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The Swedish Institute for Industrial, Economic and Social Research.

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The Swedish Institute for Industrial, Economic and Social Research was founded in February, 1939, by the Federation of Swedish Industries and the Federation of Swedish Employers. Later on contact was also established with the General Export Association of Sweden. Although founded and maintained by industry, the Institute is under no obligation to the above mentioned organizations, in so far as, within its research program, it works quite independently according to strict scientific standards.

It is very difficult for the individual enterprise to follow the broad economic and social developments in society. At the same time, because of current economic and political trends, it is becoming increasingly important for industry to gain knowledge of these things. It is the task of the Institute, first, to try to study, from an industrial point of view, the economic and social framework inside which industry works, and, secondly, to undertake such economic research as is important to industrial development.

There are mainly three different kinds of investigations carried on at the Institute. The most important part of the Institute's work concerns the structure of industry. Investigations of the textile, shoe and forest industries respectively have thus been carried out. These studies are based partly on official statistics partly on material gathered directly from the enterprises by questionnaires or otherwise. As a rule three different aspects of an industry are studied, viz. production capacity for various goods as compared to actual demand, distribution of production between different goods and enterprises and the degree of specia-

lization within the individual enterprise, and, finally, the structure of the distribution channels.

These investigations aim to give the industrial manager a clearer picture of his branch of industry and make it possible for him to arrange his production in a more efficient way. But at the same time they also form the basis for efficiency measures as regards the branch as a whole, so called "structural rationalization". These studies can thus be a starting point for such measures as a common improvement of distribution or a higher degree of specialization of production within the various enterprises. An example of this form of branch cooperation is to be found in the shoe industry. In 1945 this industry set up a special committee with the task of investigating the possibilities of eliminating seasonal variations in employment. The committee is basing its recommendations on the results arrived at in the Institute's study of the shoe industry.

The second kind of studies undertaken by the Institute concerns problems common to all manufacturing industry. An example of this is an investigation into the housing conditions of industrial workers. As a rule Swedish industry is not concentrated to a few districts but scattered all over Sweden, often in small towns or localities. This, again, has made it necessary for the individual enterprise, situated in such a place and dominating its economic activity, to cater for the housing needs of its own workers. Earlier the enterprise itself built and owned houses that were let to the workers. In such cases the enterprises often charged rent lower than cost, thus allowing a hidden subsidy. Nowadays the workers are, to a very great extent, encouraged by the enterprises to build their own houses.

The investigation first gives an account of the measures which, up till now, have been taken by industry in order to improve the housing conditions of their workers. Secondly, it points at different possible lines of policy for industry as regards housing. Finally it also discusses some technical problems connected with the question of how to build cheaper and better houses for workers.

A study of the rise and death of enterprises is another investigation of this kind. The very animated discussion going on at present about the possibilities of encouraging industrial progress under different conditions is often based upon very vague ideas of how enterprises are start-

ed, develop and disappear. At least there has been no similar investigation in Sweden before to shed light on these questions, the answers to which could give very important guidance for our future economic policy. The investigation will be based upon information gathered directly from the enterprises about their development during the last 30 years.

Another example of this type of investigation is the series of studies of the province of Norrland that the Institute has published. Because of the rather onesided industrial development and the sparse population this province has very special problems to grapple with. One of the main aims of these studies is to show the way to more differentiated industry and to more efficient use of latent production facilities.

One of the Norrland investigations concerns the raw material problem of the various wood industries. The background for this investigation is the fact that, for a number of years, the capacity of the forest industries has been too great relative to the average yearly continuous yield of Swedish forest. Up till now this discrepancy between capacity and long-term supply has not caused any reduction in output as the industry has been able to draw upon reserves of virgin forests. In order to make possible a frictionless adjustment to the new conditions the investigation aims at giving industry a picture of the quantitative balance between the annual forest yields and the existing or planned capacity of the different industries using wood as their main raw material. The means of bringing about an even higher quality and, if possible, a certain quantitative increase in the raw material supply are other objects of the study.

