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ECONOMIC, EMPLOYMENT AND DEVELOPMENT COMMISSION Implementation of full employment policies

Replies of governments to the full employment questionnaire covering the period 1950-1951, submitted under resolutions 221 E (IX) and 290 (XI) of the Economic and Social Council and relating to full employment standards, economic trends and objectives, economic policies and balance of payments problems and policies

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^{1/} The balance of payments for Ceylon in 1950 in dollars was reproduced in document E/CN.1/81/Add.1.

1. Ceylon

Full Employment

The Government has affirmed as one of its primary aims and responsibilities, the maintenance of a high and stable level of employment. According to the Unemployment Census, the total unemployed as on 24 October 1949 was 86,230. This included:

- (1) Persons previously employed but unemployed at the time of the census; and
- (2) Not previously employed, but desiring employment.

The policy of the Government is directed towards the increase of national wealth and the achievement of full employment. For achieving its object, the Government depends largely on the implementation of its Six-Year Plan (introduced in 1947). The essence of the plan is to bring into productive use the vast untapped industrial and agricultural resources of the Island. The development schemes, which made fair progress in 1949, increased rapidly in the year 1950. However, the shortage of capital equipment and raw materials and the lack of technical skill caused a certain amount of delay, especially in the opening up of the industrial projects. Owing to the difficulty in attracting capital to new ventures, the Government depends primarily on public investment, on new public works and development projects to achieve the policy of full employment. In the budget estimates for the financial year, 1st October 1949 - 30th September 1950, a sum of Rs. 182 million was provided for expenditure on capital works.

The Government has taken action in this direction, as it is very difficult to harness or collect adequate amounts of capital for investment and to utilize this capital in productive channels. Money is so scarce among the large mass of people that, if the Government depended entirely on private resources, it would progress very slowly and during the early stages at the expense of an already low standard of living.

Under public investment, priority was given to the building of houses. This was designed not only to ease the housing problem but also to provide more work for the unemployed. The Government on its own account, and through subsidies to local bodies, provided Rs. 21.1 million for this purpose for the financial year 1949-1950. In addition to this a new housing board was created by statute with an initial grant of Rs. 10 million to loan monies for the

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inauguration of housing schemes. In planning the projects for capital development, priority was also given to those projects which were likely to provide more employment to the people and to yield an immediate increase in the output of essential consumer goods. The completion of the first stage of the Laxapana Hydro-Electric Scheme, the establishment of the cement factory, and the scheme for the construction of multi-purpose dams, such as Gal-Oya, were conceived with this object.

Certain specific measures were also introduced in the budget estimates for 1949-1950 to encourage private domestic investment. These were as follows:

(1) A reduction of 15 per cent of the cost of plant, machinery and fixtures in the case of such plant, machinery and fixtures as are, or were purchased for industrial and agricultural business on or after 1st April 1948, or such other date which forms the commencing date for purposes of income tax assessment for the year 1949-1950.

(2) In the case of buildings a similar deduction was made, the amount being $33\frac{1}{3}$ per cent in the case of buildings for housing labourers, conductors, etc., i.e. other than managers, and superintendents' dwellings, and 10 per cent for other buildings. These deductions were to commence with the year of assessment 1949-1950 and continue for a period of 5 years, unless the Government decides otherwise. Direct relief to income taxpayers in the primary levels was also provided for in the 1949-1950 budget. The unit rate was reduced from 1-1/2 per cent to 1 per cent. Further relief was provided for in the 1950-51 budget by the complete abolition of income tax in the case of incomes below Rs. 400/-.

The Government expects to meet the additional expenditure involved in development schemes from borrowing.

The measures adopted have not shown a significant change in the unemployment position in 1950. But with the improved economic position of the Island and the cumulative effect of the measures introduced, a much improved position is expected in the near future.

An appreciable reduction in the number of unemployed is expected by the end of 1951,

/Ceylon's

Ceylon's dependence on world trade conditions still continues to be a dangerous constituent of her economy. During the first half of the year 1949, the Government was faced with a problem almost beyond its control. On the one hand, there was a significant fall in the prices of export commodities while, at the same time, the prices and quantities of imports continued to rise. Deficits in the balance of payments incurred during this period were met by drawing on the sterling assets. Stringent measures of import and exchange control were introduced in order to prevent a further deterioration in the balance of payments. All these factors necessarily had their effects on the volume of economic activity in the country. The rubber industry especially was strained to the highest point and the Government intervened to grant protection to the producers by taking off the rubber industry from the Wages Board Ordinance. A major collapse would have been inevitable but for the timely influence of two major external forces. The impact of devaluation on the one hand, and the tense political situation on the other, gave a tremendous relief to the Island's economy. Not only did the prices of exports rise in proportion to the extent of devaluation, but they continued to rise beyond the maximum levels expected, owing to the deterioration in the world political situation.

