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ECONOMIC PLANNING IN FIVE WESTERN EURO-
PEAN COUNTRIES: AN OVERVIEW

TOGETHER WITH

ENGLISH TRANSLATIONS OF KEY LAWS AND
EXECUTIVE DECISIONS ESTABLISHING PLAN-
NING INSTITUTIONS IN SELECTED COUNTRIES

A STUDY

PREPARED FOR THE USE OF THE

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LETTERS OF TRANSMITTAL

DECEMBER 23, 1976.

To the Members of the Joint Economic Committee:

Transmitted herewith is a study entitled "Economic Planning in Five Western European Countries: An Overview," by Mr. A. W. R. Hawthorne of the Massachusetts Institute of Technology, with a supplementary compilation of English texts and comments on the key laws and executive decisions in several of the countries Mr. Hawthorne reviews, prepared by European Legal Specialists of the Library of Congress. This paper is the first in a volume dealing with economic planning, which is part of the Joint Economic Committee's 30th anniversary study series.

Mr. Hawthorne's monograph describes the structure and process of economic planning in five Western European countries including France, the Netherlands, Norway, West Germany, and the United Kingdom. Each section, which is preceded by a short summary, is an overview of the role of economic planning in the country, the establishment of goals and priorities, the institutions responsible for planning, the economic techniques available to instrument the goals, and the administrative and political process by which these factors are coordinated and implemented. The study and accompanying texts provide valuable perspectives on how economic planning might be developed in the United States, and promise to be a useful resource for future investigations.

The research, sponsored by the German Marshall Fund, will prove of great value to Members of Congress and others who are interested in designing practical and successful approaches to improved economic policy in the United States. I wish to thank Mr. Hawthorne and the German Marshall Fund. In addition, the Committee appreciates the efforts of the following Library of Congress specialists who translated, compiled, and in the case of Norway, analyzed, the important planning laws in four of the countries Mr. Hawthorne studied: Dr. Edmund C. Jann, Dr. William Sólvmom-Fekete, Richard Greenfield, Joyce Darilek, and Dr. Finn Henriksen.

The views expressed in the study and other commentary are those of the authors and do not necessarily represent the views of the Members of the Joint Economic Committee or the Committee staff.

Sincerely,

HUBERT H. HUMPHREY,
Chairman, Joint Economic Committee.

DECEMBER 20, 1976.

HON. HUBERT H. HUMPHREY,
*Chairman, Joint Economic Committee,
U.S. Congress, Washington, D.C.*

DEAR MR. CHAIRMAN: Transmitted herewith is a study entitled "Economic Planning in Five Western European Countries: An Overview," by Mr. A. W. R. Hawthorne of the Massachusetts Institute of Technology. This study, and the accompanying compilation of English translations of key laws and executive decisions in several of the countries Mr. Hawthorne reviews, are the first in a volume dealing with economic planning, which is part of the Joint Economic Committee's 30th anniversary study series.

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Mr. Hawthorne's research was sponsored by the German Marshall Fund. The translations were prepared by legal specialists in the European Law Division of the Library of Congress under the supervision of Dr. Edmund C. Jann, Acting Law Librarian. The library personnel include Dr. William Solyom-Fekete, Richard Greenfield, Joyce Darilek, and Dr. Finn Henriksen, all of whom invested admirable effort to turn out a prodigious amount of work under time constraints set by the Committee.

The views expressed in the study are those of the authors and do not necessarily represent the views of the Members of the Joint Economic Committee or the Committee staff.

Sincerely,

JOHN R. STARK,
Executive Director, Joint Economic Committee.

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¹ A summary section precedes the report on each country.

ECONOMIC PLANNING IN FIVE WESTERN EUROPEAN COUNTRIES: AN OVERVIEW

By A. W. R. Hawthorne*

INTRODUCTION

Economic planning, in the sense that it has developed in Western Europe, most notably in France, describes an activity of the State the purpose of which is to define the goals of economic policy, to set out the processes by which these goals may be achieved and to coordinate the contributions of various economic agents towards their realization within the overall framework of a market economy. It is clearly differentiated both from the concept of planning as strict central control, as practiced in the Soviet Union, or from *laissez-faire* capitalism. Economic planning requires the identification and selection of goals, a political process; the use of measures of State intervention to achieve them; and a system of coordination and control to ensure that the various measures are employed in a coherent and effective way. A planning system cannot be said to exist without these four factors; thus, a high degree of State ownership in an economy is not necessarily synonymous with the existence of planning.

An attempt to influence the direction of the economy through State intervention presupposes an understanding of its workings. It furthermore requires that planners have available the data which will permit them to analyze a situation, determine practicable goals and evaluate to what extent they are attained.

Measures of intervention can be of many kinds; their nature depends on the goals set, and the workings of the economy as perceived by the planners, subject to political constraints. It is generally held that the degree of intervention should be the least necessary to attain the desired goals. Thus, macro-economic measures are preferred to those affecting a particular sector which are in turn preferred to measures aimed at an individual firm.

The need for coordination has led to the creation, in three of the countries studied, France, the Netherlands, and Norway, of specialized Government economic planning agencies. Their purpose is to assure that the various Ministries, the actions of which affect the economy, operate within a common framework and that the policies adopted by each for the execution of its own functions do not run counter to overall goals. In Britain, the creation of "super-ministries" responsible for an entire functional area was designed to improve coordination, and the system of financial planning introduced in West Germany repre-

*Graduate student, Sloan School of Management, Massachusetts Institute of Technology.

sents another such measure. Planning agencies are not designed to duplicate the work of Ministries, and are kept small for this reason.

Postwar planning was influenced by two factors; shortages due to wartime destruction and the wish to avoid a repetition of the crisis which had followed the First World War, or the stagnation of the 1930's. A later task was to use American Marshall Plan aid as efficiently as possible. Postwar plans typically constituted a statement of physical goals to be achieved within a given time-period and a programming of resource use to achieve these ends. Emphasis was placed on identifying possible bottlenecks or constraints.

To an extent varying from country to country, plans now indicate the general directions which policy will take rather than listing specific sectoral policies to be realized. The introduction of increasing flexibility has caused considerable debate as to the real usefulness of planning. One school of thought holds that a plan, by providing forecasts of developments over a number of years coordinates the decisions of public and private bodies and creates a positive climate for private investment. Opponents claim that this vision of security is an illusion and that planning only results in more or less overt piecemeal interference by official bodies in the industrial system. It seems however to be increasingly agreed that planning should be a process of communication between government agencies, business and labor on the problems of society and the economy, of feasible alternatives and their probable consequences; an opportunity for political and economic groups to make their interests known and to study and compare the likely outcomes of politically selected options. This view of planning emerges most clearly in countries where political parties have well-defined and differentiated programs.

Despite an increasing interest in questions of quality of life, planning in most of the countries studied is principally concerned with the classical variables of economic policy, such as employment, balance-of-payments, growth, and inflation. Attempts are being made to integrate longer-term considerations, particularly in the Netherlands and Norway. Aspects such as the environment or energy considerations tend to be used as constraints on policy measures principally concerned with industrial development.

The relationship between planning and the budgetary process is somewhat awkward in most of the countries studied with the exception of the Netherlands where the one-year plan is simply an aspect of the annual budgeting procedure. The budget constitutes the only binding engagement on the Government and is made in view of shorter-term considerations than a plan. Even from the technical point of view it is difficult to tell how a change in outlays or policy in a given year will affect the realization of goals several years afterwards. This problem is particularly acute in France since the Plan and the annual budget are the responsibility of different agencies.

Furthermore, the annual budget is the only instrument through which the legislature can affect the execution of a plan. Plans are, in all countries where they exist, presented to Parliament for ratification or approval. Their preparation and execution is the prerogative of the Executive, and the legislatures do not have the technical facilities required to criticise them in detail. In the Netherlands and Norway, however, it is possible for the legislature to request the technical agen-

cies concerned with planning to simulate the effects of particular policies. In the present debate on planning in Germany great concern is shown with the relationship between the legislature and planners.

Simulation of the effects of policy measures represents one of the more significant contributions of quantitative economics to planning. All the countries studied have developed data bases and a modeling capacity within the Government in line with their planning needs.

National accounting techniques were of great value to France, the Netherlands, and Norway, in developing planning systems after the war. They furnished planners with a constraint and a test of coherence when piecing together the projects proposed by Ministries, and made effective demand management possible. Econometric models are used for data processing and coherence testing as well as for forecasting or simulation purposes, particularly in Norway, and have rendered policy debates far more significant in that country and in the Netherlands.

The creation of a statistical service to provide the data necessary for the management of the national economy has received much attention; the importance of close working relations between statistical offices and planners was stressed in several of the countries studied.

Part of the information-gathering process is assured, particularly in France, through consultation with representatives of industry and the trades union in special industrial commissions. This structure is echoed in the British National Economic Development Council.

The purpose of such commissions is to ensure that the analysis of a given sector and recommendations for action were based on expert opinion. These consultations also have substantial political significance; it is felt that if the different interest groups, or "social partners" participate in making a plan they are more likely to cooperate in its execution. This function is most significant in France where the need for consensus-building seems to be strongly felt. The Dutch Social-Economic Council and the German Concerted Action groups also represent forums where the social partners can exert an influence on economic policy.

It is increasingly recognized that long-term "futurology" studies permit a valuable perspective on medium-term plans since they may show that current goals have undesirable long-term effects or do not meet future needs. The Dutch Scientific Council for Government Policy conducts long-term studies and can publish the results. Norwegian planners have made 30-year projections which have pointed up some significant barriers to growth. In Germany and France special commissions exist but their role is much less central.

