

Anförande hållet av fil. lic. Jonas Nordanson i radioprogram anordnat av American-Scandinavian Foundation. 9/12 1952.

If a Swedish farmer or worker had been asked some fifty years ago what he thought about the economic prospects of his country, he would have conveyed a pretty pessimistic view. Sweden was at that time regarded as a backward country, unable to offer her population anything like the same standards of living as the big industrialized countries were doing. He would have expressed grave doubts about Sweden's possibilities of a favorable development. This attitude partly explains the large emigration to the US that took place during the latter part of the last century and the early 1900's.

Present-day Sweden offers a very different picture to her inhabitants. During the first half of this century, she has expanded her productive resources rapidly and the population has been able to enjoy a continuous and very substantial rise in the standards of living - which are now among the highest in the world. More particularly, she has now, during the last ten years or so, been faced with a definite shortage of labor. This has to some extent retarded economic and industrial expansion.

During the last ten years population has remained fairly unchanged. But industrial expansion has required an increased labor supply. Earlier

this came from a transfer of labor from agriculture to industry, but this movement is expected to come to an end within a few years. In addition other sectors of the economy such as transportation and the distributive trades tend to take an increased share of the total labor supply. Only to a limited extent can this shortage of labor be overcome by immigration from other European countries with a surplus of labor. This is partly because the shortage is particularly marked with respect to skilled workers.

The manpower situation means that expansion of industrial production, the basis of economic progress, can be achieved only by increasing productivity, that is output per manhour. To achieve such an increase, an extensive rationalization in industry is required. This means more particularly that Sweden would have to maintain a high rate of capital investment which would enable every worker in all lines of production to do his job with more and better machines and equipment every year. It will, however, not be easy to obtain the substantial capital resources that will be needed. Heavy demand from other sectors of the economy is making the competition for capital resources stiffer and stiffer. In particular the supply of risk-taking capital, which is of great importance to industry, shows an alarming tendency to decrease.

Efforts to increase productivity will also have to be made along other lines. Specialization by individual firms will have to be fostered with a view to increasing large-scale production. Increasingly we have to make our know-how pay off in the form of new engineering and other products.

All these steps to increasing productivity require a favorable atmosphere for free competition. Since the end of the war concerted efforts are being made by the government and private industry to create the right climate for free competition to ensure that the Swedish economy will adjust rapidly and smoothly to changing economic conditions.

Industrial expansion based on higher output per manhour presupposes a close and active cooperation between labor and management. The rationalization process in industry can only be successfully performed by the joint efforts of all groups active in the productive process. Particularly important is the preservation of peace on the labor market. As you will hear in the next program, Sweden has a remarkable record of peace on the labor market. We are also aware of the important rôle this cooperation between labor and management can play in our efforts to reach our mutually agreed goal of a high and stable level of employment in a progressive and flexible economy.

Sofar I have discussed the internal conditions for economic progress. However, we can never forget our dependence on international economic development. An economic and industrial expansion requires an increasing amount of imported goods, especially raw-materials, fuels and various kinds of machinery and equipment. To illustrate the important rôle foreign trade is playing in the Swedish economy it may be mentioned that in 1951 about 1/4 of the total supply of goods and services in Sweden consisted of imports and about the same percentage of her total production was exported. Corresponding figures for the US show, that only about % of the total production was exported and only % of the total supply of goods and services consisted of imports. To pay for additional imports necessary for industrial expansion we will have to increase our exports and there we face new problems. Our task is not as easy as it was during the interwar period. As has been brought out before in this program, industrialization of Sweden has relied to a very large extent on the exploitation of her natural resources primarily iron ore, forests and her water power. Before the war exports of iron ore and forest products exceeded half of the total value of Sweden's exports and increased at about the same rate as our imports. Today the raw-material basis is limiting the further expansion of our forest industries. In order to pay for

additional imports we will therefore have to expand other export industries, particularly the mechanical and engineering industries. This is not only a problem of expanding production but also of opening up markets for the products of these industries.

Since our economic progress to a large extent depends on our ability to maintain a high volume of foreign trade, the promotion of free international trade is of paramount interest to Sweden. We have always sought to maintain our trade on a multilateral basis, that is to say we do not want to be limited to buying goods and services from those countries to which we export. Thus, we fully support all efforts to establish free trade. During the postwar years multilateral international trade has been severely hampered by the absence of a general convertibility of currencies. The existence of a world-wide dollar shortage may be regarded as the primary obstacle to re-introducing the general convertibility of currencies. Obviously one of the most important aims of our foreign economic policy is to initiate and support all measures within the framework of international cooperation towards the solution of the dollar problem, so that international trade may be expanded through a re-introduction of the convertibility of currencies.

Looking at the immediate future our main concern is the present high level of costs of production, which is the result of several years of inflationary development. As a consequence our competitive power has been seriously weakened in several major world markets. All economic measures at our command will have to be employed to lower the costs of production and to reinforce our competitive power. But while tackling these immediate problems we should not lose sight of the long-term prerequisites for economic progress. Particularly we are aware of the necessity to devote increasing resources to technical and scientific research. Further, we will have to accelerate the transition from the laboratory stage to the application of new processes in full-scale production.

A small country has a considerable handicap in a world where progress to an increasing extent depends on the amount of resources which are devoted to research. It is, therefore, imperative that Sweden develops close contacts with the other highly industrialized countries to widen the basis for innovation and technical progress. Traditionally many Swedish engineers and research workers have received part of their education and professional training on an advanced level in the US. This has meant that American methods of production have found rather wide application in Swedish industry, particularly compared with other European countries. I would therefore like to end up by saying that any development which would strengthen our contacts with the American economy would help sustain our rate of progress and consequently raise our standards of living.