The real effects of devaluation were felt during the year 1950. While the major export commodities fetched high prices, there was brisk trade and increased economic activity in the whole country. The employment figures collected by the Department of Census & Statistics from 313 sample firms representing all important industries indicate a revival of economic activity after devaluation.

Employment

	1949	1950
January	35,482	37,784
February	36,642	37,450
March	36,155	37,465
April	36,792	37,461
May	37,713	38,447
June	36,164	39,178
July	36,761	38,572
August	36,665	38,676
September	37,641	38,963
October	38,610	39,398
November	38,993	39,440
December	38,742	39,662

/The following

The following table gives comparative figures of quantities, values and average prices of Ceylon exports.

Quantity, Value and Average Price of Exports of Ceylon Produce
(Monthly averages ^{a/} of quantity and value in thousand units)

Commodity	Unit	1949			1950		
		Quantity	Value	Price Rs. Cts.	Quantity	Value	Price Rs. Cts.
Tea	lbs.	24,804	54,164	2.19	24,842	62,637	2.56
Rubber	lbs.	16,263	10,239	0.63	21,852	33,431	1.51
Coconut							
Dessicated	cwts.	26	2,125	83.12	75	7,937	104.48
Coconut Oil	cwts.	149	10,110	68.80	126	10,615	82.05
Copra	cwts.	36	1,797	51.80	35	2,120	66.63

^{a/} In order to save space, only monthly averages are shown here (the reply gives totals for each month).

The impact of devaluation on trade activity was clearly visible in the balance of trade figures for the periods under comparison, shown below:

Balance of Trade
(In thousand Rs.)

	Merchandise	Bullion and Specie	Total
1949 (Monthly Average)	♦ 2,942	- 129	♦ 2,813
1950			
January	♦ 21,133	- 6	♦ 21,127
February	♦ 28,505	-	♦ 28,505
March	♦ 12,166	- 1,184	♦ 10,982
April	- 19,034	-	- 19,034
May	♦ 14,032	-	♦ 14,032
June	♦ 18,932	- 74	♦ 18,858
July	♦ 43,910	- 61	♦ 43,849
August	♦ 25,154	- 40	♦ 25,114
September	♦ 39,518	- 532	♦ 38,986
October	♦ 67,236	- 179	♦ 67,057
November	♦ 63,119	- 88	♦ 63,031
December	♦ 81,445	- 27	♦ 81,418

/Although the

Although the export industries continued to flourish and trade activity increased, production in the tea, rubber and coconut industries did not rise as rapidly as the movement of the prices of these commodities warranted (see tables below).

Tea Production

	<u>1949</u>		<u>1950</u>	
	Quantity (thousand lbs.)	Average Price (Rs.Cts. per lb.)	Quantity (thousand lbs.)	Average Price (Rs.Cts. per lb.)
January	18,134	1.59 ^{a/} 1.61 ^{b/}	16,288	2.51 ^{a/} 1.65 ^{b/}
February	19,283	1.67 ^{a/} 1.59 ^{b/}	24,592	2.44 ^{a/} 1.64 ^{b/}
March	26,235	1.66 ^{a/} 1.61 ^{b/}	35,903	2.17 ^{a/} 1.65 ^{b/}
April	28,288	1.68 ^{a/} 1.64 ^{b/}	34,802	1.96 ^{a/} 1.65 ^{b/}
May	37,163	1.78 ^{a/} 1.64 ^{b/}	35,422	1.71 ^{a/} 1.65 ^{b/}
June	25,742	1.69 ^{a/} 1.64 ^{b/}	25,933	1.60 ^{a/} 1.84 ^{b/}
July	19,429	1.86 ^{a/} 1.61 ^{b/}	17,702	1.88 ^{a/} 1.86 ^{b/}
August	23,950	2.06 ^{a/} 1.60 ^{b/}	18,459	2.18 ^{a/} 1.83 ^{b/}
September	25,203	2.17 ^{a/} 1.61 ^{b/}	18,894	2.24 ^{a/} 1.84 ^{b/}
October	21,586	2.31 ^{a/} 1.60 ^{b/}	23,818	2.24 ^{a/} 1.85 ^{b/}
November	29,137	2.78 ^{a/} 1.60 ^{b/}	28,848	2.22 ^{a/} 1.86 ^{b/}
December	24,409	2.32 ^{a/} 1.61 ^{b/}	25,554	2.15 ^{a/} 1.86 ^{b/}

a/ Average market price at auctions.

b/ Contract price.