Thus, as the possibilities of a quantitative expansion in the forest industry are rather limited, interest has been concentrated on the question of further processing. This would mean that, in the future, a greater part of the Swedish exports of forest products would consist of consumer goods of various kinds, as for instance paper instead of pulp, prefabricated houses and windows instead of boards. In this connection there is also the problem of research, both fundamental and technical. Under the auspices of the Institute and, lately, of a Government Research Committee, a good deal of work concerning these and associated questions has been accomplished. Special attention has been paid to the problems of how to utilize waste in forest industry.

As previously mentioned the textile industry has been subject to a close study, the results of which have now been published. The experiences gained during this investigation will probably, to a high degree,

focus the interest on the distribution problems, which seem to be greater in this industry than in many others. It has, for instance, been found that even though, through increased efficiency, the industry might succeed in lowering its production costs by as much as 20 %, retail prices, owing to high distribution costs, would be lowered by 5 % only. In general there is at the moment in Sweden, as well as in England and, especially, in the U.S.A., a tendency among managers to pay increasing attention to the distribution side.

Different aspects and problems of small business and handicraft have also been objects of the Institute's interest. An over-all view of the total size of this great field of enterprise as well as the dimensions of the individual firms is given in an investigation completed in 1943. It is probably not generally realized that almost one half of all workers in Swedish industry and handicraft are employed in undertakings with less than 50 workers. In 1944 the study of the problems of small business became the subject of a Government Committee and one of the secretaries of the Institute was appointed a member of this committee.

Still other instances of these long-range studies are the Institute's investigations into the productivity of Swedish industry and into the future supply of industrial labour. Because of the stagnation in the growth of population, Swedish industry now has to face the problems of labour shortage. One of these studies makes a prognosis of the changing composition of the working population and discusses the effects on industrial progress.

Continuous analysis of domestic and international economic development comprises the third type of studies. The Institute follows closely the trends of industrial output and employment in Sweden. Within this frame it has started some special studies. One of these is a yearly **survey of industry's** investments during the preceding year and its investment plans for the coming twelve months. Another yearly investigation concerns industrial profits policies as regards payments to shareholders, consolidation etc. Since a couple of years this study also includes an analysis of the composition of the gross revenue of industrial corporations. In other words, an attempt is being made to estimate how much the employees receive in wages and salaries, the state in taxes, the shareholders in dividends etc. In its enlarged form this study is a good example of the modern Swedish industrialist's understanding of the demand for

fuller information about industry's financial situation.

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 close contact with similar institutions abroad. The number of contacts in different parts of the world is now well over 40. At times the Institute sends people from its staff to study some special problem abroad.

Coordination of the work of the Institute falls upon its staff of permanently engaged personnel. For special investigations experts from science, industry and state administration are employed. When undertaking larger studies special advisory committees are set up to follow the work more closely. In these ways the Institute tries to close the gap between the world of theoretical thinking and that of practical application and so to speak pool their knowledge.

Notwithstanding its comparatively short existence the Institute has been able more and more to confirm its position as the agency handling the economic problems of industry. Thus, to an ever increasing extent, various questions concerning economic, social and adjacent aspects of industry and production in general are remitted to the Institute by the business and industrial world. On several occasions the Government, too, has asked the Institute's opinion on different proposals concerning industry. At times the Institute has made investigations of industrial problems in direct collaboration with Government authorities.

Among these last investigations should be mentioned the study of the probable developments in industry and employment during the early postwar years, which was carried out by the Institute in cooperation with the Government Employment Commission. At a very early stage the Institute considered it important to get a clear view of the magnitude and character of the problems facing Swedish industry during the early postwar period. The Institute set up a special postwar department with the object to prepare an inquiry into the general employment situation at the end of the war. In the spring of 1943 the plans had advanced so far that contact could be established with the authorities, who declared a great interest in this study. The final report of the investigation, which was published at the beginning of 1944, was the starting point of the work by the Government Commission for Postwar Planning then organized.

The Institute is of course in constant touch with other Swedish private and State agencies dealing with economic problems. As for its representation in Government Commissions it may be mentioned, that the director of the Institute was an economic expert in the Government Commission for Postwar Planning, member of the Committee on Postwar Agricultural Policy and also member of the so-called Norrland Committee. In 1945 he was also appointed advisor to the Government on investment and trade policy questions.