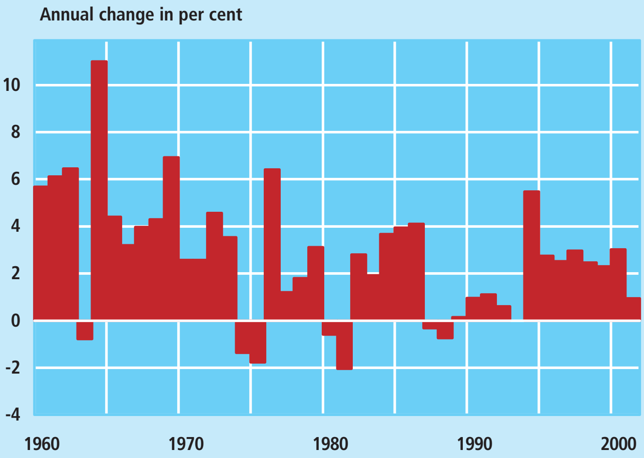
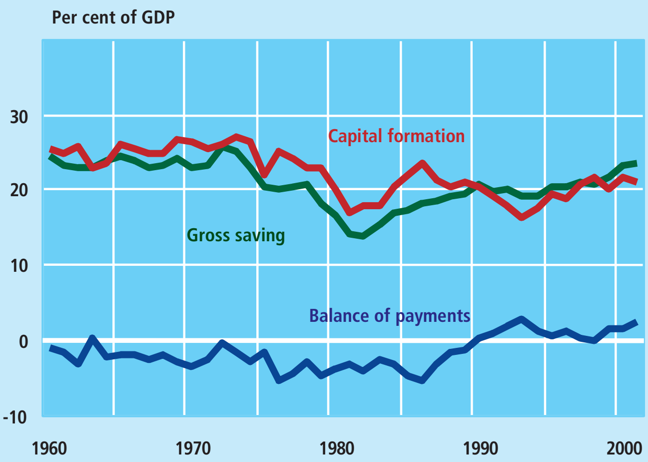


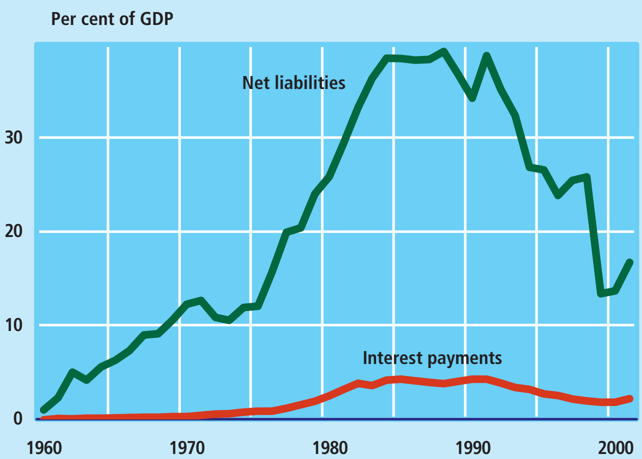
Growth rate in GDP

The economic growth rate reflects annual growth in the economic activity of a country. It is traditionally measured as the percentage change in the gross domestic product (GDP) at constant prices, i.e. exclusive of inflation. An economic boom at the end of the 1950s lasted until the first oil crisis of 1973, although there were large fluctuations from year to year. Two years with negative growth followed, but was eventually reversed and economic growth became moderate. After the oil crisis of 1979, another fall in GDP was recorded over the next two years, which was followed by an economic boom until the mid-1980s. Growth resulted, however, in considerable deficits in the balance of payments. The Danish economy was tightened and seven years with low growth rates were seen until 1993, when a new economic recovery began.



Capital formation, gross saving, and balance of payments

The diagram shows both capital formation in Denmark by way of maintenance and extension of the stock of real capital, and gross saving reflecting the level of capital formation financed by Denmark. Until 1990 capital formation exceeded gross saving, resulting in a deficit in the current account of the balance of payments, which implied that capital formation was to some extent financed from abroad. A substantial increase in exports of goods and services, concurrently with stagnant imports brought about a surplus on the current account from 1990, and thereby a surplus on savings. The surplus has been maintained with the exception of 1998.



