same. The enemies are the spirits of the (German-Roman) Emperor, the Catholic pope, and the rationalistic enlightenment that kills heart and spirit. The objective was to unfold the Nordic spirit by empowering each and everyone to noble deed (: 70, 97f). Grundtvig found the peasants' work as the model of noble deed, which at that time was definitely not the hegemonic opinion. The former tenant thus became the key factor of development and hence the task was to arrange that every Dane could be economically self-sustaining through ownership. Furthermore, teaching should above the conveying of practicalities also lift the hearts.

The gift of Grundtvig was that he on one hand pointed to the values outside the established Christianity. Through this he could inspire those, who were indifferent or even hostile to church and authorities. On the other hand, he did it in a way that did not offend those, who were comfortable with the more traditional Christian life. And his thrust was to set free and empower the poor so that "few own too much, and less too little". This programme later fitted also the interests of members of workers union, so that the workers movement became moderate and political, rather than radical and revolutionary. The social democratic party in a sense took up the idea of pursuing 'the common good'. Indicatively, the title of its political programme of 1934 was 'Denmark for the people'.

Grundtvig developed these ideas in the 1830s, which meant that the visions could fill the institutional vacuum during the fairly soft collapse of absolutism. The Constitution of 1849 provided among others freedom of association. This was only the first incidence of correspondence between Grundtvigs ideas and historical events, cf. the summary of history above. His finding that truth could be found outside Christianity and should be pursued for the common good, inspired Danish politics for more than a century, and made that also low-income families could become home owners, as we shall see detailed in the next section.

3.5 Land registration and the role of mortgaging

By 1844 a new cadastre was put into effect for Denmark. It was based on the maps and recordings of the land reform, duly revised and supplemented. It located and identified largely every parcel in the country and provided a new base for taxation. However, the tax base of the old cadastre from 1688 was still kept, as its failure to reflect the real value of the property units had been taken into account in prices paid by buyers through the ages. The new cadastre was introduced, following suggestions by two quasi-parliamentary advisory assemblies, which were instituted by 1835. One of these suggested, furthermore, that an act be issued to improve "those for real property rights and the credit so important conveyance and mortgage registers".

Hernando de Soto points to the importance of land registration for making 'dead capital' live through mortgaging. In Denmark, deeds of conveyance and mortgage had to be announced at the things already before the Danish Law of 1683. From 1738 name indexes were introduced and established at every court, and by 1805, recordings should take place at the local courts. After reading the deed, extracts were made in chronological registers of conveyances and of mortgages, respectively (Buhl, 1994: 19f, 22). An assembly proposal of October 1842 for improving land registration was motivated among others by the fact that the proposer got an incorrect statement on mortgage deeds from a local court. He also points to the fact that the new cadastre would make it possible to establish indexes of property units, and proposed such indexes introduced and uniform formats for land registration prescribed. Furthermore, he suggested that every document on immovable apply the new cadastral identification. These proposals "will be as important for the security of property rights as for the corroboration of credit in general" (VST, 1842: 768). While the indexes were to be introduced only "gradually", the act on Indexes for conveyance and mortgage registers, by March 1845 (Frd. 28. Marts) prescribed that every document on immovable should apply the new cadastral identifier. This and similar rules kept the recordings of immovable in Denmark coordinated from the 1840s, even if recordings were performed by different authorities (taxation, agriculture, and justice). A reform of the land registration of the local courts was later accomplished by the Law on conveyancing ("Tinglysningsloven") of 1926.
Considering these incidents, and drawing also on details not reported here, it appears that mortgaging was common by the 1840s, that mortgages probably were recorded with the same degree of perfection as title, and that forced sales in case of debt default was practised. The issue of credit and mortgaging is mentioned on par with real property rights in general in the proposal as well as during the deliberations and in the documents. It appears that both are important, in a sense perceived as aspects of the same institution of property rights.

