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"The role of technology and institutions for growth: Danish creameries in the late nineteenth century"

Abstract

We investigate the relative contributions of changing technology and institutions to the remarkable success of the Danish dairy industry at the end of the nineteenth century. Traditional accounts stress the gains from the introduction of the automatic cream separator and the emergence of the cooperative ownership form. We use a new database of statistics from dairies to quantify these through the use of stochastic frontier analysis. We find that both institutions and technology were important for the success of the Danish dairy industry and, by implication, the growth and early development of the Danish economy.