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## DANISH VIEW OF PLANNED ECONOMY

(Mr. Harold Munkholm, Inspector of Schools, whose home town is Holstebro, in Denmark, has been spending a number of months in the U.S.A. Following is the Address he delivered in Racine, Wisconsin, at the Danish Brotherhood's 69th Annual Banquet, January 13, 1951.)

I feel greatly honoured for being invited here to-day to speak to you about the country we all love—you, because you have many ties that connect you with Denmark—I, because it is my native land.

### Is Denmark a Democratic Country?

I have been asked to speak about trends and thoughts in Denmark to-day, and how Denmark is to remain a free and democratic country. Now in this world it is always dangerous to take anything for granted, so I begin by raising the question: Is Denmark a free and democratic country? To a certain extent, yes; and just as much as any other so-called democracy. Certain rights (civil) are secured through the Danish constitution, which was one of the first really free constitutions in the world, and which we celebrate every year with singing, and speeches, and flags. There is freedom of worship, freedom of speech, freedom of the press, freedom to form associations for any legal purpose. The individual is safeguarded against arbitrary imprisonment and the police are not allowed to search the house of a Danish citizen without a warrant from a judge. The parliamentary system makes it possible for us to get rid of a government which is not in harmony with the people. We can freely criticise our politicians and nobody will come to harm if he calls the Prime Minister a dam' fool, which we often do. Just imagine what would happen in Russia if somebody had the pluck to call Joe Stalin an old fool! There is political freedom in Denmark, and we certainly learned to appreciate and cherish it in the days of the German occupation when nobody knew when a Gestapo-man would knock at his door and carry him off to a concentration camp.

### Social Legislation

Still there are many who say, like Shakespeare: There is something rotten in the state of Denmark. Why are people not happy? Why are they nervous and worried? Of course, there is the shadow cast by Russia, but there are dangers much closer, things that are deadly dangerous to democracy. As you know, Denmark is admired for her social legislation. There is public aid to the physically and mentally defective and to the unemployed; subsidies to the farmers; free medical treat-

ment and medicine; maternity assistance, including medical care and free milk during the period of pregnancy; in the schools there are free meals for all the children irrespective of the parents' income; prices of bread, milk and butter are kept down for the underprivileged. What a paradise!

### Drawbacks

All this has, no doubt, come about from good and humane motives, but we can see there are several drawbacks. I am sure you are smart enough to guess what I am driving at. It has to be paid for, and the bill comes regularly in the form of taxation. Now people are strangely illogical—they want more and more social benefits, but they grumble when they have to pay for them. They always want the other fellow to pay. Of course the Socialist theory is that it is the rich who pay. But this is humbug. Out of a total population of about four million, there are only a little over 2,000 persons who make more than \$70,000 a year. How could they pay for the rest? No, the fact is that every one is supporting every one else, so much so that even if we have no poor-houses in our humane little country, the whole of Denmark is being turned into one big poor-house.

About the beginning of the century the total public expenditure in Denmark was little more than 100 million crowns, now it is 4,000 million crowns, which is as much as the total annual value of all crops in the whole of Denmark. On one of the walls in the Danish parliament there is painted a motto: God tempers the wind to the shorn lamb. That is a beautiful theory, but in practice the politicians not only shear the taxpayers, they fleece them. They have made a marvellous machine out of the state. The taxpayer puts in a quarter (25 cents) and gets out a dime (10 cents), the rest gets stuck in the machine. So political life in Denmark has degenerated into squeezing money out of the taxpayer and doling it out to those who cry the loudest.

Now, I am afraid some of you will say to me: You have no reason to complain. It is just as bad here. We, too, are skinned alive. Well, I don't know if you can take it, but even if you can, even if you are hardy enough to bear a heavier burden, that is no reason why we should. And I can assure you that we are many in Denmark who have pledged ourselves to put a stop to this highway robbery.

Another drawback is the growth of red tape. The staffs of the public offices in Denmark have swollen out of proportion. It was maintained during the last electoral campaign in Denmark that since 1930 the number of people in public service had risen by 60,000 more than the growth of the population justified. If we suppose that the average pay of these civil servants is 10,000 crowns (say £500), that would make a total of 600 million and it would be enough to cover the extra military expenses made necessary by the Atlantic Pact. There is another side to the picture. Those 60,000 persons are, so to speak, unproductive—some of them even hamper production. But they all come to the stores to have their baskets filled like everyone else. The money they expend is really false money, because there is no useful production behind it. I am sure you know what that spells: Inflation.