Formalisation incurs costs and thus warnings on putting too much emphasis on formalisation in terms of applications of information technology have been made (Holstein, 1996; de Soto, 2000: 184f). Also Steven Hendrix, in addressing the degree of formalization, calls for a "situation-specific examination of the [conception of] property and design of any property securisation plan. Furthermore, the expenses of titling must be weighted in each given locality against the increased level of security titles provide over existing documents which also evidence ownership rights and interests" (Hendrix, 1995: 191; Italics in original). A rephrasing of the latter sentence fits the reasoning of the Danish assembly of the 1840s: The expenses of establishing indexes of property units must be weighted across each registration office against the reduced probability (increased security) of issuing defective certificates. Concluding, formalisation as provided by information systems is important, but apparently not the key issue. Formalisation also tends to exclude person-specific dependencies, and as we shall see, this aspect is likely to be the important issue.

The assemblies acted as a melting pot for ideas on, how to improve the kingdom, like the contributions at the occasion of the king's birthday had done almost a century before. The self-conception of a 'patriot', the term preferred to citizen, valued a concern for 'the common good' (Damsholt, 1997). Apparently, this did not block economic development, but envisaged development in a more collective sense than the English liberalism.

The emergence and role of mortgage associations

Mortgaging was not a key factor during the land reform, as the reform was initially an individualisation of cultivation. However, the relief of copyhold was a political issue and suggestions for mortgage schemes were popular, frequently combined with request for some governmental support (DH, 11: 356). The government was not in favour of the support, also because of fear that such support would be misused by some landlords to charge excessive prices (Møller, 1997: 91). Never the less, the tenants gradually gained ownership. By the end of the 1840s the number of copyholdings was reduced to 21.000. Often, the landlord found it convenient to let a mortgage in the holding be part of the charge. Due to the personal relationships, the conditions for the new owner could be more troublesome than a loan offered by an impersonal enterprise.

A mortgage association was established in 1796 for house owners of the city of Copenhagen. A lasting principle of this effort was that the direct contact between a mortgagor in need of money and a mortgagee was avoided and replaced by the mediation of an association. The association issued mortgage bonds, which were secured by mortgage deeds, and sold the mortgage bonds at the Exchange (in operation since 1600s). While this arrangement is seen as the start of mortgaging in Denmark, it was generally complicated and above all not available for the farmers. A public debate on the issue resulted in the establishment of mortgage associations for Danish landowners (Møller, 1997: 89f; on present practises, see Moody's, 2002). English liberalism entered into the debate, but it was the cooperative movement, marked by men like Robert Owen, that apparently best fitted the Danish 'patriotic' attitude to economic affairs. When the Constitution of 1849 allowed for the free establishment of associations, a statute law was passed by 1851, which provided a frame for regional associations with rather specialized portfolios. The following years, a number of these mortgage associations popped up, and saving banks for peasants as well. The cadastral identification of property units, and the fairly well kept land registers provided a robust base for the mortgage business. A recent account of the role of mortgage associations through 200 years offers the following survey:
Møller et al. find the cooperative mortgaging scheme most relevant during the 1800s. The society in that period transited from a barter economy to a money economy. The mortgage associations were able to compensate for defects of the capital market in terms of monopolies, asymmetry of information, and lack of public control, and this was much less needed during the 1900s. Generally, they warn of attributing too much importance to the fact that mortgage loans were provided by associations as opposed to other organisational structures, as alternative lending opportunities in terms of saving banks and ordinary banks were available during later periods.

Perhaps one could suggest that mortgaging gained its most significant role for property development during the period 1960-80, where the number of owners of detached houses exploded to include also low-paid families with stable incomes.