As far as instruments of planning are concerned, all the countries use tax incentives, subsidies and fiscal/monetary measures to steer the economy. France, West Germany, and Norway have systems of state finance agencies which offer loans for particular sectors under advantageous conditions. Intervention at the company level only takes place informally, or via licensing systems for new construction based on regional or environmental criteria. However, France has introduced, and the United Kingdom envisages the introduction of, "agreements" between individual firms and the State, whereby the company is assured of a certain level of support for a period of time if it undertakes a program of investment or development.

The problems of restructuring industry to face the changes in external circumstances is receiving increasing attention. Apart from the specific "agreements" mentioned above, the creation of State holding companies to reinvigorate backward sectors is being suggested in the United Kingdom and the Netherlands.

The lowering of trade barriers within the Common Market has created a degree of interrelation among the member countries which obliges national economic policy-makers to pay increasing attention to events outside their own frontiers. Medium-term forecasting and planning at the European Community level began with the creation in 1964 of a Medium-Term Economic Policy committee in Brussels, to promote coordination of economic policies among member countries. This committee has produced three five-year programs comprising "conditional" economic forecasts, providing a scenario of balanced growth for the member States, and qualitative guidelines indicating structural policies and identifying priority areas for development policies. The movement towards economic and monetary union has strengthened this planning activity; in particular member States have been requested (1974) to create similar instruments of cyclical policy. Community members are required to make ongoing mid-term forecasts. So far, the major value has been to improve communication and understanding between member States on economic policy matters and in particular to resist unilateral moves following the crisis of 1973. Supranational planning is still very limited but seems likely to grow in importance particularly given the increasing stress being laid on problems caused by economic inequalities within the Community and thus on regional development planning.

Regional economic planning within the countries studied is an extremely important and topical issue. The aim of such planning is to ensure equality of economic opportunity throughout the national territory. The importance of such planning is both economic and political; it aims to reduce problems caused by uneven economic development and the associated difficulties such as those caused by substantial population shifts. It also attempts to maintain social stability and regional character. Because of its complexity, regional planning is not treated in detail in this paper.

Integrated economic planning is an extremely complex matter, involving politics, questions of administrative structures, an excellent understanding of the workings of the economy and indeed of the engineering aspects of industry, and techniques of econometric analysis and forecasting, the whole relating to a given national framework.

The planning function is, in fact, an extension of the normal administrative activity of government, and practices and institutions therefore reflect national administrative and political circumstances. It is beyond the scope of this paper to attempt to evaluate the experiences of the various countries considered.

However, some elements of the planning system in each country seem worthy of particular attention. The Modernization Commissions in France are an interesting and largely successful attempt to achieve at once an optimal information input and political consensus. The "matrix" general planning structure in the Netherlands is a remarkable attempt to achieve integrated planning at all levels. Both the

Netherlands and Norway have developed econometrics to a high level for planning purposes. In the Federal Republic of Germany the problems of planning in a Federal framework, and the role of the legislature in planning are being seriously examined. The Stability and Growth Law of 1967 ¹ is also of interest.

Finally, it is in the United Kingdom and West Germany that regional planning is most developed; furthermore, in England the instruments of planning policy are being subjected to a most searching examination.

¹ See "English Translations of Key Laws and Executive Decisions" (henceforth, "English Translations") in this volume, p. 48.

FRANCE

SUMMARY

The Plan Commission, created in 1946, was directed to promote reconstruction and also, in the longer term, to encourage the general modernization and development of French industry. The planning process required a sound information base. It was also conceived as a consensus-building operation. An important innovation for these purposes was the system of Modernization Commissions, ad-hoc groups of experts on a given sector from industry, government and the trades unions, convoked during the preparation phase of a plan to draw up policies concerning that sector. The Plan Commission, a small organization, depends on these commissions, the ministries and a number of semi-public research bodies for the large volume of technical analysis necessary for the Plans.

French Plans, from the First (1947-1957) to the Seventh (1970-1975) have evolved from highly specific sets of output goals for key industries to much more general outlines of economic and social policy emphasizing the elimination of bottlenecks and the encouragement of new technologies. They have been accompanied by the development of increasingly sophisticated methods of economic analysis. Preparation of a Plan is regarded as a major task and requires two years of work.

The legislature does not participate directly in the planning process. It votes on the general goals of a plan before its detailed preparation is undertaken, and can suggest modifications when the final version is presented for ratification.

Plans are indicative in nature, and private industry is encouraged to follow their goals by tax advantages, subsidies and loans under advantageous conditions. The investment policies of the nationalized industries are also subject to overall guidance.

The principal difficulty encountered has been the lack of coordination between the aim of the Plan and the budget process where the demands of short-term economic policies have often clashed with medium-term goals. A Central Planning Council under the leadership of the President has recently been created to alleviate this problem.

The origins of French planning were influenced by the slow development of the French economy from 1870 to 1940 and the resulting backwardness, which was held to be one of the causes of the collapse of 1940. During the war, the economy was subject to direct physical controls, so that Government officials gained familiarity with the principal industrial sectors and their problems. Furthermore, an efficient system of statistics, designed to identify raw material needs by sector, was set up.

When reconstruction measures were considered, more than a simple return to the prewar situation was envisaged; the aim was rather to introduce structural reforms and to organize the Government's interventions in such a way as to constitute an ongoing pressure for innovation and modernization, as well as to undertake the more short-term tasks of reconstructing the economy and making the best use of American aid.

The Government's instrument to achieve this end was the Plan Commission, created by a decree of January 3, 1946. This decree set up a planning council and a commissioner reporting to the President (subsequently to the Prime Minister and, from 1954 to 1962, to the Ministry of Finance). The aims of the first plan were to modernize and expand the economic apparatus, to achieve the objectives of growth, productivity, full employment and to raise the standard of living. The decree further authorized the Commission to carry out enquiries in industry and the trades unions and to create Modernization Commissions consisting of representatives of government, industry, professional associations, the unions and independent experts. The line ministries were required to furnish the Commission with the support it needed including in particular access to information.

The Plan Commission's principal role is thus one of coordination and consultation. It has been described as an agency designed to compensate for certain weaknesses of French society and administration, notably to ensure more cohesion among the policies of different ministries and to attempt to create a consensus on economic objectives and measures among the social partners (industry, unions, Government etc.) which the political parties and the political system had failed to create.

The staff of the Plan Commission is small, no more than 100 persons. It has been traditionally drawn from a wider background than most Government departments, including, in particular, a number of specialists recruited on a temporary basis from industry and universities. It is divided into seven services, four of which, the "horizontal" services, are concerned with aspects of planning which cover the entire economy: finance, social affairs, regional and urban affairs, and economics. The last of these is responsible for coordinating all the preparatory work for the plan. Three "vertical" services, industry, agriculture and tertiary activities (responsible for energy, transport and telecommunications) cover three specific areas of the economy. In addition, three divisions with special responsibilities, quantitative analysis and studies, long-term studies, and socio-economic studies and research, coordinate activities in these areas. The internal structure is flexible and can be modified as the requirements of the planning process change.

The Commission has three specific functions: responsibility for the preparation of each plan, seeing that plans are carried out, and advising the Government and in particular the Prime Minister on matters of policy related to the Plan's objectives.

The determination of needs and priorities within each sector is done by the Modernization Commissions. They are representative, non-permanent bodies made up of employees, workers, Government officials and experts as well as consumers' organizations. "Vertical Commissions" are concerned with a particular sector; "Horizontal Commis-

sions" with general problems common to a number of sectors (economic and financial, manpower, productivity, etc.). The number of persons involved in these Commissions is between 3,000 and 4,000; the Sixth Plan involved 26 Commissions and the Seventh will mobilize 15. Each Commission is set up by a decree of the Prime Minister, in which the members are indicated by name.

The Plan Commission depends on other organizations for the technical and analytical work required for producing a plan. These inputs are furnished both by departments within the line ministries and by "para-public" organizations—non-profit bodies managed jointly by representatives of ministries concerned with economic affairs and private industry—created to fulfill particular functions.

The principal analytical service is provided by the National Institute for Statistics and Economic Studies (INSEE), a division of the Ministry of Finance. Apart from its responsibility for gathering statistics, either directly or through the intermediary of the line ministry responsible (Agriculture, Scientific and Industrial Development, etc.), it also is responsible for the data base and forecasting tools used for the Plan.

Another division of the Ministry of Finance, the Forecasting Directorate, while mainly responsible for short-term forecasts used for the one-year and two-year economic budgets, also furnishes data and forecasts of Government spending, balance of payments and financial operations to the INSEE for the Plan's forecasts.

The Delegation for Town and Country Planning and Regional Programs (DATAR) is responsible for overseeing the administration of regional development programs as defined by the Plan Commission, on an interministerial basis; it has a significant influence on the preparation of regional policies.

Three para-public bodies also provide an input to the planning process. These are the CREDOC, the BIPE and the CEPREMAP. All work partly for the Government and partly for private industry.

The Center for Research and Documentation on Consumption (CREDOC) is responsible for gathering data and making forecasts on consumer demand. It has been concerned with health and medical economics recently and has been developing new accounting systems for these fields.

The Office of Economic Information and Forecasting (BIPE) is concerned with the analysis of industrial statistics and the improvement of forecasting methods, undertaken in participation with industry.

The Center for Forecasting and Economic and Mathematical Research Applied to Planning (CEPREMAP) undertakes econometric research and develops forecasting methods for the Plan.

The plans cover a four-to-five year period, longer than most business cycles, and corresponding to the lead-time for much investment in heavy industry. French planners believe that a five-year period has proved to be the most suitable for their purposes.