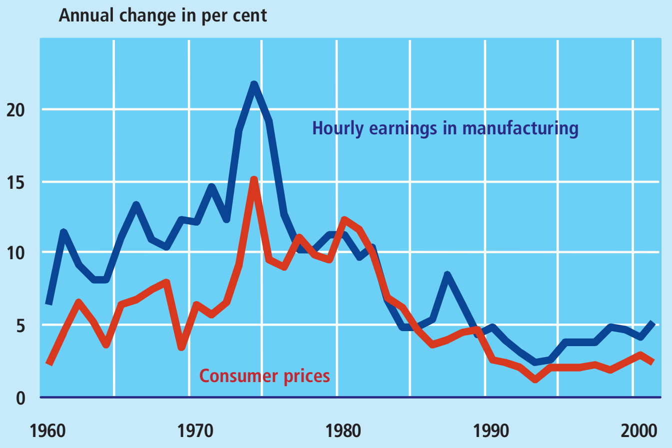
Foreign debt

Denmark's net foreign debt reflects trends in the current account of the balance of payments. As a general rule, foreign debt tends to increase, when the balance on current accounts is in deficit, but also changes in exchange rates and losses have an impact on foreign debt estimated in DKK.

The continuous deficits on the balance of payments in the 30-year period from 1960 to 1990 implied that net foreign debt increased considerably in relation to GDP. As a result of the surpluses on the balance of payments since 1990 foreign debt has declined, but it is still necessary to service substantial foreign debt. During 1999, however, foreign debt fell by DKK 125 bn., particularly because of price rises on foreign shares.

Earnings and inflation

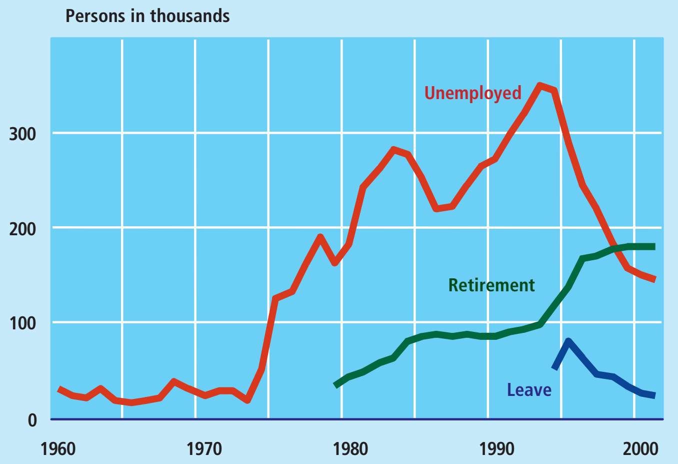
The trend in the ratio between hourly earnings and consumer prices (inflation) is an indicator of real earnings - reflecting the quantity of goods and services that can be purchased. In the 1960s and until the middle of the 1970s hourly earnings increased considerably more than consumer prices; the period thus saw substantial real-earnings increases. At the end of the 1970s this trend was reversed as increases in wages and salaries were swallowed up by price increases. In the mid-1980s the trend was again reversed and employees experienced substantial real-earnings increases. The 1990s have been marked by considerably low increases in both earnings and prices, but as increases in earnings are higher than in prices, a continuous improvement of real earnings has taken place.



Labour market

Unemployment was at an all time low in the 1960s. After the first oil crisis of 1973 the trend was reversed. Over the years that followed the level of unemployment rose almost every year until the temporary economic recovery of 1983-1985. The Danish economy over-heated and when a new tax reform and the October 1986 economic-policy package were implemented, unemployment rose again. This trend was not reversed until 1994.

In 1979 the first scheme for early retirement benefits was adopted. This was later followed by a scheme for transitional benefits. Finally, various leave schemes were introduced in 1994. The three groups comprising persons out work made up 348,000 whole-year recipients of benefits in 2001.



Public sector debt

The surplus on public finances in the 1960s led to a fall in central government debt, and in the early 1970s total central government debt was almost zero. With the oil crisis of 1973 trends were dramatically reversed, and total debt increased sharply until 1984, when public finances again began to show a surplus, implying a fall in total debt. There was another increase in total debt in the early 1990s, following a deterioration of government finances. Since 1993 the improvement of public finances has again led to a fall in total debt in recent years, corresponding to about 45 pct. of GDP.

The increase in interest payments until 1985 was naturally due to changes in total debt. The fall in the burden of interest since 1985 is the result of both stabilisation in domestic debt compared with GDP and a fall in the level of interest.