- 1600s Crown owned about half, nobility the other half (~2000 persons out of 600,000) (6.4/p.2)
- 1800s Of the 60,000 farms, about half were acquired by tenants as freeholds (6.5/p.3)
- 2001 1,130,241 detached houses and farm houses, owned by individuals (out of 5.3 mio)

The mortgaging scheme was robust across social strata as, generally, it was not dependent on the creditworthiness of the mortgagor, except for a stable income. It made housing construction cheaper, as banks would supply young prospective homeowners with temporary loans to complete the building process in one continued effort, because the bank loan was secured by the subsequent mortgage. Finally, it assisted manifestly in making Danish urban planning and development a quasi-rational process, as the hyper-cautious mortgage associations requested a certificate (from chartered surveyors) that the intended construction was in due accord with public as well as private restrictions (spatial plans, easements, etc.). As the majority of people was dependent on mortgage loans, the same majority was forced to subscribe to mortgage conditions and thus to spatial planning measures (Stubkjær, 2001).

Summarising this section, mortgaging existed in Denmark well before and during the land reform and is reported to have enhanced the landlord's investment in equipment. However, mortgaging as an impersonal and bureaucratic/formalised activity, a clear benefit for new owners, appeared only one or two generations after the land reform. Danish economists find that the Danish cooperative style of mortgage associations fitted the values and needs of the 19th century Denmark better than a more market-oriented scheme. The impersonal mortgaging scheme financed the widespread extension of real property rights after the 1960s and contributed to a successful urban development. Only for this period, effects of mortgaging on economic development (of the construction sector) may be recorded.

4. Discussion: Explaining long term economic development

The outline of Danish history presented above included several references to bureaucracy and its role for the institutionalisation of real property rights. Bureaucracy was - generally - conceived as a positive factor in the Danish economic development. Douglass C North also refers to the role of bureaucracy for economic development, namely in the context of comparing the long term economic development
of North America with that of South America (1990). In this context, bureaucracy is not considered a positive factor. The following aims at relating the Danish experiences with the findings of North. It is suggested that bureaucracy is not generally hampering economic development as North seems to posit. Rather, an alternative explanation is seen in the past tendency by the Catholic Church and related establishment to control the spontaneous creation of organisations.

North notes that there are enormous contrasts between economies, despite the falling costs of information and technological change. Consequently, the question is raised as what accounts for the survival of societies and economies that are characterized by persistent poor performance. What prevents them from adopting the institutions of the more efficient economies? (1990: 92-93). The following is perhaps a too brief summary of the causes, which North suggests for the development cases of North and South America, respectively.

The economic development of North America from 1750s onwards is characterised by the religious diversity, local political control, and growth of assemblies, which was inherited from Britain. Development was framed by overall British imperial policy, but within that framework, the colonist entrepreneurs were free to develop, even if the colonists themselves imposed more restrictions on property rights than did the mother country (1990: 102).

For the same period of time, the economic development of South America is characterised by North as the conquerors' imposition of a "uniform religion and uniform bureaucratic administration on an already existing agricultural society". Efforts at reversing the centralized bureaucracy were partial and quickly negated. South American wars of independence during the early nineteenth century brought in French and U.S. inspired constitutions, but in spite of that, efforts of decentralisation of powers did not work after the first years of independence. Country by country reversed in the nineteenth and twentieth centuries to "bureaucratic centralized controls" and accompanying "ideological perceptions of the issues" (1990: 102-3).

Comparing these lines of development with the one outlined for Denmark, it should firstly be mentioned that Denmark is extremely small, compared with the Americas. The 'distance', both in the literal and figurative sense, from 'local political control' to 'centralized bureaucracy' is indeed small in Denmark, and thus makes is problematic to infer from this aspect.

As regards the growth of assemblies, the Danish development fits with the reasoning above. Already the provisory assemblies of the 1830s had some practical impact on real property affairs, and later in the century associations were created, which provided for mortgaging and other kinds of economic development.