The objectives of the Plans, from the First (1947–1952) to the Seventh (1975–1980), have become increasingly complex. They have always concentrated on industry and stressed growth. The First Plan, coming immediately after the war, was highly directive and selective

and concentrated on fostering investment in a number of key sectors of heavy industry, for which "imperative targets" were set. The Second (1954-1957) and Third (1958-1961) Plans represent the "classic" phase of "indicative planning" in a closed economy, based on global economic forecasts and targets rendered coherent through use of the national accounts, the development of which in France was strongly influenced and fostered by the needs of the Plan. This phase ushered in the concept of "harmonized growth," the Government concentrating on attacking problems common to a number of sectors such as productivity or training by a policy of selective financial incentives with the aim of alleviating structural bottlenecks and rigidities. Furthermore, it set out certain "imperative tasks" of a general nature, such as equilibrating the balance of payments.

The Third Plan was the first in which overall analytical coherence was achieved through the use of an input-output matrix. It also saw the introduction of systematic investment policies designed to render export industries more competitive.

The Fourth Plan (1962-1965), while placing much emphasis in preparing French industry to meet the challenge of the Common Market, also stressed the importance of social reforms, as indicated by its title "Plan for Economic and Social Development." The problem of aiding backward regions and raising the living standard of the least-favored groups of the population took high priority.

The Fifth Plan (1965-1970) introduced a greater flexibility. Certain objectives remained normative, while others, less subject to Governmental control, became "perspectives." It was recognized, after the experiences of the Third and Fourth Plans, that added flexibility to allow for short-term stabilization policy was essential. The disappearance of trade barriers resulting from the Common Market made control of inflation important, since a rise in French relative prices would inevitably lead to a balance-of-payments disequilibrium. Objectives were expressed in value as well as volume terms, and a permissible range was set on certain economic variables—the "flashing lights"—departure from which would indicate that the Plan's objectives were menaced. Much emphasis was also put on improving the competitiveness of French industry by encouraging an increase in firm size through mergers, and direct support for training and research.

The Sixth Plan (1970-1975) stressed rapid industrial growth and modernization of equipment in the light of demand changes. Certain "strategic sectors" (chemistry, electronics, etc.) were identified as well as "horizontal" factors—infrastructure, research and education—support of which would improve industrial efficiency.

The Seventh Plan (1975-1980) goes much further than its predecessors toward "strategic" aims. The strategic concept is best summed up as the pursuit of objectives which optimize the performance of the economy whatever the external circumstances. Full employment, implying a rapid rate of growth, is the major priority; the Government is prepared to take extensive measures to reconcile this aim with price and balance-of-payments stability. A resulting preoccupation is to deal with those weaknesses and irregularities in the national economic structure which make France so susceptible to inflation. It appears that short-term management of the economy, especially in view of interna-

tional uncertainties, will be given greater importance than the achievement of particular output objectives by sector.

The process of preparation of a Plan is lengthy and complex. First, a series of plausible scenarios for the 5-year Plan period are prepared by the technical agencies mentioned, within the framework of a general "perspective" study covering a 10-15 year horizon. These scenarios must be realizable in terms of the productive capacity of the economy, and respect the Government's own priorities and constraints for economic development. These have been submitted, since the Fourth Plan, to the Economic and Social Council, a body grouping union leaders, employees' representatives, consumers' representatives and experts, which recommends priorities. The Plan Commission then, from the Fifth Plan on, has drafted a "report on the options available for the Plan" which is debated by Parliament.

The Government then transmits its directives to the Plan Commission, and the Modernization Commissions begin their work. The Commissions act as collectors of the demands and wishes of interest groups in their domain of responsibility. They also obtain information on technical, social and economic problems of their sector, and on possible improvements and their consequences. Proposed reforms are discussed and evaluated. Their reports contain a critical description of the present state of the sector, a forecast for its development over the period of the Plan, and a list of measures to be taken to encourage this development.

The purpose of this process is not merely to assure the Commission of an optimal information input but also to ensure that the various social partners, as a result of this participation, are committed to realizing the Plan, although it should be stressed that Commission members are not considered to speak for the organizations to which they belong. On the whole, the work of the Modernization Commissions is probably the aspect of French planning most widely recognized as useful; the Commissions provide a forum where members of different social groups can exchange views and bring their positions to the attention of those responsible for medium-term economic policy.

The Plan Commission is responsible for assuring the coherence of the forecasts and the feasibility of the objectives set out by the Modernization Commissions. Since the Fifth Plan, the Modernization Commissions have been working with econometric models, although the technical flexibility and comprehensibility of these models has been widely criticized.

The reports of these Commissions, which require 6 to 12 months for their preparation, are integrated by the staff of the Plan Commission into a plan which is then transmitted to the Economic and Social Council, sitting with the High Council of the Plan, the supervisory committee which make their own report on the Plan. The whole, together with summaries of the reports of the Modernization Commissions, is transmitted to Parliament. The Finance Commission has the duty of making a synthesis of amendments suggested by members. It then transmits those amendments retained to Parliament, which votes on them. Those amendments are generally accepted by the Government, in the form of a letter from the Prime Minister to the President of the National Assembly.

Parliamentary control over planning is rendered difficult by the fact that a Plan is a coherent whole so that modification of one part of it implies changing the entire equilibrium. Parliamentary criticism of Plans has therefore tended to be either very general, referring for instance to the entire social complexion of a plan, or very specific, indeed parochial in nature, referring to a specific project or expenditure. Parliament has no role in the detailed process of planning as a consequence of the doctrine of separation of powers. As a result of criticism made at the inception of the Fourth Plan, an annual Report on the Execution of the Plan is presented to Parliament, but this document, rather general in nature, is claimed not to get the attention which it merits; in particular, the critical confrontation between the annual budget and this report in the light of the overall objectives of the Plan is not carried out, in part because Parliament is lacking in the technical expertise and analytical resources necessary. This failure both weakens the Plan, and undermines Parliament's control over its execution.

A Plan consists of three aspects: The aims to be achieved, the means to implement it, and the forecasts themselves, which are indicative in nature. It is perhaps the means which are most widely contested. The means available are both direct and indirect. Among direct controls are building permits and controls related to environmental and urban development regulations, as well as the price, salary and investment policies of state agencies and nationalized industries. The State can also employ crisis measures such as price controls, foreign exchange controls or credit restrictions. The Budget also offers a means of control given the importance of central government subsidies, both to local authorities (half of whose budget is derived from subsidies) and to agriculture, nationalized industries or, in the form of social security, to less-favored sections of the population.

A further instrument is the Fund for Economic and Social Development (FDES), a special Treasury account set up in 1955 to distribute extrabudgetary loans, below market rates, to further the aims of the Plan. About two-thirds of these funds are distributed as direct loans to state organisms (port authorities, development bodies, nationalized industries, etc.) and one-third, including all those granted to private firms, through banks. Sums loaned in 1975 were 2.8 billion francs, and the 1976 budget envisages 3.6 billion.

Very little direct pressure is brought to bear on private firms and individuals. The "indirect instruments" applied include loans which a number of specialized state credit institutions offer, either, as indicated, with FDES support or using their own funds. Investment subsidies are given to companies setting up in certain regions or for research and training activities, and tax advantages for regional development, research, and export promotion.

French planning was developed in response to national economic backwardness and the necessities of post-war reconstruction. It is based on the premise that a logical and concrete analysis of the process of growth and development will permit identification of a hierarchy of priorities for investment, and of possible bottlenecks. The use of the national accounts to assure overall coherence both for analysis and for forecasting, and the work of the Modernization Commissions which

examine the situation of each industry and each horizontal aspect in detail, are supposed to ensure that planning is integrated.

Criticisms of the Plan mention the relative tardiness with which it took note of social and regional problems, and of infrastructure difficulties—in particular chronic underinvestment in telephones—but most important, difficulties in coordinating the annual budget and the Plan. The difficulties are, in part, technical; so far, for instance, despite much work, there is no dynamic econometric model available which would permit simulation of the detailed effects of a change in expenditures in one year on the progress of the Plan. Also, the short-term forecasts carried out by the Forecasting Directorate of the Ministry of Finance as part of the annual budgetary process are not compatible with the medium-term forecasts used for the Plan. Current economic uncertainties and the demands of the open economy within the European Community have put a premium on short-term cyclical measures, an area where the Ministry of Finance seeks to retain as much liberty of action as possible. Measures taken for this purpose do not by any means always take adequate account of the consequences to the Plan.

Surveys of business opinion indicate that companies do not make their decisions according to the goals of the Plan. On the other hand, the overall forecasts and projected developments in particular sectors are used as guidelines in developing company strategy. Investors also regard the plan as an indication as to the probable growth and profitability of various sectors; indeed it has often been described as a “market study” of the economy.

In order to improve coordination and assure a greater congruence of goals between the executive and the Plan, a Central Planning Council has been created, under the leadership of the President of the Republic, comprising the Prime Minister, the Ministers of Finance and Labor and the Commissaire au Plan, which meets monthly. The Ministries are also being given a more active initiating role in the planning process. It is hoped that the Modernization Commissions, relieved of much detailed work, will be able to concentrate more on discussion of the major issues and problems.

The Plan is probably evolving from a specific program for five years towards an activity more concerned with the establishment of goals and of priorities for the actions taken to achieve them. These priorities do not constitute engagements, and in this sense, may weaken the uncertainty-reducing role which the Plan has played in the past. A partial solution to this problem, adopted for the Seventh Plan, is to identify certain programs, constituting some 15–20 percent of government expenditures, which the Government engages itself to complete during the period of the Plan. There is however a danger that by retreating from the principle of comprehensive engagements, the Government may have weakened the Plan's political significance as a forum for the various social groups.

