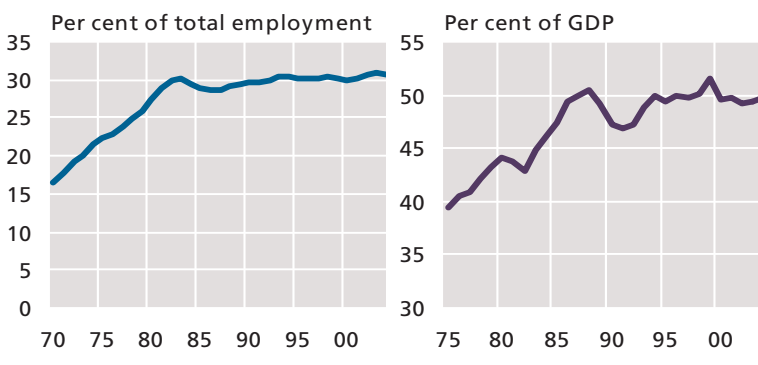


Public economy in good shape

For many years, Denmark has struggled with large public finance deficits and an increasing general government debt. Today, an entirely different picture emerges. We have a public finance surplus and the debt is rapidly being repaid.

EMPLOYMENT IN THE PUBLIC SECTOR (LEFT) AND GENERAL GOVERNMENT EXPENDITURE (RIGHT)



Today, the public economy is in a better state than for many years. For several years, Denmark has had a public finance surplus and net debts have been repaid.

Except for a small deficit in 2003, Denmark has experienced a public finance surplus since 1999. In 2004, the surplus made up DKK 24.8 billion, corresponding to 1.7 per cent of GDP or DKK 4,500 per inhabitant. The public finance surplus has been caused by increasing tax income and fewer expenses on, among other things, interest.

The public finance surplus has been instrumental in making it possible for Denmark to pay instalments on the net government debt in recent years. At the end of 2005, the debt was about DKK 150 billion, corresponding to about DKK 28,000 per inhabitant. Ten years earlier, the debt was more than three times as great.

••• DID YOU KNOW THAT

The tax burden in Denmark has been more or less stable since the mid-1990s. In total, taxes and duties account for about 50 per cent of GDP. •••

The number of public employees increased rapidly during the 1970s. Since the early 1980s, the number of public employees has accounted for almost one-third of total employment. Total expenses on public administration and services were about DKK 800 billion in 2004, corresponding to almost DKK 150,000 per inhabitant.

PUBLIC ECONOMY

| | Unit | 1990 | 1995 | 2000 | 2004 |
|--|----------|--------------|--------------|--------------|--------------|
| Public economy | | | | | |
| Public surplus (deficit) | per cent | -1.3 | -2.9 | 2.3 | 1.7 |
| Public net debts | of GDP | ... | 36.0 | 24.5 | 12.1 |
| Taxes and duties | | 46.8 | 49.1 | 49.5 | 49.2 |
| Current and capital expenditure | | 55.9 | 59.5 | 53.9 | 55.1 |
| Public sector expenditure | DKK bn. | 470.0 | 607.0 | 697.9 | 804.1 |
| General public services | per cent | 20.1 | 18.0 | 16.1 | 13.5 |
| Defence, etc. | | 3.5 | 3.0 | 2.9 | 2.9 |
| Law and order | | 1.9 | 1.7 | 1.8 | 1.9 |
| Economic conditions | | 8.3 | 7.3 | 7.0 | 6.7 |
| Environmental protection | | 0.5 | 0.9 | 1.1 | 0.9 |
| Housing and community amenities | | 1.0 | 1.1 | 1.4 | 1.2 |
| Health | | 11.9 | 11.6 | 12.3 | 12.9 |
| Recreation, culture and religion | | 2.7 | 2.8 | 2.9 | 3.2 |
| Education | | 12.5 | 12.6 | 14.8 | 15.1 |
| Social security and welfare | | 37.7 | 41.1 | 39.8 | 41.7 |
| Employment in the public sector | 1 000 | 771.5 | 809.2 | 842.5 | 835.5 |
| Per cent of total employment | per cent | 29.6 | 30.6 | 30.3 | 30.4 |