However, as regards the religious aspect, the Lutheran Denmark has not had any 'religious diversity' worth mentioning from the Reformation in 1536 throughout the nineteenth century. The constitutional freedom of religion from 1849 brought effects only late in the century, and hardly with recordable economic implications. The development was indeed influenced by the Danish version of the Lutheran 'uniform religion', but as described in sections 3.2 to 3.4 above, with an economically positive outcome. As regards the bureaucracy, historians consider Denmark having a "stable bureaucratic absolutism" from the late seventeenth century, implying that the king 'by gace of God' and with his advisors ruled the country in a fairly top-down, but also quasi-rational way, cf. section 3.2 above. The improvement of land registration during the nineteenth century fits into that characteristic, and until the 1970s, were company management became a model for public affairs, Danish governmental administration was marked as a legal affair. For Denmark it seems that bureaucracy permitted, if not fostered an economic development comparable to that of North America.

Summarising, Denmark had a uniform religion and a bureaucratic government, which is precisely the factors used to explain the delayed economic development of South America. Still, Denmark enjoyed a development largely similar to that of North America. We thus have to question the explanatory power of these two factors.

Questioning religious diversity and bureaucracy as relevant factors, we are facing the problem of
explaining the economic development in another way than presented above. The factor growth of assemblies has been taken in the wide sense, including also the creation of societally active associations. In the following I intend to show that North's reference to religion and bureaucracy can be specified in a way that relates to the societal costs of spontaneous creation of associations. These costs were high in South America and other Catholic societies, while low in Lutheran or mixed countries. The explanatory model offered by North can thus be modified in a way that reconciles the above presented evidences and provides the observed outcome in terms of economic development.

The cost of creating associations

The Roman Catholic and the Orthodox conception of reality is to some degree the same, and to introduce the issue, I take an example of Orthodox provenance. A thoughtful recent newspaper article informs of Russian experiences in the field of individual property rights in land. The Moscow based reporter Flemming Rose notes that even in well-off quarters of towns, where apartments are individually owned, garbage piles up outside the appartments. Furthermore, local roads are neglected, even if neighbours have material resources enough to maintain them properly. An explanation is offered by professor Alexandr Etkins of the European University in St Petersburg. "Behind these phenomena hides a conception that what we do together in Russia, we to together with the State or through the State, and when the State do nothing, we do nothing either." (Jyllands-Posten International, 11. juni 2003, p. 7).

I dare to claim that this norm of behaviour is not to be attributed to the socialist regime of the twentieth century, but rather has its roots in a certain Christian way of thinking, a vision of the world which was held in the Byzantine Empire from the fifth century on. According to this belief, executive powers emanate from God through the church to the world. By 'executive powers' is meant power to act in the right way, according to ones competencies. The term 'executive powers' is usually used for the management of governmental affairs, but here it is used in a much wider sense, referring to the government of God that spans all creation (See e.g. Sendler, 1988: 57ff on visions of the Byzantine society, and 169ff on the doctrine of Pseudo-Dionysos). Returning to the example it means that the apartment owners do not care for joint areas, because nobody in appropriate authority entitled them to do so.

The above interpretation may be substantiated by reference to official documents of the Roman Catholic Church on the associations of workers. Some of these documents were issued in the context of the general political fight on trade unions in the early twentieth century. Within the German Catholic realm, a specific and divisive trade union controversy ("Der deutsche Gewerkschaftsstreit") took place. It largely addressed the issues of, whether workers associations should be clerically led, whether such associations could mix Christians of Catholic and non-Catholic denomination, and what role the Catholic labour movement might take in the democratic process, including attitudes to the 'free' workers unions, which were then perceived as militantly atheistic.

A document released by a bishops' conference in Fulda, 1900, ("Fuldaer Pastorale") insisted on the operating of the associations on a strictly religious base ("die unbedingte Notwendigkeit, die Arbeitervereine auf religiöser Grundlage aufzubauen"). Without verbatim to insist on clerical leadership, it pointed to the relevance that Catholic men consult their very mother, the Catholic Church, it stressed the obligation of association leadership to care for religious formation, and it advised the leaders to engage 'able and willing helpers' ("tüchtige und willige Helfer") among the laity (Texte, 1977: 73, 77).