THE NETHERLANDS

SUMMARY

Dutch economic planning is a part of the overall planning system which is elaborate and sophisticated. The Central Planning Bureau, responsible for economic planning, depends on the Ministry of Economic Affairs but has interministerial responsibilities. The Physical Planning Bureau, depending on the Ministry of Housing, is similarly responsible for town and country planning, and a recently-created Social and Cultural Planning Bureau undertakes planning in areas such as welfare, justice and education. The Scientific Council for Government Policy, reporting to the cabinet, oversees these three agencies and has a general mandate to carry out "future" studies and point out areas of weakness in policymaking.

The Central Planning Bureau specializes in econometric modelling, forecasting and analysis. It is a technical body, and does not make economic policy. The Annual Plan is a conditional forecast presented, in provisional form, with the Government's budget proposals and, in final form after the budget has been accepted by Parliament. It comprises projections based on different assumptions about domestic and international developments.

The Five-Year plans were discontinued in 1952 but recommenced in 1965. They are purely projective in nature, analyzing probable developments in 23 sectors of the economy and indicating potential obstacles to growth.

Both the annual and five-year plans form the basis for discussions of economic and social policy in numerous coordinating committees, notably the Social-Economic Council where employers, government and unions are represented. These committees, as well as Parliament can request the Central Planning Bureau to project the effects of particular policies.

Growing structural unemployment and the impact of environmental and raw-materials constraints have led the government to adopt a policy of "selective growth" in which the future development and contribution of each economic sector will be examined in detail. It is anticipated that these constraints, and international competition will lead to the decline of certain sectors, and measures are envisaged to aid companies with rationalization and help in labor redeployment.

Economic planning in the Netherlands is but one facet integrated into the overall planning activity which is one of the most elaborately structured and comprehensive in Western Europe. The struggle against water has over many centuries made the Dutch extremely conscious of the necessity for elaborate planning and concertation for physical and regional development. The Netherlands has, on the other

hand, an exceptionally open economy, where exports represent over 50 percent of gross national product, which imposes unusual demands for flexibility and competition. There is also a very strong, long-standing attachment to private enterprise. As a result, the economic planning aspect is a comparatively recent development; the principal agency responsible, the Central Planning Bureau (CPB), was founded in September 1945. Its legal mandate and the structure of the Plan were given by an act of April 21, 1947.¹ The CPB is attached to the Ministry of Economic Affairs, but is vested with interdepartmental responsibility. Its function is "to carry out all activities relating to the preparation of a Central Economic Plan, which at regular times shall be laid down by the Government." It is thus an executive rather than a policy-making body.

The Central Economic Plan itself is defined as a "well-balanced system of estimates and directives," assembling information on prospective levels and development of the national income, prices, the sources of the national income and "all further data which are of importance for proper coordination of economic, social and financial policy." The plans are submitted to the Council of Economic Affairs (REA), formed of Cabinet ministers responsible for various aspects of the economy, the president of the Central Bank and the director of the CPB. Consultations are held with the Central Economic Commission (CEC), an advisory interdepartmental group of senior civil servants, and to the Central Planning Commission (CPC), consisting of 30 members drawn from ministries, trade associations, and unions and independent experts. A more general advisory role is exercised by the Social Economic Council (SER) established in 1950, with 45 members, 15 each from trade associations, unions and Government. It must be consulted on all social and economic matters. The composition of these two bodies is designed to facilitate a political consensus on the conclusions of the plan.

Communication between industry and the CPB is further facilitated through eight industry committees, seven organized by the Ministry of Economic Affairs, and one (Construction) by the Housing Ministry, for the Medium-Term Plan.

The larger planning framework into which the CPB's economic planning activities fit was established in 1973 as a result of the recommendations of the de Wolff committee, set up in 1966 by the Ministry of Education and Science to analyze Dutch planning. The resulting structure is of a "matrix" nature, recognizing two types of planning, sector planning and aspect, or "facet" planning. Sector planning is carried out by the line Ministries themselves as part of their normal function (roads, railroads and canals by the Ministry of Transport, hospitals by the Ministry of Health, etc.). Aspect planning, on issues extending beyond the bounds of competence of a single ministry, is undertaken by the Physical Planning Bureau (RPD), responsible for setting guidelines for town and country planning, the Social and Cultural Planning Bureau set up in 1973, responsible for coordination and planning in welfare (justice, education, social security, etc.) and, in a service role, the Central Bureau of Statistics responsible for all statistical data, as well as by the CPB. This structure is complemented

¹ See "English Translations," p. 81.

by the Scientific Council for Government Policy, also created in 1973, -a consultative body reporting to the Cabinet with a very broad mandate to carry out future-oriented studies, examine the policies of the Government, drawing attention to particular weaknesses, and to analyze the organizational effectiveness of government, particularly in regard to planning. This body has the statutory right to make public its own work at its discretion.

The CPB has about 140 staff, 70 of whom have research qualifications. Its principal task is the preparation of the one-year plan, and since 1963, of five-year prospective plans as well. Also, since it represents the largest concentration of econometric talent within the Government, it carries out work for other agencies on all matters concerned with the economy, notably for the RPD on regional development. Furthermore it carries out specific studies, such as a recent cost-benefit analysis of the proposed second national airport, and publishes "occasional papers" on subjects of academic interest, connected with planning and forecasting.

Until 1963, the CPB concentrated its activities on the annual plan, which constitutes an aid and a guideline for preparing the annual budget. It is indicative in nature, showing probable developments given the policies proposed in the budget. Medium-term plans were made after the war for the purposes of reconstruction and allocation of Marshall Plan funds, but were discontinued in 1952.

The emphasis on short-term planning was due to the open nature of the Dutch economy which necessitated rapid adaptations to changing international conditions. Furthermore, concentration on macro-economic forecasts rather than detailed planning reflected a desire to respect the independence of private enterprise. However, an increasing concern with growth promotion and the realization that many policy actions had longer-term consequences led the Government, in 1963, to undertake medium-term planning once again in close collaboration with industry, with the aim of promoting economic development. This mandate specifically envisages the analysis of particular sectors.

Since the short- and medium-term plans differ in context and in the procedure for their realization, they must be examined separately.

THE ANNUAL PLAN

The annual plan is developed in several stages, in connection with the budget procedure. In May or June of the year preceding the budget year, a preliminary draft of the forecasts based on several policy alternatives is circulated among ministries and to the REA. The budget proposals are worked out on the basis thereof. A Preliminary Plan is then presented to Parliament together with the budget proposals, in September. The purpose is to furnish Parliament with additional information on the current economic situation and prospects for the coming year. Included are variants for different assumptions for various significant factors such as world trade growth, raw materials prices and wage inflation.

The Central Economic Plan itself takes account of possible policy modifications introduced during the Budget debate and is published in March or April of the current year. It is much more detailed than the Preliminary Plan and unlike the latter gives projections for each

industrial branch. Variants are once again presented. Its publication is approved by the REA.

During the preparation of the Plan, coordination is maintained informally with the ministries concerned. Furthermore, an annual survey of business expectations is conducted in October and November when the CPB undertakes oral interviews with about 100 large firms to discuss investment plans, sales expectations and pricing policies. This data acts as a check on the CPB's own estimates.

FIVE-YEAR PLANS

Like the annual plan, the five-year plan is purely projective in nature. The annual plan takes account of the measures to which the Government is committed by the budget, but the five-year plan's projections of public policy measures are not binding. The forecasting period coincides with that used by the Commission of the European Communities and is similar to that used for investment planning in industry. The aims are to achieve better coordination between public and private spending, and to improve the quality and regularity of private investment decisions by providing a coherent view of the future of each sector within the framework of overall economic development. Through a better insight into wage and price trends it also aids the development of an incomes policy. Forecasts are made for 23 sectors.

A broad range of preparatory studies, involving the development of the econometric relationships to be used as well as the choice of policy alternatives, made by the Council of Economic Affairs, constitutes the first phase. A series of consultations takes place, both with the eight industry working groups mentioned, and with ministry experts. These consultations are held to have an important coordinating influence. The plan is finally approved by the Central Planning Commission and the Council of Economic Affairs. The entire procedure lasts almost two years.

So far, two such plans have been made, for 1965-1970 and 1968-1973, and a third, for 1975-1980, is in preparation.

Parliament has no opportunity to accept, reject or modify plans presented by the Government. Within the short-term framework, discussion concentrates on the Budget, the probable consequences of which are shown by the preliminary plan. Short- and medium-term plans are discussed however in the Economic Committee of the Chamber of Representatives, with the Minister of Economic Affairs and the director of the CPB.

The problem of relating the annual plan to the medium-term plan is being dealt with both through the development of dynamic models showing the year-by-year evaluation of the economy and through periodic updating; the intention is that the medium-term plan should be "revolving" in nature, updated every two years.

The sophisticated modeling capabilities of the CPB are also at the disposal of Parliament which may request simulation of the consequences of policy measures advanced by a particular group. At election time, parties may thus request that the effects of their platform be modeled. Their services are also used on the occasion of wage negotiations. In order to fulfill this function, the CPB makes a considerable effort to remain apolitical, not always wholly successfully.

Instruments of economic policy are mostly of a general nature reflecting the Government's desire to respect the freedom of private enterprise. In addition to the usual tools of fiscal and monetary policy, the Government can impose a ceiling on bank lending, and restrict local authority spending.

A much more powerful instrument is the granting of building licenses, which are subject to a complex procedure of public enquiries at municipal, provincial, and national levels, in accordance with regional planning and environmental directives. Accelerated depreciation, as well as outright deduction of investment expenditures from income, are also used, as are wage and price policies where the Government can impose solutions if employers' federation and unions cannot reach agreement. Control over public sector expenditures also constitutes a means of influence since the Government is responsible for 40 per cent of total investment and as much as 60 percent in the housing sector, and undertakes infrastructure development policies to promote economic development (ports, etc.).