Rubber Production

	<u>1949</u>		<u>1950</u>	
	Quantity (tons)	Average Price ^{a/} (cts. per lb.)	Quantity (tons)	Average Price ^{a/} (cts. per lb.)
January	9,500	53.95	8,500	75.48
February	3,500	53.14	4,500	79.91
March	7,000	54.22	7,000	81.97
April	7,500	53.28	9,000	99.44
May	7,000	51.57	9,500	121.09
June	6,500	47.61	9,500	126.55
July	7,000	48.95	10,000	141.81
August	7,500	50.40	11,000	185.82
September	8,000	59.67	10,000	209.05
October	8,500	66.19	11,500	241.82
November	8,500	68.97	11,000	280.32
December	9,000	72.74	12,000	228.89

a/ R.S.S. No. 1, prepared from the returns of the Ceylon Chamber of Commerce (daily averages).

This resulted in enhanced profits for the producers without any significant change in the level of employment. However, a number of rubber estates, which were forced to close down during the beginning of 1949, resumed their activities towards the end of the year, and most of the displaced workers were re-employed. There was also a revival of activity in the numerous industries ancillary to the production of these major commodities. Yet it was also observed that, in spite of the continued prosperity in the export trade since the beginning of the year 1950, the increased Government spending on development projects and Government control of private investment, the volume of registered unemployed remained more or less stable. These figures are, however, not considered to be very reliable as there is a tendency for those in employment to register with the exchange to obtain better employment.

Number of Unemployed^{a/}
(whole of Ceylon)

	<u>Total of all categories</u>		<u>Unskilled categories</u>	
	<u>1949</u>	<u>1950</u>	<u>1949</u>	<u>1950</u>
January	66,814	70,278	36,691	39,104
February	67,276	70,137	36,765	39,030
March	68,377	70,531	36,488	39,348
April	67,796	68,571	36,264	38,231
May	65,981	68,686	35,505	38,292
June	68,401	67,750	37,413	37,987
July	70,189	67,502	38,845	37,643
August	70,382	68,097	39,057	37,806
September	67,662	68,129	36,707	37,622
October	67,799	68,679	37,341	37,661
November	69,889	68,140	39,027	37,276
December	69,732	65,122	39,015	35,447

a/ Figures collected by the employment exchanges.

Balance of payments

The balance of payments for the year 1949 resulted in a net deficit of Rs. 28 million in current transactions. Since the beginning of 1950, the balance of payments has become favourable. Exports at the end of 1950 were Rs. 1,563 million and imports including bullion were Rs. 1,169 million. Owing to the general fall in export prices during the first half of 1949 which particularly affected rubber, and owing to a recession in business activities in

/the United

the United States of America, a fairly heavy deficit in the balance of payments for 1949 was anticipated. With a view to regulating external expenditure in relation to receipts, a strict control over imports from the sterling area was imposed in addition to the restrictions imposed on imports from the dollar area. Just as action on these decisions was taken, the Ceylon rupee had to be devalued with the devaluation of the pound sterling. The effect of devaluation was immediately depicted in the trade balances. Exports of rubber, which were reducing considerably, and the low prices paid for rubber, changed immediately for the better. The prices paid for tea and coconut products were also considerably increased. There was also an increase in the prices that had to be paid for imports, particularly from dollar sources. The effect of devaluation on the balance of payments was that the deterioration that had begun to show in the country's economy was not only stayed, but at the end of 1950 there was a net surplus of Rs. 221 million in current transactions. It also became possible to relax import controls over a large number of articles that fell within the consumer goods.

Balance of Payments
(Rs. million)

	<u>1949</u>	<u>1950</u>
a. Current transactions including non-monetary gold	- 28	/ 221
b. Movement of capital and monetary gold	- 33	/ 161

For the balance of payments for Ceylon in 1950 in dollars, see document E/CN.1/81/Add.1, 27 April 1951. A similar statement in Ceylon rupees (Rs. 4.76 per U.S.\$) has been supplied by the Government of Ceylon.