The release of the document was followed by a decade of struggles, because the large majority of Catholic workers wanted associations without clerical leadership. The pope twelve years later issued an encyclica to the German bishops, ruling that under strict conditions the participation of Catholic workers in mixed Christian associations ("christlichen Gewerkschaften") could be 'tolerated' ("es könne geduldet und den Katholiken gestattet werden"). Conditions included that the workers engaged in - and paid to - the 'Arbeitervereine' in parallel (Texte, 1977: 81ff, 84).

According to an interpretation by the nestor of Roman Catholic social teaching, Oswald von Nell-Breuning SJ, a real change was instituted by the encyclica "Pacem in terris" from 1963, which was later corroborated by the Second Vatican Council. The clerics should no longer patronize the laity,
but rather every lay person should take responsibility within his or her professional domain (Texte, 1977: 19). The Council document "Gaudium et spes" from 1965 literally proclaims the laity to be the authorized estate on secular issues. It calls the laity to cooperate most readily with those, who share the same tasks. The lay person should not expect a specific solution from the spiritual advisor, who might not have the mission needed. In controversies about the implications of the gospel on a specific issue, no party can claim that its solution is exclusively supported by Church authority, cf. article 43 of "Gaudium et spes".

The above excurse into the development of Catholic social teaching relates well to the Russian example of today. Also according to Roman Catholic beliefs, authority emanates from God through the Church. Early in the 1900s, church authorities held that this implied the leading role of priests, also in secular issues, as documented above. By the 1960s, however, the Council document takes up the issue again by explicitly referring to the different mission and authority of laity and clerics, respectively. In applying the authority of the Church, the fathers of the Second Vatican Council formally through "Gaudium et spes" empowered the laity to perform the tasks, which people of protestant denominations had performed for some centuries, cf. the comments in section 3.2 on the psalm by Thomas Kingo. Furthermore, the Second Vatican Council stated a more elaborated self-conception of the Church, which is referred to by the keywords "subsistit in". It implies in loose terms that the light emanating from God is not restricted to work through the hierarchy and members of the Roman church as a sociological entity. Consequently, according to this self-conception, not only the Christian laity but any person 'of good will' may participate in the perfection of creation.

The above quotations of Catholic doctrine from the opening and middle of 20th century are provided as evidence for the position that at least until the first half of the twentieth century, the Catholic belief system generally insisted on preceding authoritative approval of societal changes of any importance. Due to the well-known path dependency, the past perceptions and behaviour patterns are hard to change, even among those who for various reasons dissociated themselves from church circles.

Returning then to the interpretation of economic development by North, it can be established that an important factor in explaining the difference between the Catholic South America and the mixed or Protestant North America and Denmark is the social costs of creating associations. In the U.S. from the beginning of 18th century, and in Denmark from the middle of the 19th century, people could spontaneously unite into associations, the fabrics of 'shared intentionality', voice their demands, and through the associations contribute to the solving of societal problems by applying domain specific knowledge to the modification of institutions. In the Catholic south, such associations and their intentions tend to be assessed and monitored by the establishment, generally a resource consuming process, which might well confuse the original intentions.

This explanation is in accord by the one offered by North as regards reference to the religious aspect. Transcendental beliefs do matter in economic development. A substantial factor of explanation is sought in the specific conception of reality, shared by the Roman Catholic and the Orthodox Churches until the 1960s, where the Second Vatican Council restated Roman Catholic doctrine. The restated view allows us to suggest that the religious factor or power operating in Denmark, South America, and North America is basically the same. The long term economic development is different, perhaps primarily because the previous world view hampered economic development in the South by curtailing spontaneous creation of associations. This is again due to the differently constructed institutions, precisely the message of North's model of explanation.