A regional policy instrument, the selective investment law, taxes investments in the crowded western region of the country. Grants are given for investment in less developed regions.

Dutch economic planning is, however, moving towards a greater emphasis on direct selective measures. The last general economic policy statement, made in 1966, concentrated on overall measures to promote growth, setting forth the five major goals as follows: (1) Growth, (2) fair income distribution, (3) balance of payment equilibrium, (4) full employment, and (5) stable prices. However, growing concern with environmental and raw materials problems is leading towards a new policy orientation where, in particular, the Government will intervene more directly at a sectoral level. Growth will be encouraged subject to four explicit constraints: Environment, urban planning, energy and raw materials considerations, and international policy considerations, given Holland's dependence on foreign trade. The Ministry of Economic Affairs will be obliged to work out a development strategy explicitly examining the future of each sector in the Dutch economy. Declining or backward sectors will be reorganized, if necessary, through a new organization, the Netherlands Restructuring Company, a public corporation on the council of which representatives of the Ministry of Economic Affairs, the Social Affairs ministry, the employers' federations, unions and appointed experts will sit.

So far, economic planning in the Netherlands can best be characterized as the systematic use of econometric analysis to evaluate policy measures designed to promote growth in a free-enterprise economy. Its purpose is informative; Dutch plans do not comprise statements of goals and the means to be taken to achieve them but simply represent conditional forecasts of the effects of certain policies. Its usefulness is to help achieve consensus, through a complex structure of consultation, among the many political and religious groups comprising the Dutch political spectrum. The decision-making process is not rapid in the Netherlands and some fear that the new and increasingly complex systems of integrated planning being developed may collapse of their own weight. A good part of the relative success and acceptance of economic planning as a contribution to public debate must be ascribed to the Dutch school of econometrics, with its strong emphasis on practical and useful data analysis techniques.

NORWAY

SUMMARY

The Planning Department of the Ministry of Finance is responsible for coordinating economic planning. The major planning document is the Long Term Program, a statement of the Government's program for the period of the next legislature, presented before the elections. Its preparation is very decentralized, each ministry undertaking the planning in its own area.

Econometric models, prepared by the Central Statistical Office, are extensively used for planning purposes, particularly for the analysis of policy alternatives. Short-term forecasts are made in conjunction with the annual budget process. A comprehensive system of social and economic statistics facilitates horizontal contacts between Ministries, which are encouraged by the Planning Department.

During the 1960's a four-year budget plan was developed and is now updated annually.

The major instrument of control over economic activity is the credit system. Surplus demand for investment is created by controls over capital movements and bond issues. Eight specialized State banks offer credits for specific sectors or purposes. The sums loaned by each are approved annually by Parliament. The principal aims of this policy are to ensure that economic development is evenly spread over the country and to allow business cycles to be controlled.

In the last few years there has been a trend towards increased State intervention, particularly in connection with the oil discoveries and with environmental concerns. The Establishment Control Act,¹ recently adopted, requires firms to obtain licenses for new plants or expansion of existing ones.

The Norwegians have been notably successful in developing econometric methods for planning and in achieving efficient policy coordination among Government departments.

The origins of Norwegian economic planning go back to the 1930's. The first economic plan, essentially a public-works program to stimulate the economy through public expenditure, was prepared by the Labor Party in 1933. After the war, planning occurred directly through the budget process, in which real economic resources were allocated to specific ends through a system of direct controls. Separate budgets were published for production, imports, exports, private real investment, and public and private consumption of goods and services and manpower. The controls were planned through separate budgets for import permits, building licenses and commodities.

¹ See "English Translations," p. 95.

The first long-term plan, covering the period 1946–1950 was presented, together with an economic plan for 1946, as an appendix to the ordinary fiscal budget. It presented alternatives for resource use, one emphasizing high investment for economic development, the other a rapid return to high consumption levels. The alternative chosen in Parliament stressed maximum investment in export-oriented industries with a long-term return, such as hydroelectricity and metals refining, mining and shipping.

This first budget set the pattern for subsequent policy, designed to maintain high investment while controlling wage and price increases, very important in an economy where exports represent over 50 percent of GNP.

Emphasis on direct controls gave way, in 1952, to more conventional fiscal and monetary techniques. Strict control of credit and foreign exchange remains. It should be stressed, however, that until recently there was very little other direct control over private enterprise which since the war was relied on for most economic activity.

The Long-Term Program constitutes a statement of the goals of the Government's policies. It establishes guidelines for the disposal of resources and, an extremely important function, aids in the establishment of coherent plans for the Government's own activities and policies. It is made around a set of economic forecasts. Normally the consequences of several different policy alternatives are presented. The four-year period of the program covers the time-span of a legislature. The program is submitted in the spring of election year as a report to Parliament and is debated; after the elections the new Parliament debates it once again. It does not have the force of law and does not bind the Parliament. It is regarded as a campaign platform for the parties supporting the Government.

The Parliament does not vote on the Long-Term program and seldom introduces modifications. If it should disagree with the program its recourse is a vote of no confidence. However, given the broad consensus on economic and social goals, the positions of new Parliaments on the program's goals seldom differ greatly from their predecessors'.

The Long-Term Program is prepared under the supervision of the Planning Department of the Ministry of Finance. Policy directives are furnished by a Cabinet Committee, aided by the National Budget Committee, grouping representatives of the various ministries involved.

Preparation of the plan is very decentralized; the responsible group within each ministry prepares the plan for its own area. In occasional cases, aspects may be prepared by expert commissions which may include representatives of private organizations. It is felt to be very important that the area of competence of each Ministry should be respected.

Coordination of this work takes place within each ministry and is supervised by the Planning Department. A great deal of importance is attached to horizontal contacts between ministries and groups, a process much facilitated by the small size of the agencies, by a tradition of interministerial collaboration, and by a high level of appreciation of the purposes and goals of economic planning within all ministries. The Planning Department's own drafts based on the Ministry reports are then circulated back to the ministries for comment. A

further role of the Planning Department is to encourage thinking on current or prospective problems, and coordinate the execution of studies on specific important issues.

Methods of quantitative analysis play a very important role in the Norwegian planning process. The national accounts were developed extensively for planning purposes. The emphasis on sectoral investment led to early development of interindustry analysis. The Central Statistical Office provides the data bases and develops the econometric models, maintaining very close relationships with the responsible ministries. The principal tool for one- and four-year projections has been the MODIS series of extended input-output models. Longer-term "guideline" projections have been carried out for 30-year time horizons, most recently with the MSG model also based on an input-output approach developed with the University of Oslo.

Models are used for forecasting but perhaps even more for assuring the coherence of sectoral forecasts and for data processing. They provide a basis for the reconciliation of ends and means and discussion of policy alternatives.

The Central Statistical Office has also developed models for analyzing the effects of taxes on income distribution, and the effects of wage levels on prices, (Price-Income Model) which have played a significant part in the centralized wage bargaining procedures. The one-year economic plan ("national budget") is prepared by the Economic Policy Department of the Ministry of Finance which is also responsible for short-term economic policy and updating the four-year Long-Term Program projections which are now revised and published annually. It is also responsible for determining the loan volumes for the state banks.

In 1963, the Ministry of Finance requested ministries to submit proposals for a "tentative financial budget". The aim was to supply prospective expenditure totals for each year of the 1966-1969 program period. These were designed to provide a link between policy statements and expenditures. These estimates were presented in 1965. The 1966 figures were used as tentative totals for the annual budget request. The expenditure estimate for 1969-1973 was published, and in 1970 it was decided that these tools should be updated annually.

This budget is program-oriented and agencies have to provide estimates in standard form for each program area. Revenue estimates are generated, on the basis of various tax assumptions, by the MODIS model. The long-term financial budget provides a valuable guide to the future financial implications of present policies, and has been well received by the Parliamentary Finance Committee at whose request it is now updated annually.

The Norwegian authorities use direct controls over private industry through environmental and pollution regulations and building licenses. These latter are used to discourage construction in the more developed regions; the level of the investment tax is varied among regions for the same purpose. A more stringent regulation, the establishment control system, is under consideration; this would require companies to obtain permission for all modifications or new construction, giving the Government more control over industrial location. Government influence over industry has also increased in recent years as a result of a policy of buying shares in major companies, by taking over a

number of firms in financial difficulties, and by creating some new industries. The aim of this policy is partly to fulfill the aims of regional development or, as in the case of the recently-created national oil company, to ensure public influence in industries likely to have a major social impact.

The major instrument of control, however, is the credit system. As was the case after the war, the Government maintains surplus demand for investment through strict control of bond issues and international capital movements. The aim is to promote investment through a stable and low interest rate, favoring heavy, long-term projects such as hydroelectric plants, and to control the business cycle by maintaining a reservoir of pent-up demand. Credit demand is estimated by the Bank of Norway, which draws up an annual credit budget; this is the basis for credit management. An econometric credit model is under development at the Bank.

Sectoral distinctions are made through the existence of eight State Banks, for agriculture, housing, municipalities, industry, fisheries, education (student loans), regional development and a special bank to aid newspapers in financial difficulty. These banks are financed by the Government.

The State Banks are provided with loan funds through two measures, first, the policy of running a Government budget surplus and second, a requirement for financial institutions to place up to 40 percent of their assets in Government bonds. These requirements are lower for banks and pension funds in the North of the country. They are also financed through the Post Office savings system. The state banks offer credit for investment which is in line with Government policy, and interest rates and funds available are modified by Parliament. These banks made about 30 percent of total loans in 1974, a proportion which has been increasing.

