

group and individual interests within a particular economy and the manner in which those interests influence and are influenced by governmental actions. Indeed, from one point of view the problem of wage-price stability may be viewed as a peculiarly acute illustration of the difficulties of achieving an effective adaptation of policy instruments designed to serve the common interest in high and growing levels of real income in the face of conflicting claims regarding the distribution of that income and of the sacrifices entailed in the process of production. It is an obvious and commonplace observation that these conflicts, and hence the possible instabilities they cause, can never be completely eliminated in a free and progressive economy.

In the analysis and evaluation of European economic policies, therefore, it is essential to keep clearly in mind that the problem of wage-price stability cannot be separated from the basic noneconomic issues surrounding the relations between private and public interests. In particular, comparative judgments of different economic policy and organizational structures with respect to their effect on economic growth and stability can, in general, be made only by abstracting from considerations of equity in the distribution of social and economic welfare. This is merely to say that the formulation of economic policy is not simply a problem of finding out how to get what is wanted most efficiently but in large measure, is a problem of determining, implicitly, or explicitly, what it is that is wanted, as well. Hence, the present inquiry is not to be interpreted as a search for efficient instruments of policy whose application might insure wage-price stability in a modern industrial economy, but as an attempt to observe the way in which public and private policies and institutions in a few countries have actually operated.

II. THE STATISTICAL RECORD

Before taking a look at the character of wage-price problems in individual countries, it will be useful to survey briefly the comparative economic performances of Western European countries as recorded in general statistical indicators of output, employment, prices and wages, etc.

In table 1 the average annual increases in real per capita gross national product have been calculated for the periods 1949-53, 1953-58, and 1949-58 along with the associated increases in price levels. The 10 European countries and the United States have been arranged in order of the average rate of change in output per capita over the whole period 1949-58. Although the rates of annual increase in both output per capita and price levels since 1949 range roughly from 2 to 7 percent the figures show no clear pattern of association between them. The period 1949-53 covering the rise and subsequent fall of inflationary pressures accompanying the 1949 devaluation and the Korean war boom of 1950-51 shows a higher rate of price increase than in 1953-58, but the differences in growth rates are less marked.