Furthermore, the explanation may be accorded with North as to the importance of bureaucracy, which appears to have a fairly open definition. In line with North's terminology, one might interpret the Catholic South as a kind of divine ('Byzantine?') bureaucracy, where persons affected by societal problems wait for a person in sufficient authority to bring about a solution. However, while this interpretation might have some explanatory power, it is definitely a use of the term bureaucracy that extends widely from the usual social science definition provided by Max Weber, cf. section 1. It is indeed deplorable that the term bureaucracy also within academic circles carry the pejorative associations of popular usage. This is deplorable especially from the point of view advocated by de
Soto, namely in pointing to the importance of real property rights for economic development. The 'formal representational systems', which de Soto attests are the basis for capitalism, cannot exist without bureaucratic administration in the Weberian sense. North also agrees to the need of ".. effective judicial systems" and ".. the development of the state as a coercive force ..." (1990 :59).

Summarising this section, the Danish development of real property rights has been related to the interpretation by Douglass C North of causes of different economic development in North and South America, respectively. Within the general framework of North's explanation, a modification is offered, which seems to reconcile the evidence drawn from the Americas and Denmark. The modification is based on a more elaborated comprehension of the notion of bureaucracy and the factor of religion or ideology. It suggests that the economic development of the Roman Catholic South was hampered by a general belief that potential solutions to societal problems should await clerical or otherwise authorized approval. The societal cost of this approval stifled entrepreneurial efforts in the south, while the Protestant North could benefit from the economic creativity of associations of every kind.

5. Conclusion

The Danish history was retold as regards the development of the institution of real property rights. The story spanned the period from the introduction of writing in 11th century to the expansion of home ownership during the last third of the 1900s. Within the context of the hegemony of liberal capitalism, the story tells how societal encounter arranged that the man of the created world could set up a house for himself. The 'shared intentionality' of the parties of the Danish society was thus not economic utility, but 'the common good', in this context a conception of real property rights that implied a strong concern for common affairs outside the individual unit of exclusive property rights. In business terms, the stakeholder view widely overruled the shareholder view.

The story confirms the attention called by Hernando de Soto to the importance of a 'staircase' of real property rights for the humbler members of the society, cf. section 1. In Denmark, a small and in many respects homogenous country, it took about two hundred years of fairly conscious efforts to expand real property rights to a substantial fraction of the humbler strata. This development, the 'construction' of the staircase, took its point of departure from a governmental and judicial structure, which already for a century was bureaucratic in the positive, Weberian sense and which kept that quality throughout the concerned period. The development was supported by the fact that basic notions like 'the common good' and considering work almost a vocation remained constantly meaningful and inspiring, while the context of these notions moved from divine absolutism via participation in redeeming the created world to a Social Democratic 'Denmark for the people'.

In Denmark as elsewhere the feudal system implied a status relationship of inequality. This inequality was also reflected in religion, in Denmark perhaps most outspoken during the first century of absolutist Lutheran Christianity. However, inequality did not imply stagnation: Out of the hierarchical structure came the message that man was entitled to 'join hands with God' in pursuing his secular duty. University and later general education made the commoners voice their interests, and their unrestricted creation of associations fuelled economic development. This Danish evidence was put into an international perspective by relating it to Douglass C North's model of long term economic development. Some of these factors of development were recast. Uniform Christian religion and uniform bureaucratic administration ruled both in Denmark and in South America, but these factors do not unconditionally hamper economic development. The difference in economic development between Denmark and South America was related to the Christian proclamation of the competency of the lay person and of the occurrence of true values outside the established church, which in Denmark took place some hundred years before it became part of Roman Catholic doctrine prevailing in South America. North's model of explanation, its focus on socially constructed institutions thus holds not only for the Americas, but for Denmark and perhaps other Northern European kingdoms as well.

The cord of institutional change that we have followed through Danish history has a core made of information systems: Pergament diplomas and heavy ledgers at the outset, computer systems now. Paperwork made the base for the institution of real property right, and cadastral work further specified
relations of Searle's hierarchy of status functions. Through centuries, careful recording of facts and agreements and decisions based on publicly known rules made the economic aspect of life more predictable and hence more prosperous. Generally through the centuries, work was considered a calling and because of that, bureaucracy did not constrain the creative among the bureaucrats.

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