/2. NORWAY¹/

2, NORWAY^{1/}

A. DOMESTIC FULL EMPLOYMENT POLICIES

The Full Employment Standard

Questions 1 to 5

The Norwegian Government is following a full employment policy and considers full employment to be a major economic objective. During 1945-50 the yearly average of unemployed never reached as much as 1 per cent of the total active population. The estimated average for 1950/51 is about 0.6 per cent.

Thus, according to the Employment Act 1947, it is the duty of the Directorate of Labour to keep the labour market under constant and careful review.

Furthermore, the Government has proposed an amendment to the Norwegian Constitution whereby the principle that every Norwegian subject has the right and the duty to earn his livelihood, shall be incorporated into the Constitution. The proposal is now before Parliament.

Economic trends and objectives for 1950 and 1951

Economic trends in 1950

Question 6

a. Table 1 gives national accounts figures for the years 1949 and 1950 in current prices.

Table 1. National Accounts Figures, 1949 and 1950
(million Kroner in current prices)

	<u>1949</u>	<u>1950</u>
(i) Consumer expenditure	7,932	8,344
(ii) Private domestic gross investment	3,402	3,589 ^{a/}
(iii) Government expenditure on goods and services		
(a) Public gross investment	990	942
(b) Military expenditure	367	378
(c) Other expenditures	<u>1,109</u>	<u>1,179</u>
	2,466	2,499
(iv) Exports of goods and services	4,841	6,045
(v) Imports of goods and services	6,049	6,915
(vi) Gross national product ^{b/}	12,592	13,562

^{a/} Including 40 million Kroner in strategic stockpiling.

^{b/} Gross national income + net payments of interest and dividends to foreign countries.

/The gross

^{1/} The Norwegian reply covered only part A of the questionnaire.

The gross national product increased by nearly 8 per cent from 1949 to 1950. To some extent this was due to higher prices, but the increase in volume was considerable (4-5 per cent). The total volume of production in 1950 was about 36 per cent above the 1938 volume.

The increase is more marked in respect of industrial production than in respect of agriculture, but the latter also shows a considerable increase. Table 2 gives estimated production levels in selected main sectors.

Table 2. Volume of production in 1950
(1938 = 100)

Agriculture	124
Mining, manufacturing and engineering industries...	147
Building and construction	140
Electric power	180
Shipping	120
Other transport and communications	190
Commerce	140

Consumer expenditure (private consumption) has risen steadily throughout the post-war period. In 1950 the increase was moderate (about 5 per cent in value, considerably less in volume).

It is difficult to determine the present level of consumption in relation to the pre-war level, but it is probable that large sections of the people, more especially those who have a comparatively low standard of living pre-war, now enjoy a higher level of consumption. There continue, however, to be shortages of some consumer goods. Certain imported foodstuffs continue to be rationed, namely coffee, sugar, syrup, dried fruit, cocoa and rice. Moreover, most textile commodities are still rationed, as are fuel oils and coke for domestic heating. Table 3 indicates the average consumption per capita of a number of important foods.

Table 3. Average consumption per capita of certain foods
in 1939, 1949 and 1950

	1939	1949	1950
Milk (litres)	153	218	204
Cream ^{a/} (litres)	27.2	24.4	43.6
Cheese (kg)	5.8	6.2	7.8
Margarine and lard (kg)	19.4	18.6	19.1
Butter (kg)	4.3	5.3	4.9
Meat and pork ^{b/}	36.9	28.9	31.9
Eggs	6.4	5.9	6.5
Imported fruit ^{c/} (kg)	14.3	3.6	5.1
Jam, squash and marmalade (kg)	0.7	4.2	3.6
Sugar (kg)	25.8	18.0	17.8
Coffee (kg)	5.4	4.0	4.0
Chocolate, cocoa, sweets (kg)	3.8	3.8	4.7

^{a/} Reckoned as whole milk.

^{b/} Of farm animals.

^{c/} Dried fruit not included.

In the post-war period Norway has carried out an exceptionally large investment programme. Civilian gross investment (private + public investment) in the years 1946-1950 totalled nearly 20,000 million Kroner, which correspond to approximately 33 per cent of the gross national product in these years.