The Monetary and Credit policy act of 1965 sets out the bond purchase requirements.² Section 15 gives the authorities power to decide the total volume of bond issues and their distribution among borrowers. Companies or municipalities not given access to the domestic market can be permitted to borrow abroad; the larger and better-known borrowers are more likely to be given this alternative since they can afford the generally higher interest rates and have better credit standing. The Government maintains a credit ceiling on private bank loans by voluntary agreement. These measures have kept investment demand in Norway very regular.

Norwegian planning does not involve formal consultation with industry as in France but informal contacts are widely maintained, particularly on policy instruments.

Norway has succeeded in maintaining one of Europe's highest investment rates together with a level of unemployment seldom exceeding 1 percent. Integrated planning is relatively easy in Norway, given the small and socially integrated population, a Government organization with a strong tradition of interdepartmental coordination, and, thanks to the Norwegian school of economics, a high level of sophistication in Government on the practical application of economic tools. The objectives have remained growth, encouragement of export industries,

² See "English Translations," p. 97.

regional development and fair income distribution. Consensus on goals has enabled the authorities to maintain policies of economic control more consistent than those used in other European countries, although the measures themselves are not peculiar to Norway. Environmental considerations, now gaining in importance, reflect slackening interest in growth for its own sake and an increasing concern with quality of life. The advent of oil has been the object of much study, the social consequences having received even more attention than the purely economic.

FEDERAL REPUBLIC OF GERMANY

SUMMARY

Germany has no comprehensive economic planning apparatus; however, in a number of specific areas, planning measures have been introduced. The Government also has a substantial influence over investment through its relationship with the banking sector.

The main overall macro-economic policy measure is the Stability and Growth Law of 1967,¹ providing for:

Presentation of an annual economic report to Parliament.

Creation of reserve funds and a "queue" of investment projects which can be undertaken in the case of recession.

A medium-term finance plan, projecting Federal expenditures and receipts over four years.

Creation of "Concerted Action" groups, made up of representatives of Government, unions and employers' associations, to evaluate the economic situation and make policy recommendations.

The Federal Government also calls on a group of independent economic advisors to comment at least annually on economic developments.

An active structural policy is pursued. The Federal and State governments cooperate in programs of regional development. Agriculture, coal-mining and transport are directly supported.

Programs for encouraging productive investment include tax advantages for certain categories of investments, and loans under preferential conditions for small business, and for local government projects. Special State Banks distribute these loans.

The German Government benefits from an excellent statistical service and has considerable informal influence on industrial development through the banking system and industry associations.

The prewar and wartime economy of Germany was totally managed through a system of direct physical controls. Postwar reconstruction was hindered, from 1945 to 1948, by the Allied occupying powers whose economic policies were influenced by rapidly changing political considerations. The monetary reform of 1948 was accompanied by economic policies based on the "social market economy" neo-liberal theories of Eucken and Böhm. The State, by selective intervention, maintains a framework within which market forces operate. It assures competition through the cartel law and through aid to small businesses. It controls business cycle fluctuations and provides social amenities to safeguard the position of disfavored segments of the population.

The free market gained much of the credit for the extraordinary growth of the German economy over the next 15 years. Yet the role of the State, in encouraging investment through tax incentives and

¹ See "English Translations," p. 48.

loans on advantageous terms, was in fact very important. It should also be recalled that the Federal Republic possessed a valuable resource in the form of the best-trained industrial labor force and managerial staff in Europe, and that German productive capacity in 1946, even allowing for war damage, was substantial.

A more explicit interest in planning has developed since 1966, when the Social Democratic Party, which had in 1958, at its Bad Godesberg conference, accepted the principle of an economy in which market forces would play a significant part, formed a coalition government with the Christian Democratic Party. This change coincided with Germany's first postwar recession.

The German federal structure poses many legal and administrative obstacles to integrated planning, as does the principle of individual responsibility of Ministers of Parliament.² Since the Länder (Federal states) are charged with responsibility in many areas, coordination of plans on a national level in areas such as agriculture or education has run into Constitutional problems. Similarly, the independence of the Ministries poses barriers to interministerial coordination.

The three principal agencies responsible for managing the economy are the Ministry of Economics (Wirtschafts-Ministerium), the Ministry of Finance and the Central or Federal Bank (Deutsche Bundesbank). The Ministry of Economics undertakes economic forecasting, structural policy, and planning and investment stimulation. The Ministry of Finance, apart from its responsibility for the budget, makes the medium-term Financial Plan and administers tax incentive measures.

The German Central Bank enjoys an usually autonomous position by European standards; Article 12 of the Federal Bank Law of 1957, while obliging it to work in harmony with the Government's general economic policies, specifically requires that it act independently of Government directives in carrying out its main task, the safeguarding of the currency. This independence is considered important both by neo-liberal theorists and by German public opinion as a result of the disastrous inflations which followed both World Wars. All public agencies must deposit liquid funds with the Federal Bank, and require its permission to deposit them or invest them elsewhere. In addition, it keeps detailed statistics on the investments and indebtedness of companies and public organizations, and prepares financial forecasts and data used by other agencies. Control over liquidity, access to information and its statutory independence allow the Central Bank to play a powerful stabilizing role.

Economic planning as it has been developing in the Federal Republic has comprised three aspects:

- Measures to manage the overall courses of the economy,
- Measures of control to guide State expenditures, and
- Measures designed to achieve certain goals of structural and regional policy.

After the establishment of full convertibility of the mark, in 1958, it became gradually more obvious that monetary policy alone was insufficient, in an economy as open as Germany's, to control the business cycle, and that a more integrated approach was necessary, particularly

² Article 65 of the Constitution.

in view of the independence of the principal agencies concerned. The Stability and Growth Law of 1967 was the response to this need and constitutes the most significant macro-economic policy measure. This law envisages the presentation to Parliament of an annual economic report and forecast, the *Jahreswirtschaftsbericht*, published at the end of January of every year outlining the economic and financial goals for the current year and the measures proposed to achieve them. The forecasts indicate the Government's belief about how the economy should develop over the year; they constitute targets rather than objectives.

The Federal Government is authorized to retard or bring forward projects planned by the various Ministries and can create both at Federal and Land level, "fluctuation adjustment reserves" in times of expansion to be used to stimulate the economy in slumps. For the same purpose, special borrowing rights are envisaged. The Federal Government is also instructed to produce a five-year budget, based on foreseeable expenditures and revenues (*Mittelfristige Finanzplan*). Perhaps, most significantly, each ministry is to prepare a list of its planned investment programs, by order of priority, creating a "queue" of programs to be carried out.

It also sets up a "Concerted Action" group, formed of representatives of the Federal Government, industry associations and trade unions, to evaluate the economic situation and suggest measures. These measures constitute the Federal Government's principal counter-cyclical tool, together with more conventional control measures via the banking system and direct investment subsidies. Its implementation is assured by the Ministers of Finance and Economics, sitting in the Business Cycle Council with a representative of each Land and four representatives from municipalities.

The medium-term finance plan proposed in this law was to fulfill three purposes, which encompass at once the aims of business cycle policy and achieving better control over government activities. First, it safeguards financial stability insofar as it permits the outflows implied by current and pending legislation to be balanced against expected revenues. Second, it furnishes an overall picture which should make it easier to distribute resources according to expressed social needs rather than simply on the basis of the traditional demands of each ministry. Third, it constitutes a statement of the Government's intentions, a "programming of the goals of the Government which can be expressed in monetary terms in the form of a budget."³ This plan, the execution of which was also required by the Basic Budget Law of 1969,⁴ constitutes the departure point for the entire budgetary process. Its execution is assured by a Financial Planning Council, similar in composition to the Business Cycle Council. The plan indicates expenditures essentially on a ministry-by-ministry basis although those destined to certain problem areas (e.g., energy) are given separately. It also distinguishes investment from consumption expenditures.

The medium-term finance plan is regarded as a significant step forward in coordinating the Federal Government's activities, not least

³ R. Jochimsen/P. Treuner, *Staatliche Planung in der Bundesrepublik, Politik u. Zeitgeschichte*, 2 March 1974, p. 41.

⁴ See "English Translations," p. 56.

because expected revenues are based on a coherent macro-economic forecasting activity undertaken by the Economic Ministry. It is felt, however, that its existence tends to render more rigid the existing distribution of resources between Ministries since these tend to regard the forecasts as promises. Second—which is significant for the effectiveness of the Stability and Growth Law—it appears that about 80 percent of expenditures are “obligatory”—i.e., based on statutory obligations, such as Social Security—which implies that the Government’s freedom of action in modifying expenditures is limited. Last, it does not include Land or municipal expenditures and thus furnishes only a partial view.

Revenues are calculated on the basis of forecasts prepared by the Economics Ministry. These forecasts are used by a number of services to coordinate macro-economic policy, in particular since the introduction of the Stability and Growth Law. Given their purposes, the models do not go into a great deal of detail on a sectoral level. Furthermore, these forecasts which take account of proposed policy measures are not published in detail since it is felt that they could constitute an “official view” of the future which might provoke “anticipatory effects” or “defensive reactions” on the part of the economic agents concerned. This also reflects the so-called “German view” on economic forecasting; that given the scope for error it is better to have no single integrated “official” forecast but to encourage a diversity of views of the future. It is furthermore felt that public discussion of forecasts is not useful since even Parliament does not possess the technical resources to enter into a worthwhile dialogue.

