THE SWEDISH INSTITUTE FOR INDUSTRIAL RESEARCH

By Ingvar Svennilson

The Swedish Institute for Industrial Research was founded in February, 1939, by the Federation of Swedish Industries and the Swedish Employers' Association. Later on, contact was also established with the General Export Association of Sweden. Although employed by industry through the medium of its founders, the Institute is under no obligation to these organisations, for, within the ramifications of the research programme laid down, it works quite independently according to strict scientific standards.

It is very difficult for the individual firm to follow the broader economic and social developments in national life. Yet at the same time, and because of current economic and political trends, it is becoming increasingly important for industry to have a knowledge of these changes. It is the task of the Institute, first, to study, from an industrial point of view, the economic and special framework inside which industry works, and secondly to undertake such economic research as will promote industrial development.

There are mainly three different kinds of investigations undertaken by the Institute. The most important part of its work concerns the structure of industry. Investigations relating to the textile, footwear and forest industries are now in progress. These studies are based partly on official statistics, partly on material gathered direct from the firms by questionnaires or by other means. As a rule three different aspects of an industry are studied. First is established the production capacity for various goods, compared with actual demand. Then an analysis is made of the distribution of production between different goods and producers and the degree of specialisation applied by the individual producer. Finally, the structure of the distribution network is studied.

These investigations aim at giving the industrialist a clearer picture of his industry's position and they make it possible for him to organise his production in a more efficient way. But they also form the basis for schemes of rationalisation for the industry as a whole—structural rationalisation as it is termed. These studies can thus be made a starting point for such varied measures as a reconstruction of an industry's distributive machine or a higher degree of specialisation of production by individual firms. A recent example of this form of internal co-operation is to be found in the shoe industry. There a special committee has been set up, whose task it is to investigate the means of eliminating seasonal variations in employment. The committee is basing its recommendations on the results of the Institute's study of the structure of the shoe industry.

The second kind of studies that the Institute undertakes concerns problems common to all manufacturing industry. One of these has recently been completed and is embodied in a report on the housing conditions of industrial workers. Swedish industry is not as a rule concentrated in a few districts but scattered all over Sweden in small towns or other communities. This in turn has meant that a single undertaking established in such a place and often dominating its economic life has had to be responsible for its own workers' accommodation. Formerly this was done in a more direct way, by the firm's building houses and letting them to their employees. The firm often charged a lower rent than was justified by costs, so that in reality a hidden subsidy arose.

The report first of all gives an account of measures taken by the industries up to now in order to improve their workers' housing conditions. Next it points to various possible lines of policy for industry as regards housing. Finally the report discusses some technical problems connected with the question of how to build cheaper and better houses for industrial workers.

Another example of this type of investigation is the series of studies of conditions in the northern half of Sweden that the Institute has published. Because of the rather one-sided industrial development and sparse population of this area very special problems have to be grappled with here. One of the main aims of these studies is to show the way to a more balanced industrial activity and a more efficient use of latent production facilities.

One of the Nordland investigations concerns the raw material problem of the wood industries. The report, when ready, may be expected to be of importance also to the forest industry in other parts of the country, primarily in the province of Värmland. The need for this investigation arose out of the fact that the capacity of the forest industries has over a number of years been too great in relation to the continuous yield of the Swedish forests. Up to now this discrepancy between industrial capacity and long-term timber supply has not caused any reduction in output as it has been possible to draw upon reserves of virgin forests. In order to make possible a frictionless adjustment to the new conditions the investigation aims at giving a picture of the quantitative balance between the annual forest yields and the existing or planned capacity of the various industries using wood as the principal raw material. The discovery of means to bring about an even higher quality and, possibly, also a quantitative increase in the raw material supply are additional objects of the enquiry. For this purpose the feasibility of uniting small forest properties into larger groups to secure more rational forestry is examined.