In 1950 civilian gross investment amounted to 4,531 million Kroner ^{1/} as compared with 4,392 million Kroner in 1949. This moderate increase is occasioned by the rise in prices, and there was probably a slight decrease in volume. At all events, the volume of investment was smaller in the second half of 1950 than in the first half. This is due to a considered policy, the purpose of which is gradually to bring about a reduction in the extraordinarily high level of investment. As a part of this policy the Norwegian Parliament on 11th December 1950 passed a Resolution by which civilian investment on the Government's budget for 1950/51 was reduced, compared to appropriations already made for that year. The Government's grants to certain municipal and private investments were reduced at the same time, and several other steps have been taken to decrease the volume of both municipal and private investments.

/Government

^{1/} Including 40 million Kroner in strategic stockpiling.

Government expenditure on goods and services showed a slight increase in value from 1949 to 1950, but there was a decrease in volume. Towards the end of 1950 military expenditure increased to a considerable extent; this, however, did not have very much effect on the total figure for the year.

Exports of goods and services increased substantially in 1950, partly as a consequence of the post-war investment programme and partly because of favourable marketing conditions. The volume of visible exports was 25-30 per cent above 1949 and 10 per cent above 1938. The merchant fleet, which plays an important part in Norway's balance of payments, continued to expand and at the end of 1950 was nearly 1 million gross tons greater than pre-war. During the second half of the year freight rates rose sharply, and this also increased the income from shipping. But a major part of the Norwegian merchant fleet sails under long-term charters. This applies to 50 per cent of the total fleet in foreign trade and about 75 per cent of the tankers. These ships gain no advantage at all from the rise in freight charges, while at the same time they must face increasing operating costs. The net earnings of the merchant fleet have, therefore, not increased by nearly so much as the freight rates. During the whole post-war period net freight earnings per ton have been very unfavourable as compared with import prices, and still by the end of 1950 they were unfavourable in spite of the improvement which had taken place.

Imports of goods and services rose considerably in value from 1949 to 1950, which was mostly due to rising prices. The volume of visible imports increased from 117 in 1949 to 121 in 1950 (1938 = 100).

Imports of goods and services, however, did not increase to the same extent as exports of goods and services, and the import surplus was reduced from 1,208 million Kroner in 1949 to 870 million Kroner in 1950. Thus, the balance of payments improved substantially.

b. As already mentioned, there is full employment in Norway. Table 4 gives some information on employment in 1949 and 1950/51.

/Table 4.

Table 4. Employment in 1949 and 1950/51

(Calculated man-years)

	1949	1950/51
1. Total active population ^{a/} (2+3+4)	1,513,000	1,531,000
2. Dependently employed persons ^{a/}	957,000	976,000
3. Other employed persons	548,000	546,000
4. Unemployed	8,000	9,000

^{a/} Including armed forces -- active.

c. A strong inflationary pressure was generated in Norway during the war. The financial policy followed by the occupying power led to a steep increase in private financial capital, whereas real capital was reduced.

When the war ended, there was a general strong inclination to convert a considerable part of the financial capital into real capital. At the same time there were heavy accumulated demands for new clothes, furniture and other durable and non-durable consumer goods. The demand for goods and services arose in fact from accumulated wealth as well as from current income.

Since then, however, the purchasing pressure has been very much reduced. This is a result of better supplies of goods and services as well as of measures taken to limit demand.

Total production measured in fixed prices increased by 60 per cent from 1945 to 1950. The increase from 1949 to 1950 was 4-5 per cent.

Import surpluses have played an active part in reducing the purchasing pressure. The total import surplus of goods and services for the years 1946-1950 was about 4,600 million Kroner. The surplus amounted to 1,208 million Kroner in 1949 and 870 million Kroner in 1950.

The disinflationary financial policy has included several measures, the most important of which has been surplus budgeting. Total public revenue on current account exceeded expenditure by roughly 3,500 million Kroner in the period 1946-1950, and the surplus on current and capital accounts taken together was about 1,000 million Kroner. Table 5 shows public revenue and expenditure in the calendar years 1949 and 1950, including central and local government accounts as well as the accounts for national insurance and public funds.

/Table 5.

