

was up to 8%. Land values skyrocketed from 17 billion Danish Kroner in 1960 to 320 billion Danish Kroner in 1981, a nineteen-fold increase while prices in general rose only fourfold.

TAX HALT IN 1969

In 1969, Denmark had a brief reminder of what good tax reduction could do. That year, the nation changed from paying tax based on last year's income to a "pay as you earn" tax. For logistical reasons, the government could only collect the same tax as in 1968, so all 1969 income above one's 1968 amount, such as income from overtime work, was tax free. The effect of this exemption can be seen in the chart below.

DEVELOPMENTS IN DENMARK 1967-71

Percent increase	1967	1968	1969	1970	1971
Production (in fixed prices)	4	4	8	3	3
Consumer prices	7,5	8	3,5	6,5	6
Private investments	5	5	20,5	9,5	0
Wage-earner's savings in million kr. (estimated)	2,468	2,857	3,774	3,137	3,059

Not shown is the fact that nearly every last unemployed worker found a job, confirming the saying that "work creates more work".

During the 1970s, another natural resource besides land took off in price — oil, the lifeblood of the industrial West. From the Arabian ground, oil could be pumped at very little cost. The Arab states organized themselves into a cartel, OPEC, and led the way in raising the price of oil from all extractors. Interest

rates followed and by 1982, domestic bank interest in Denmark was 20%.

To deal with joblessness, the new party in power, the Social Democrats, began redistributing the wealth even before it was created; they borrowed the missing amounts, mainly from abroad, saddling the government with a huge outstanding debt. From 1979 to 1982, domestic debt increased fivefold and our foreign debt three fold. During these three years, the Social Democrats devalued the Kroner 19%, directly causing inflation, followed by rising interest, increasing unemployment by 100,000.

These discouraging trends showed no signs of letting up, so in 1982, the

Social Democrats quit, leaving the task of imposing the necessary economic measures for reducing public expenses to the subsequent non-socialist coalition government, the Conservative parties. The new government halted devaluations and borrowed less money which, by 1985, cut inflation and interest in half and increased employment by 140,000. Under these improved conditions, the Social Democrats are again talking about providing welfare (purchasing votes).