The rationalisation of lumbering and of timber transport, to take two examples, would of course do a great deal to strengthen our position in post-war
some special studies are pursued. One of these is a yearly survey of investment in industry by the industries during the preceding year and their present plans for the succeeding twelvemonth. Another study is made to focus the profit policies of industrial companies in the field of dividends, etc. This study has recently been widened to include an analysis of the composition of the gross revenue of industrial corporations. In other words, it is an attempt to calculate how much goes to the employees in the form of wages and salaries, to the state in the form of taxes, to shareholders in the form of dividends, etc. In its wider scope it serves also as a good example of the modern Swedish industrialist's recognition of the demand for fuller information about industry's financial structure.

The Institute also has a special department for studying current economic trends in other countries, international currency and trade problems, etc. Through this department the Institute keeps in close contact with similar organizations abroad and with the Swedish embassies in the principal countries. From time to time the Institute also sends abroad members of its staff to study some special problem.

Co-ordination of the work of the Institute falls to its permanent staff. For special investigations involving industrialists, civil servants and so on, are called in. When undertaking particularly extensive special studies, special advisory committees are set up to supervise the work. The special reports are reviewed, and the general reports, which are the product of investigations of individual industries, are representatives of the industry concerned, of industry in general, of the administration, etc. Attention is paid to the comparison between theoretical thinking and practical application and to the knowledge of the expediency of both.

The question of being investigated is thoroughly discussed between the research staff of the Institute and the advisory committee, so that the final report has the benefit of counsel from many competent persons.

Notwithstanding its comparatively short existence the Institute has been able in large measure to uphold its position as the agency to examine the economic problems of industry. Thus, to an increasing extent, questions concerning economic, social and technical aspects of industry and production are referred to the Institute by the business and industrial community. The Government also has on several occasions asked the Institute's opinion on various proposed industrial projects and the Institute has cast its vote in important industrial problems in closer collaboration with Government authorities.

One such investigation that concerned with the economic problems in industry and was carried out during the early post-war years, which was carried out by the Institute in conjunction with the Government Employment Commission. At a very early stage the Institute considered the problem of the workers' position and gave a clear view of the magnitude and character of the problems facing Swedish industry during the transition period. The Institute set up a special post-war committee to monitor the situation of the workers in the general employment situation at the end of the war. In the spring of 1943 the plans had advanced so far that the committee could be made with the authority to express great interest in the project. The final report

The economic expert on the Government Commission for Post-War Planning, a member of the Committee on Post-war Agricultural Policy and also member of the Swedish Institute. An important step is now about to be taken: the Institute is setting up a special department for contact work and co-operation with corresponding institutions abroad.

L. M. ERICSSON AT HOME
A Tour round the Swedish Telephone Industry's Headquarters

One of the most outstanding architectural accomplishments in Sweden for many years has been the new offices and works of the L. M. Ericsson Telephone Company at Malmenkvarteret near Stockholm. The buildings were erected before the war began, though not fully equipped and taken into use until the autumn of 1940. Hence they are like so many industrial plants that had been in Sweden during the war, built underground; instead, their white facades and multiple rows of skylights would have made an excellent target for enemy bombers had Sweden been attacked.

The openings of the present world-embracing concern, whose home is now these magnificent buildings, were laid in 1876—the year in which Alexander Graham Bell invented the telephone by Earl Magnus Ericsson, chief engineer, Hans Thordell, the choice and site of plans for new premises for the undertaking, present and future buildings and with such ramifications as L. M. Ericsson.

Midstomnarken, a southern suburb of Stockholm, where a site was finally decided on, was high and on solid rock: a great amount of blasting had consequently to be done before building operations could begin.

The plans of the buildings had to provide for the co-ordination of all manufacturing operations in such a way that the building was housed over the basement, the floors and the factory. At the end of that year, in 1940, some departments of the works were transferred to their new quarters and the entire plan was in full production in November of that year.

The magnitude of the structure is perhaps most easily realised if seen from the south-western corner. No less than five factories, for the building of telephone offices, telephone line equipment, various astronomical and meteorological instruments, as well as for the building of large telephone offices, are situated on the site.

The night view of the L.M. Ericsson Works from the southeast