The Economics Ministry carries out short-term (1–2 years), medium-term (5 years) and long-term (10–15 years) forecasts. Policies are worked out by the Economics and Finance Ministries on the basis of the models. The Ministry of Labor furnishes an input on Social Security expenses. The principal policy aims are price stability and full employment; one of the important roles played by the forecasting operations is to ensure that no short-term measures are adopted which have undesirable medium- or long-term consequences. The forecasting group makes a “problem paper” every year identifying such potential issues.

Annual economic evaluations are also made by the “Committee of Experts for overseeing economic development,” (Sachverständigenrat), which identifies trends which might endanger the goals of full employment, price stability and external equilibrium. Established by a Law of 1963,⁵ this body, made up of five independent experts from universities or research institutes, reports to the Government which is obliged to inform Parliament of its conclusions within eight weeks. The Committee may report, or be asked to report, more frequently.

A further measure of control which has proved valuable for the preparation of the Financial Plan is the so-called “Frühkoordinierung” (early coordination) system in the Chancellor’s office. In 1971 an attempt was made under Brandt to set up a coordinated planning service in the Chancellor’s office and several small groups have been retained. The Early Coordination group is essentially an information center which collects data on new programs being worked out in the

⁵ See “English Translations,” p. 45.

Ministries, and their financial implications. Another small group in the Chancellor's office, the long-term planning group, has as its purpose to identify issues and problems and draw them to the attention of the Ministries concerned.

The third major area of activity is in structural policy. This has three facets: Regional development policy, sectoral policy and aid to small businesses. Planning for regional development requires the participation both of federal and of regional authorities, and constitutional obstacles prevented this, although certain parts of the country, e.g., the frontier regions with the Eastern countries had been declared to be development zones as early as 1953. A constitutional amendment, Article 91a, adopted in 1969,⁶ specified "improvement of regional economic structures" as one of three areas (the others being university construction and agriculture and coastal protection) where the Federal Government could intervene directly with the Länder in so-called "Gemeinschaftsaufgaben." The Law of October 6th, 1969,⁷ on regional development requires the preparation of an annual plan indicating the measures to be undertaken, and the expected results, over the next four years.

A recent example of a specific Constitutional provision allowing joint financing and planning by Federal, State and Municipal governments is Article 104a,⁸ on investment aid to State and Municipal governments; planning committees representing the three levels, for urban, construction, public transport and hospital finance have been set up.

Sectoral policy is restricted; agriculture, coal-mining, transport and the building industry are directly supported; restructuring plans for agriculture reflect European Community policies. The building industry is the sector chiefly affected by business-cycle policies.

The most important policy tools have aimed at the encouragement of productive or social investment. Tax concessions and subsidies for industrial investment, personal savings and for certain regional development purposes, against the background of relatively high tax levels, have proved effective. The Government maintains a number of special funds, from which loans are made to stimulate public or private investment in order to alleviate production bottlenecks or social problems. Most significant is the European Recovery Program Fund, representing the counterpart in marks of the dollar sums which were provided under Marshall Aid. Loans are made available from this fund at favorable interest rates to further the aims of structural policy. Small business, the economy of Berlin, environmental protection as well as projects in developing countries have been the main areas assisted.

ERP funds are distributed by State Banks, the principal one being the Reconstruction Bank (Kreditanstalt für Wiederaufbau). Created in 1948, the KW administers ERP funds, and also disposes of its own capital, partly derived from direct subsidies and partly raised on the open market; it can also obtain credits directly from the Federal Bank. Its funds are used for low-interest loans for structural policy purposes, export financing and aiding developing countries; total loans in 1974

⁶ See "English Translations," p. 59.

⁷ *Ibid.*, p. 65.

⁸ *Ibid.*, p. 60.

were 7.9 billion marks. Since all loans are made via commercial or savings banks, the overall "leverage" effect is probably considerably greater.

The total funds to be loaned and the areas to be supported are determined annually by the Government. Other specialized State Banks include the Bank for the Equalization of Burdens (aid to war victims), the Agricultural Credit Bank and the Industry Bank of Berlin.

Although national integrated planning is not carried out in Germany, the Federal Government in fact has available many of the tools required to control and coordinate economic development, not the least being a system for gathering and collating industrial and financial statistics which is one of the most rapid and complete in Europe. Direction and coordination of investments is practiced both through the loan agencies and to some extent, informally, via the powerful industry associations and the banking system.

Economic planning is undertaken at a State level; an important purpose of the *Gemeinschaftsaufgaben* is to achieve integration of these plans at a Federal level in key areas.

Economic planning is being actively discussed in West Germany in view of growing unemployment, structural pressures and uncertainties about the future. The Constitutional Reform Commission is discussing the problems of Parliamentary control over planning in general and has proposed to create a Planning Commission so that Parliament could influence the form and content of plans as early as possible. The trade union association is also favoring a planning approach pointing to lower current unemployment levels in France as justification.

UNITED KINGDOM

SUMMARY

The relatively poor performance of the British economy in the 1950's led to the creation in 1962 of the National Economic Development Council. This body grouped representatives of Government, industry, and trades unions, and constituted work groups for major sectors. The first project was a study presented in 1963 showing what measures would be required to produce a four-percent annual growth rate over five years.

In 1964 the planning sections were merged into a new Department of Economic Affairs, which was charged with producing a five-year plan for the 1965-1970 period. Hastily conceived with inadequate data, this plan was abandoned a year after its inception. The Department of Economic Affairs was dissolved in 1969.

From 1961, the Treasury developed a sophisticated medium-term planning system for public expenditure at all levels of Government. A weakness under inflationary conditions was that spending was calculated, and authorizations given, in real terms; this is one of the reasons for the explosive growth of public spending over the last three years.

In an effort to obtain greater coordination, a number of Ministries were merged from 1969 onwards creating "super-ministries"—Environment, Trade, Industry. These Ministries, and the Treasury control economic development questions. A small planning group, the Cabinet Policy Review Staff, attached to the Cabinet office, undertakes critical reviews of official policies.

Regional economic planning is well established in the United Kingdom. Regional Economic Planning Boards oversee development policy and carry out strategic development plans for their regions. Certain areas qualify for special industrial development aid, in the form of grants, accelerated depreciation allowances, or infrastructure assistance to industries, which are administered by Regional Industrial Development Boards. These measures, together with steps to improve the physical environment of rundown industrial areas, are considered to have been the most successful aspects of British policy.

The most recent attempt at national economic planning, after a decade of eclipse, is the new National Industrial Strategy. Based on a painstaking analysis of previous failures and of the growth potential of different industrial sectors, it envisages a substantial increase in investment in key sectors via a variety of means of intervention. Measures for retaining and redeployment of surplus labor released from overstuffed industries will play an important role. The National Industrial Strategy is so far supported both by employers' associations and by the trade unions.

Unlike the other countries studied, the British have, since the war, failed to set up effective machinery for national economic policy-making. Inadequate information and poor communication between industry and Government are cited as reasons for the excessive optimism and lack of concern which successive Governments have manifested.

The shortages of World War II and the postwar period obliged the British Government to maintain strict physical controls. Nationalization of key sectors of the economy increased the State's potential influence over the economy and some attempts were made to improve productivity by creating industry teams to study American experience, and trying to identify and remove obstacles to growth.

The Conservative Governments of the 1950's limited their intervention to macro-economic measures, leaving the economy to market forces, without the determined efforts to stimulate competition adopted in Germany during the same period. British growth remained slow and was marked by recurrent crises. These crises showed a common pattern: demand grew, and British industry, due to underinvestment and low productivity, was unable to meet it. Pressure on the labor markets led to wage increases, further stimulating demand, which could only be met by imports. This created a balance-of-payments crisis to which the Government reacted with drastic fiscal and monetary curbs, to reduce demand, creating a recessionary situation.

By 1961, it was felt that better coordination of investments and a more systematic analysis of the weaknesses of and bottlenecks in British industry was necessary to improve performance and that no existing Government department was set up for this role. In 1962, after extensive consultations with industry, the National Economic Development Council (NEDC), grouping representatives from Government, industry and the trades unions was set up by the Conservative Government. Its duty was to examine the economic prospects of the country over five years and to establish what the conditions for realizing a given growth rate were. Its executive body, the National Economic Development Office (NEDO), was staffed by persons appointed for 2-3 years from Government, industry and universities. It comprised an economic and an industrial section. Subsequently, small working groups, economic development committees (EDC's) grouping representatives of management, trades unions, Government departments, experts and a member of the NEDO, were created for each industry; 21 EDC's existed by 1967. At present, it employs about 140 persons.

The first exercise covered the period from 1961 to 1966. It was designed to analyze what obstacles had to be overcome in each sector, to achieve a 4 percent growth rate, and what measures Government and trades unions would have to take to bring it about. The study was presented in 1963.

When the Labor Party came to power in 1964, part of the economics section was moved into a newly-created Department of Economic Affairs which also took over the Treasury departments concerned with economic growth. This department was essentially a coordinating body for growth planning and as a line department it was felt to have

more influence than the NEDO which was, however, retained as an independent discussion forum.

The new Department's first duty was to make a five-year Plan (1965-1970). This work had, for political reasons, to be carried out very rapidly. Emphasis was laid on increasing output and raising GNP by 25 percent by 1970, subject to a balance-of-payments constraint.

The resulting Plan was based on very optimistic evaluations of the speed with which industry reforms could be carried out; indeed industrial consultation was last-minute. The economic analysis had to rely on a poor data base (the most recent industrial census dated from 1954) and full analytical coherence could not be achieved. Most seriously, a political weighting of the tradeoffs necessary to achieve the Plan's goals and cohesion with other macro-economic policies was neglected, as was consensus on wage and price policies with employers and unions. Even the function of the Plan was not clear; it was described as a "statement of government policy," a "forecast," or "projection." In fact it was a projection conditional on the realization of a number of tasks which were inadequately specified.