Table 5. Public revenue and expenditure in 1949 and 1950
(Million Kroner)

	1949	1950
1. Current revenue	4,107	4,277
2. Current expenditure	3,389	3,355
3. Saving (1-2 = 445)	718	922
4. Net investment in real capital	631	571
5. Net financial investment	87	351

The policies described above have led to a gradual reduction of the purchasing pressure during the years after the war. In addition several other measures have been necessary to keep the pressure under control:

- i. The demand for consumer goods has been regulated through rationing schemes.
- ii. The demand for investment goods has been regulated by various means, particularly by the control of building and construction work.
- iii. The demand for imported goods has been regulated through import controls, and these have affected both consumer and investment goods.
- iv. Prices have been regulated in accordance with the Price Control Act.

As the purchasing pressure receded, it became possible to do away with or modify many of the regulations mentioned. The purchasing pressure for consumer goods has declined particularly sharply, and for the majority of these commodities the pressure has disappeared completely. The purchasing pressure in respect to investment goods has been reduced more slowly, and at the end of 1950 there was still a certain pressure in respect to most of these goods. It has not, therefore, been possible to abolish investment regulations to the same extent as the rationing of consumer goods.

The measures mentioned so far are, however, not the only ones which have been taken to keep prices down. The payment of government price subsidies has played an important part in the general policy of keeping prices and wages stable.

The basis of this policy was changed by devaluation in 1949, which led to a permanent rise in the price levels of foreign trade. The domestic price level could not be kept stable without heavily increased price subsidies, and the

/Government

Government did not find it possible to follow this line. In April 1950 the price and wage system was modified in a way which had to lead to somewhat higher price and wage levels. The limited price increases which naturally followed this process of adjustment were, however, accelerated by the international rise in prices which had already begun, and which became more and more significant in the course of 1950.

In October 1950 an agreement was signed between the employers' and the workers' organizations. The agreement raised the wages for adult workers by about 6 per cent, but the total wage increases in 1950 did not give full compensation for the rise in prices. The wage increases, which have been given, have been necessary to avoid an unfavourable change in the distribution of income.

Table 6 gives details of prices and table 7 of wages.

Table 6. Development of prices

		Index of wholesale Prices	<u>Living costs</u>		Index of import prices a/
			Official index 1949 = 100	Same index converted in- to 1938 = 100	
1938		100.0	63.7	100	100
1945		177.1	97.0	152	232
1946		169.0	99.6	156	241
1947		175.2	100.4	158	283
1948		181.3	99.8	157	304
1949		184.3	100.0	157	294
January	1950	186.1	100.5	158	327
February	"	187.7	100.4	158	314
March	"	188.3	101.0	159	317
April	"	203.5	103.8	163	338
May	"	203.7	104.4	164	326
June	"	204.3	104.5	164	327
July	"	208.2	104.8	165	326
August	"	215.5	104.8	165	341
September	"	222.3	108.3	170	335
October	"	225.7	108.9	171	344
November	"	228.9	110.4	173	332
December	"	230.8	111.5	175	346

a/ Excluding ships

/Table 7.

Table 7. Wages in industry
Hourly earnings for male workers

Year	Nominal wage index
1949	100
1950, 1st half	103
1950, 3rd quarter	105

Economic objectives for 1951

Question 7

Table 8 gives the main items of the Norwegian National Budget (Economic Budget) for 1951. This budget, which was published in February 1951, is based upon the prices prevailing in the autumn of 1950. The table also gives national accounts figures for 1950 in current prices.

Table 8. National Accounts Figures 1950 and 1951
(Million Kroner)^{a/}

	1950	1951
(i) Consumer expenditure	8,344	9,275
(ii) Private domestic gross investment ^{b/}	3,589	3,589
(iii) Government expenditure on goods and services		
(a) Public gross investment	942	910
(b) Military expenditure	378	563
(c) Other expenditure	1,179	1,243
	2,499	2,716
(iv) Exports of goods and services	6,045	6,760
(v) Imports of goods and services	6,915	7,510
(vi) Gross national product ^{c/}	13,562	14,839

^{a/} For 1950 in current prices, for 1951 in the prices prevailing in the autumn of 1950.

^{b/} Including some strategic stockpiling (40 million Kroner in 1950 and 100 million Kroner in 1951).

^{c/} Gross national income net payments of interests and dividends to foreign countries.

/The gross

The gross national product improves considerably in value, but comparatively modestly in volume, i. e. 2 - 2.5 per cent. The improvement is less than in previous years, a development which is accounted for partly by the expansion of the defence programme and partly by the international raw materials problems.

