Government wage policy

The nature of collective bargaining institutions in Sweden made it unnecessary for the Government to adopt wage regulation by law, either during World War II or after. During the war, wage increases were voluntarily negotiated in relation to rises in living costs and compensated workers for only a fraction of the rise. Strong upward adjustments took place in 1946 and 1947 in union attempts to recover the loss in real wages. Then, 1948–50, a fairly effective wage freeze was maintained; this was followed by a "wage explosion" of increases in 1951. The LO called for more restraint in 1953 and 1954 and got it, but at the price of another explosion in 1955. Through all of this the functions of Government wage policy were exercised mainly by the LO; when that policy failed, it was mainly a matter of the national unions and their members oppossing both the LO and the Government.

Government intervention into wage determination also take place through mediation of negotiations (a common occurrence), one of the purposes of which is to shape individual agreements along nationally desirable lines. This is less important in years when a basic agreement is signed.

There is no legal minimum wage.

Employment policy

Because of the considerable labor shortages since the war, various measures have been taken to aid the movement of workers to labor scarcity areas. Government grants have been given for the traveling and moving expenses of workers. Training schemes have been developed for scarcity occupations in the more important industries. The housing shortage has, however, done much to frustrate efforts to stimulate labor mobility.

Price control

Price control has been the rule since 1942, with the price control board establishing maximum prices for all major commodities. Prices and wages are controlled simultaneously and "stopped" or raised together (agricultural prices in particular being kept closely alined with wages). Far from abolishing price control after the war, the system was actually strengthened in 1946 as world prices rose.

Import and exchange controls

When world raw materials prices became inflated in 1950–51 export duties were placed on some grades of timber, pulp, and paper. This policy was intended to remove some of the inflationary effect of the immense profits in the industry and also increase supplies and reduce prices of forestry products internally.

Strict controls over both imports and foreign exchange were maintained in the early postwar years, but later imports were liberalized considerably in advance of OEEC-prescribed levels. The liberal import policy has aimed at (1) promoting exports, and (2) reducing internal costs. Dollar trade, however, has continued to be a problem.

Monopoly regulation

Prior to 1953 the power of the Government to control monopolistic practices was limited to its ability to investigate and publicize them. In 1946 a law was passed requiring registration of all restrictive agreements. The public attitude has been that these practices are not bad of themselves, but only if abused. In 1953 a somewhat stronger law was passed; it prohibits retail price maintenance and certain kinds of price quotation cartels and also establishes a business freedom council, which is to investigate and try to remove harmful practices by negotiation.

Price supports and subsidies

Residential construction has been subsidized throughout the postwar period, the object being to hold increases in rent to a bare minimum. Agriculture is also subsidized; this, along with variations in controlled farm prices, has been used by the Government to maintain farm incomes.

Investment controls

Tax policy has been varied according to the strength of the inflationary pressures at work in the economy. It has generally favored investment strongly (see below) but in times of inflationary crisis has limited it severely. Thus, a 12-percent investment duty was first imposed in 1952, abolished in 1954, reintroduced in 1955, and eliminated again in 1957.