

to it by the board of trade. Action could be taken under this act only through special action by Parliament in each individual case. In 1956 a stronger law was enacted; it outlaws resale price maintenance agreements and judges other restrictive practices on the grounds of their consistency with the public interest (putting the burden of proof that the public interest is not violated on the participants). The law also includes compulsory registration and a special prosecution and court mechanism.

Price supports and subsidies

Agricultural prices have been subject to continuous support. They have been maintained on a cost-plus basis, all rises in agricultural wages or other cost being the basis for price increases. A large low-cost housing program has been subsidized in an attempt to make up war losses (at the same time as investment in building has been controlled). There has also been subsidized industrial construction in the development areas singled out by the program for postwar construction and industrial relocation.

An attempt was made in 1954 to introduce more flexibility into the support program for meats and cereals. The system was changed to one of "deficiency payments," with the market being left free, but farmers being compensated if their average realized price falls below the guaranteed minimum standard.

Investment controls

No direct attempt has been made to regulate investment in industrial plant and equipment (though the Government did enter into "gentleman's agreements" with engineering firms on the percentage of their output that would go into exports). Investment in building was, however, subject to extensive control. The wartime system of licensing was continued and, during the first 5 postwar years, Government allocations of steel and timber also had to be obtained. In the late forties the Government channeled resources into its low-cost housing and industrial relocation construction programs. The system of building licensing was greatly relaxed in 1949, though it continued into the midfifties.

Profits taxation and dividend limitation

Depreciation policy has been varied frequently. In 1954 an investment allowance in addition to normal depreciation was granted; it was removed in 1956 when it, along with other expansionary measures, generated an excess level of demand. With the coming of the 1957-58 recession, depreciation provisions were liberalized again.

Tax policy has favored investment over consumption. A purchase tax exists, its rate varying with the type of good involved. Until 1958 a surtax had to be paid by corporations on dividend payments. The current tax rate on profits is 52.5 percent, but this is considerably alleviated by liberal depreciation allowances. The declining balances method of depreciation is permissible. At present, initial depreciation allowances of 30 percent on machinery and equipment are allowed (they have in the past been as high as 40 percent); the 10- to 20-percent investment allowance in addition to depreciation is no longer in effect.

Nationalization

Government, Central and local, employs some 3.1 million persons in administration and public services. In addition, about 2.1 million more are employed in nationalized enterprises of an industrial or commercial nature: electricity, gas, coal mining, transportation, etc. The public sector accounts for 22 percent of civilian employment.

