mixture of free and regulated markets, public and private organizations, individual and group decisions which characterize modern economic life. Governmental action and influence at all levels of economic activity is so pervasive and takes such a variety of forms it would be a hopeless task to attempt to construct a simple overall measure to compare the relative degrees of governmental intervention among countries. Inasmuch as the problem of wage-price stability is rooted in the difficulties of coordinating the policies and behavior in both the public and private sectors, however, it is more meaningful to concentrate upon how national economic policies in Europe differ in their approaches to the problem of coordinating public and private decisions with respect to wages and prices. On this basis, one may classify countries in a rough fashion according to the extent of which government economic policy attempts to achieve through systematic administrative procedures a central coordination of public and private decisions to make them conform to and consistent with overall government policy objectives. The extremes in such a spectrum are thus not defined in terms of the size of the public sector of the economy nor the extent of direct governmental regulation of the private sector, though these may be important influences on the feasibility and effectiveness of centrally coordinated economic policy. What is important is not the exercise of governmental authority over economic decisions but the degree of direct authoritative coordination of those decisions, both public and private, relative to the indirect decentralized processes of market mechanisms and independent collective-bargaining negotiations.

It is not necessary to belabor the obvious difficulties of applying such a distinction. But with its aid, we may roughly identify three different styles of economic policy. The first style is represented by countries such as the Netherlands, Norway, Sweden, and the United Kingdom where concerted efforts have been made, with varying degrees of success, to find methods by which the government may directly influence wage-price decisions in order that they may be centrally adjusted to the demands of the total economic situation and the general lines of economic policy. The second style is perhaps best illustrated by Germany and Belgium where, instead of attempting to make wage decisions conform directly with some sort of efficiently determined wage policy, it has been generally possible to maintain conditions in the labor market such that the aggregate effect of individual settlements has not threatened national policy objectives. Finally, France, and to a lesser extent Italy, may be taken to exemplify a third style where the government exercises considerable influence over the determination of wages but the problem has been as much one of coordinating public decisions as making private actions into conformity with public policy.

IV. Centrally Coordinated Wages Policies

Of all the countries in Western Europe, Netherlands and Norway provide the best examples of countries in which central coordination of economic policy has attained a relatively high state of development. In both the process of policy formation has been systematized by the rise of national budgeting and other quantitative techniques of national economic planning. While neither has exhibited any great