

## STATEMENT

# DANMARKS NATIONALBANK'S COMMENTS ON THE RECOMMENDATIONS OF THE GOVERNMENT'S EXPERT COMMISSION



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The Danish economy is now reopening, with activity gradually returning to normal. Danmarks Nationalbank endorses the expert committee's recommendation that the compensation schemes should not be extended beyond the current time limit.

Governor Lars Rohde says: "The relief packages were necessary, but they hamper business dynamics and maintain the current business structure. This makes it more difficult for the economy to adapt to changing patterns of production and consumption, both in Denmark and abroad, and as a result firms may end up relying on public relief packages for longer than necessary."

Danmarks Nationalbank also endorses the expert committee's recommendation on transitional schemes, including that the government may continue to subsidise industries and firms facing where corona-related losses comes with a delay or where ordinary activity is severely hampered by continued bans. Danmarks Nationalbank supports the use of reduced working hours schemes. Such schemes maintain the link between employers and employees, while at the same time underpinning the adaptability of the Danish economy.

There is considerable risk that economic recovery, in Denmark and globally, will be slow and gradual. So to keep economic activity afloat, demand may have to be stimulated through fiscal easing.