Building controls have been an important part of anti-inflationary policy. The issuance of building permits (which are required for most types of building construction) has been varied countercyclically. Control over investment credits has also been used to control investment.

Profits taxes and dividend limitations

The general framework of profits taxation has been proinvestment. This has been expressed primarily in special depreciation provisions. In the past, firms were allowed to write off machinery and equipment at their discretion, as long as the method of depreciation for tax purposes was the same one used in the books of the firm. In 1955 this was limited to 30 percent in each of the first 2 years and 20 percent thereafter, but when business activity slackened late in 1957 this provision was liberalized again.

Up to 40 percent of net profits may be allocated to investment equalization funds; the amount so allocated is deductable from taxable profits. The funds are placed in a non-interest-bearing account in the Riksbank. They may be deducted at the rate of 30 percent per year after 5 years, but only with the consent of the labor market board, which decides whether the investment is desirable in the light of its productiveness and the employment conditions prevalent at the time. Use of the funds without permission makes them taxable and also liable to a 10-percent penalty tax.

A tax on the excess profits (i.e., more than 40 percent above the 1948–49 level) of forest owners and all businesses made a brief appearance in 1951. By 1952 a decline was underway and many exemptions from the tax were granted.

Nationalization

Government policy has not been strongly in favor of nationalization, except in cases where a monopoly dominates an industry. The Government owns the transportation and communications facilities, the tobacco and alcohol industries, and 20 percent of the Nation's forest area. It has some holdings in mines, steel, sawmills, electric power, and oil, but only 5 percent of the labor force is Government employed and 95 percent of industrial capacity is privately owned and controlled.

In 1953, 351,000 persons were in Government administration and another 262,000 were in industrial and commercial undertakings in the public sector. Together, these accounted for 14.4 percent of the economically active population.

UNITED KINGDOM

Unions

The central organization is the Trades Union Congress (TUC). In October 1955 it contained 183 affiliated bodies (some of which are Federal bodies, including a number of unions) and had a total paid-up membership of 8.1 million. Some 13 percent of the total union membership belongs to unions not affiliated with the TUC, but about a third of these unions are affiliated with bodies which are in turn affiliated with the TUC. Out of the estimated total civilian employment of 21.7 million in mid-1954, about 43 percent were union members.

Union organization is complex and often overlapping. At the end of 1954, 674 unions existed, 372 of which have fewer than a thousand members. There has been a trend toward amalgamation during the 20th century, but many of the old individual craft unions remain. Some have formed multiple-craft unions and a few have admitted unskilled workers. The giant Transport and General Workers' Union and the National Union of General and Municipal Workers together cast over a quarter of the votes at TUC conventions. Any group of workers may form a union and over a dozen organizations may be represented in a single firm.

Despite this disorganization, the TUC generally speaks for labor. The legal powers of the TUC over members are slight. It has, however, considerable moral weight and has strengthened this through Government participation in economic affairs. The TUC can only advise member unions on collective bargaining and strikes and must support them in the event of a strike or lockout.

Union organization is unevenly spread through the economy, with coal mining, transportation, and shipping being more than 80 percent organized and services and distribution about 20 percent. The effect of unions on wage determination, though, is strong in almost all industries.

While collective bargaining remains the prime function of the labor movement, its political activity and interest is, of course, great. In 1950, labor was represented on some 60 bodies and committees which advise the Government.