Private consumption increases in value, but the volume will be about the same. The intensified defence programme necessitates a limitation of consumption to about the level attained in 1950.

Private domestic gross investment remains practically unchanged in value, but falls in volume. This cut in investment is necessitated by the defence programme.

Government expenditure on goods and services rises due to the sharp increase in military expenditure. Public gross investment declines a little in value and substantially in volume. Other public expenditure will be a little greater in value, but not in volume.

Exports of goods and services improve considerably in value. The increase in volume is more modest, approximately 3 per cent for visible exports.

Imports of goods and services rise in value, but the volume will be about the same.

The import surplus declines from 870 million Kroner in 1950 to 750 million Kroner in 1951. The reduction in volume is greater.

Full employment is expected to prevail also in 1951. Total employment will not increase appreciably, because there is meantime a very slow growth in the employable age groups and because there are no unemployed or any other significant reserves of labour which can be drawn upon.

Regarding financial problems, see also questions 6c and 14.

Question 8

No reply.

Economic policies in 1950 and 1951

Measures to maintain full employment

Questions 9 to 13

As Norway had full employment in 1950, and this situation is expected to continue unaltered in 1951, there are no replies to questions 9 to 13.

/Measures

Measures designed to reduce inflationary pressures

Question 14

The Norwegian Government will continue its efforts to limit the effects on the domestic economy of the international inflationary tendencies and to maintain as far as possible a stable level of wages and prices. The surpluses on the public budgets and the import surpluses are important measures in this policy. See also question 6c.

Measures which increase the resistance of the economy to recessionary tendencies

Question 15

No new policies, programmes or techniques were introduced in 1950, or are contemplated for 1951, to provide for automatic stabilizers against recessionary tendencies.

Measures designed to facilitate steady economic expansion

Question 16

The economic policies of the Norwegian Government are based upon the principles of economic planning. A National Budget (Economic Budget) is published each year. A long-term plan was prepared in 1948, and a revised long-term plan in the winter 1950/51. Furthermore, economic programmes are submitted to the Organisation for European Economic Cooperation and to the North Atlantic Treaty Organisation.

3. SWITZERLAND

A. DOMESTIC FULL EMPLOYMENT POLICIES

The Government of Switzerland in a reply to part A of the full employment questionnaire stated that "the Swiss authorities have considered thoroughly the replies to be given to questions 1 to 16 of the questionnaire dealing with the implementation of resolutions 221 E (IX) and 290 (XI) of the Economic and Social Council, but they have been forced to reach the conclusion that, in view of the economic structure of the Swiss Confederation, it would not be possible to give pertinent replies to the questions submitted. In these circumstances, and to their regret, they prefer not to comply with this request rather than to supply purely formal replies of doubtful scientific value."

B. BALANCE OF PAYMENTS AND RELATED POLICIES

Question 17

Merchandise trade and gold movement for Switzerland in 1950

In millions of United States dollars.

Conversion rate: SF 4,321 = \$1

	Exports valued f.o.b. frontier	Imports valued c.i.f.	Balance
Merchandise Total	905.1	1,049.7	- 144.6
Distribution			
United States and Canada	135.0	175.7	- 40.7
United Kingdom	31.6	85.5	- 53.9
Rest of sterling area	36.0	58.9	- 22.9
Continental OEEC	449.5	465.6	- 16.1
Members of Council of Mutual Economic Assistance	57.1	44.4	+ 12.7
Latin American republics	94.3	100.7	- 6.4
Rest of world	101.6	118.9	- 17.3
Gold movement:			
Non-monetary			- 11.4
Monetary			- 33.9

/Question 18

Question 18

a. The policies which at present govern the country's external commercial and financial transactions are determined to a normal extent by concern about the balance of payments. Foreign payments are regulated by means of a system of control and the fixing of quotas. There is a system of export permits only to the extent demanded by the country's food requirements and the interests of domestic production. The few import restrictions now in force are based on the same reasons. Exchange restrictions are applied to the extent made necessary by the regulations of other countries; hence, the rules are not uniform.

b. The present level of monetary reserves may be considered sufficient to enable the country to cope with normal fluctuations in its receipts of foreign currency.

c. The maintenance of a balance in foreign transactions is not at present hampering the Government's efforts to reduce unemployment or underemployment, but some of the quantitative trade restrictions may be considered as measures aimed at ensuring a certain level of employment.