### Planned Economy

In the last decades there has been much talk of planned economy. That sounds very attractive. Who does not want things to be well planned, and who does not want

economy? As it has been practised, there are many who think it is both planless and uneconomic. The governments which have been Socialist for about 25 years with the exception of a few short periods—want to control everything. They have set up a so-called Ministry of Supply, and they control foreign currency. Nobody in Denmark can import goods without a licence. So half the time of a merchant's life is spent in applying for licences, filling out forms, and wearing out the steps up to the departments of this Ministry. It is no longer businessmen who carry on foreign trade and make trade agreements. It is politicians and officials who do it. Now, what does an official who has never stood behind a counter, and who has had no training in that field, know about trade? He will be absolutely correct and punctilious. He will stick to his regulations. But he will make unbelievable blunders, for it is not he who has to pay if there is a loss.

You may have heard the story about the trade agreement concerning the import of nuts. What was really intended was the import of those small metal things for screwing on the end of a bolt. But the official in charge of that matter misunderstood the word and contracted for a large shipment of the other kind of nuts—you know those little fruits with the hard shells. Some of us think the officials are all nuts. Millions of money have been lost every year because valuable orders have been lost on account of delay in the Ministry. Sometimes it has been only a question of hours. A merchant comes to the department and the high and mighty chief is out for lunch. When he returns, it is already too late.

### Psychological Effect of the System

Along with the economic effects of the system, the psychological effects must be considered. The Danes were once a very enterprising people. Just think of the East Asiatic Company with its branches in all parts of the world; think of Tietgen, the great merchant; of the Great Northern Telegraph Company; of the highly esteemed Danish civil engineers who have constructed harbours and railways and bridges as far away as South America and Asia Minor. Think of the Danish farmers in the seventies and eighties of the last century. When crisis came upon them, they did not go to the State for help. They built up that fine system of co-operatives which has become a model to the whole world. But what do people do nowadays when they are hard up? They go to the State as humble supplicants, bowing and hats in their hands to ask for a pittance of the money they have paid themselves in taxes. Denmark is becoming a nursery.

### The Justice Party and its Policy

Now you will say, this is all very pessimistic, is there no hope for Denmark? Of course there is. Where there is a will, there is a way. There is one little party which you must watch very closely in the time to come, because it is the only one that strongly opposes the development I have depicted. It is called the Justice Party—Retspartiet. It is a rapidly growing party now. It was started about 1920, but for 25 years it did not get on. It was ridiculed, actually it was laughed down. In 1945 it had only 3 members in the Danish Parliament. In 1947 it increased to 6, and just before I left 12 members were returned to the new Parliament. So you see, it has doubled twice in five years.

The policy of the Party is founded on three principles: Land Value Taxation, Free Trade and the Limitation of the State to what are really public purposes. The Party admits that there must be money for public purposes, but that money should be taken from values created by the public, that is land values. I cannot go into details. Those who want to know more about it, should read the books written by your countryman Henry George, one of the greatest economists that ever lived. His best book is *Progress and Poverty*.

Next the Party advocates a limitation of public expenditure. For as they say—it is reasonable to suppose that those who are enterprising and skilful enough to make money, know how to spend it far better than do the politicians. After all, when a man has spent honest sweat and labour on making an income, to whom does that income belong, to the State or to himself? And if you punish him too heavily by progressive taxation, he will stop being industrious and enterprising and end up by saying: What's the good? Society must be built in such a way that it pays to work. The skilful and industrious must get a reward for their toil.

With regard to foreign trade the Party advocates Free Trade. What is it that makes Europe so poor compared with America? Are the Europeans stupid and lazy? I would certainly say No. Are there no natural riches in Europe? There certainly are. No, the reason is the tariff barriers that hamper the free flow of trade. Just imagine what would happen if America were criss-crossed with frontiers. I am afraid you would miss many things when you sat down to breakfast and dinner. The Justice Party wants to pull down the tariff barriers—and what is remarkable—they want to begin with our own. Otherwise when politicians speak about pulling them down, they always mean that the other fellow should begin.

Dr. Starcke, the leader of the Justice Party, once talked with an American delegation in Copenhagen. He told them, that the Party went all out for Free Trade in Europe. Fine, they said. Then, he went on, we expect you to lower your tariffs, too. No, was the answer, we are afraid that would be impossible. Well, said Dr. Starcke, I quite understand that little America is afraid of big, strong Denmark.

### Conclusion

If you ask my opinion of the situation, I will say this much: Denmark is a good little country with a hard-working and intelligent people. It has a fortunate position for trade between East and West, North and South, a long coastline with good harbours, so there is no reason why it should not take its place among the most progressive nations in the world. There have been ups and downs in the history of our country. I hope we shall soon be on the upward move again. So let me end this little speech with a New Year wish for my people: I hope it will find itself again, its real self, and regain its faith and confidence in its destiny.

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