

There has been a program in effect since 1954 for the modernization of key branches of industry (coal, electricity, steel, cement, etc.). This is supported by subsidies, cheap credit, and the development of a capital market. Its aim has been to stimulate research, reorganize marketing, and encourage the specialization of firms so as to expand overall investment and aid internal and external stability.

The system of agricultural price supports is elaborate but capricious. It covers a wide range of agricultural products, especially those which form an important part of French exports, but in the aggregate does little to raise the low level of rural income.

Profits taxes and dividend limitations

Though corporate profits are at present taxed at a rate of 50 percent, there are several provisions which soften the impact, providing that funds go into capital outlays. One year's depreciation is granted in the year that an asset is acquired, in addition to normal depreciation (this does not apply to assets with lives of less than 5 years or to buildings). For certain types of assets an additional 10 percent deduction is allowed in the year of purchase (this applies to equipment intended to modernize facilities). A deduction from taxable income is allowed on dividends paid on new stock which has been issued to increase paid-in capital (limited to 5 percent of the new capital); this may be claimed in each of 7 years. The base of the value-added tax on new construction has recently been decreased by 39 percent.

Restrictive taxes have been mainly those affecting consumption: The progressive income tax is steeply graduated in the low and middle ranges and there is a myriad of indirect taxes on a wide variety of items.

Nationalization

The public sector is fairly extensive and perhaps accounts for 20 percent of industrial output. Areas of the economy covered include 97 percent of coal production, the whole of the tobacco, armaments, aircraft building and explosives industries; parts of the refining and automobile metals industry; much of the construction industry; nearly all public utilities; most of banking and insurance; transportation. In 1952 the Central Government employed some 965,000 persons; employment by local government in 1950 totaled 368,500; neither of these figures includes personnel employed by public or semipublic concerns having a legal personality and financial autonomy.

GERMANY

Unions

The central organization is the Federation of German Trade Unions (DGB), which is made up of 16 unions. Its membership was some 6.1 million in 1954, of which 1.7 million were in the Metal Worker's Union, its largest affiliate. This membership represented 35 percent of the workers employed in the economy in 1954. There are also some smaller federations and unions which are not affiliated with the DGB; though the exact membership of these is not known, they probably raise the percentage of the working population which is organized to 40 to 50 percent. The metal workers and the three other large unions which make up more than half the membership of the DGB are the only unions which have organized more than one-half the workers in their jurisdictions.

Power is concentrated at the top level of organization. Basic social, economic, and political policy is all made by the DGB. The DGB has the power to remove any elected or appointed union official from office (though it does not use it frequently). It also has a large share of the revenue from members' dues at its disposal. At the plant level, unions are not very active (there is no local union in the plant). Worker interest is diluted by the fact that bargaining is not conducted at the local level, by the traditional German acceptance of leadership, and by the greater emphasis on high-level political representation of labor than on collective bargaining.

Within both the DGB and the individual unions there is organization on a geographical basis with district and community bodies (the latter only in towns where there are enough union members). Of these, the district officers of the unions are the most important; they sign contracts with employees' associations, represent workers in the labor courts, call strikes, lobby on state legislation, etc.

Employers' associations

Employers are thoroughly organized and employers' associations are just one type of body that serves this purpose. The central organization of employers'