In 1966, a further balance-of-payments crisis led the Labor Government to sacrifice the whole exercise, in the interests of preserving exchange parity. This episode brought integrated growth planning, regarded with much skepticism in any case by many inside Government, into disrepute.

Emphasis was then laid on piecemeal efforts to increase industrial productivity and investment, and some success was achieved through investment grants, which were, however, abolished when the Conservatives returned to power in 1970.

In response to a perceived need for greater policy coordination, new "super-ministries" were created, to improve horizontal communication. This process was started in late 1969 by the Labor Government and was continued by the Conservative Government which came to power in 1970. The Department of Economic Affairs was wound up in 1969.

Each "super-ministry" grouped related activities which could gain efficiency from a new, broader perspective; thus the Department of the Environment groups responsibility for transport, building and housing, and regional planning. This department, the Treasury and the Department of Industry, charged with industrial development, share responsibility for economic growth policy with the Ministry of Agriculture, Fisheries and Food, responsible for these specific sectors. Inter-ministerial committees have been set up for horizontal coordination.

The Conservative Government also felt the need for a coordinating body at the Cabinet level which could provide an integrated inter-ministerial viewpoint on policy issues, with the particular aim of balancing short-term exigencies and long-term objectives. The Cabinet Policy Review Staff was set up within the Cabinet Office for this purpose in 1970. Its staff is drawn partly from industry and partly from the Civil Service and rotates every two to three years. On economic policy issues it cooperates with the four ministries and the inter-ministerial committees to develop policies and goals for the

Government, weighing the costs and advantages of different alternatives.

A significant advance in inter-ministerial coordination was represented by the Treasury's public expenditure planning system, developed after 1961 along lines set by the Plowden report of that year. For the first time forecasts were made of all public expenditures, including social security, regional and local authority expenditures and those by the nationalized industries. Each Department submits estimates for its costs over five years. Expenditures of different bodies can be broken down by functional category. An econometric model has been developed for forecasting purposes. A significant innovation was the fact that forecasts were explicitly related to real resources in constant price terms. However, recent inflation and substantial changes in relative prices have created serious problems of control; it is claimed that methodological weaknesses of the system have been partly responsible for the very rapid unplanned growth in money expenditures over the last three years.

Regional economic development has been the most significant planning activity since the war. The decline of traditional heavy industries in the North and West led to structural problems. The first legislation on this problem dates from 1934. The Distribution of Industry Act of 1945 empowered the Board of Trade to offer loans and grants to industries in development areas. Development planning began in the early 1960's with the establishment of Regional Economic Planning Boards in each area: the first major strategic plan for a region was published in 1970. The Industrial Development Act of 1966 and the Industry Act of 1972 have identified areas in need of assistance and provided for incentives. Measures are directed by an Industrial Development Executive within the Department of Industry, aided by an Industrial Development Unit, grouping representatives of industry, financial institutions, and Government. An Industrial Development Advisory Board, comprising members from industry, finance and international investment firms acts in an advisory role particularly for major cases for assistance. Regional Industrial Development Boards have been set up in the seven regions qualifying for aid, and operate in a planning role with the Regional Economic Planning Councils.

Instruments include up to 100 percent depreciation allowance on machinery and plant (apart from cars) and 44 percent for buildings in the first year, aid for training and transferring workers, and direct grants of 20 to 22 percent for buildings and equipment. Factories are made available for rent or sale on advantageous terms, and grants are provided to cover the expenses of moving a company.

These policies are complemented by extensive measures for improving the environment in run-down industrial areas; clearing derelict land, rebuilding housing, and urban improvement.

Apart from the nationalized industries, the Government has also become increasingly involved with industrial problems as a result of "rescue" operations to support large companies in difficulty.

The increasing flow of funds into the private sector and nationalized industry has led to a resurgence of the Parliamentary committee system. Specialized committees of Parliament can obtain written and

oral testimony from public and private organizations and individuals, as in the United States. The reports, which are normally published, form a basis for possible legislation and also have a political impact insofar as they draw attention to particular weaknesses, anomalies, or abuses. Over the last five years, the Expenditure Committee has been particularly active. But Parliament, particularly the Opposition, is very short of research facilities for studying the effectiveness or validity of policies.

The problem of coordinating these actions and the worsening of the national economic situation, have reawakened interest in planning.

The present Labor Government is developing an integrated approach to economic development for the period 1975–1980, together with a range of instruments for its implementation. In view of the unfortunate experience of the 1965 plan, the Government has deliberately avoided using the term “planning”; the new approach, called a “National Industrial Strategy,” provides a framework for considering the prospects of the most important sectors of industry over a five-year period and indicates their role in meeting overall economic goals. These goals are to raise the growth rate, improve regional wealth distribution, and achieve, with the aid of North Sea oil, a balance of payments surplus, necessary to repay the large loans contracted abroad.

The emphasis on improving the productivity of certain key sectors by selective measures and eliminating bottlenecks recalls not only the planning initiatives of the early 1960’s, but indeed some of the immediate postwar plans of other European countries. It is specifically intended, a major policy change for Britain, that industrial investment should take priority over social expenditures. The NEDC will play a significant role not only in analyzing the problems of particular industrial sectors but also as a meeting-place for the social partners—industry, unions, and the Government—despite fears that this could lead to a “corporate state.” A large number of studies on obstacles to growth and the effectiveness of different policy instruments are being carried out by the Department of Industry, and the new approach will emphasize not only sectoral intervention but “planning agreements” between the Government and the major companies, where the latter will agree to carry out certain investments or activities in return for guarantees, particularly the maintenance of incentives at the same level for an extended period. Apart from the planning agreements, the creation of a National Enterprise Board to purchase and operate inefficient companies is also envisaged, and further nationalizations may be carried out. Another agency, the Manpower Services Commission, which was created in early 1974 with the limited aim of stimulating training of workers in scarce skills and improving the matching of jobs with labor, will take on a much wider role in manpower planning, training, job creation and redevelopment.

Preparation of the new policy will require about 12 months of work, and it is intended that evaluation and updating should be continuous. Improvements in the system of industrial statistics gathering will accompany the actions.

It is significant that both the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) support the new plan-

ning initiative, and favor the National Economic Development Council as the coordinating body. The CBI stresses the need for continuity of policy and as a pendant to this opposes planning agreements, citing the unsatisfactory experiences of nationalized industry which has been subjected to political interference. The TUC emphasizes the provision of jobs and assuring the transfer and retraining of labor. Both regard economic growth as the overriding goal.

Progress has been made in regional development and the environmental improvement measures undertaken since the war have proved very successful. However, apart from a brief period in the 1960's, integrated economic planning has never been attempted in Britain; the postwar planning was too diffuse in its aims to justify the title. The Government has a wide range of means of intervention; apart from the regional policy tools described, it uses the normal methods of monetary policy, and a diversity of selective fiscal methods have also been employed, together with statutory wage and price controls. But overall economic policy has been characteristically "reactive."

Planning within many British nationalized industries or within individual ministries has been developed to a very high level. Yet economic policy has been characterized by a lack of realism and, often, an excessive optimism as well as a refusal to make firm choices. Policies have been extraordinarily inconsistent due to a lack of consensus, a self-aggravating phenomenon. It is claimed that the British Civil Service is ill-prepared to conduct integrated planning because of secrecy, little contact with or experience of industry and lack of training in quantitative analysis. Finally, British economists are criticized for excessive concentration on the inner logic of their discipline and insufficient attention to pragmatic problem-solving. Only from the mid-1960's have significant numbers of economists entered Government service.

Appendix I. AREAS FOR FURTHER RESEARCH

A number of areas appear of interest for a better understanding of the planning process. These are listed below. The order is not significant.

- (1) The role of econometrics in the planning process.
- (2) The relationship between the annual budget and medium-term plans. Significant political and technical problems have been experienced in a number of countries studied. Particular aspects:
 - (i) How to determine the impact of a change of expenditure in a given year on the realization of the medium-term plan's objective.
 - (ii) In what way can planners influence the budget process to ensure respect for a plan's priorities?
 - (iii) What can be done to introduce flexibility into medium-term plans so as to allow for the needs of business-cycle policy while maintaining their usefulness? French, Norwegian, and to some extent, German experience would be relevant.
- (3) The effectiveness of policy instruments, and problems of strategic review. To what extent do tax measures, investment grants, etc., really influence the behavior of the economy, and how quickly? What kinds of studies are done to answer these questions, and how are the results of these studies used to influence or modify policies? While planners in all countries covered are familiar with these problems, British and French experience is perhaps the most interesting.
- (4) An aspect of problem (3) is the evaluation of the effectiveness of State lending banks to encourage industrial and social investment. What is their cost? Do they lead to distortions of resource use more serious than other measures or than those caused by otherwise existing market imperfections? How productive are the investments they engender, both directly and in social terms?
- (5) The relationship between the legislature and planning; the problems encountered by the legislatures in the countries covered and the solutions found. This issue is under particular study in West Germany.
- (6) Experience in restructuring backward industries and of the relative effectiveness of different ways of managing and organizing such industries. The British, French, and Dutch have experience which is relevant.
- (7) The problem of "corporate" representation through unions or trade associations in planning bodies. The Germans and the British seem to be the most sensitive to the *dangers* of such systems of representation; the Dutch and the French are most experienced in their use.
- (8) Relations between State planners and large private companies; how can abuses be prevented? All the countries visited have potentially useful experience in this area.
- (9) The "regionalization" of plans, from the technical and political viewpoint. In France and Germany, this problem has been given great attention; German experience with the relationships between central and regional governments in a Federal context should interest an American audience.
- (10) The other aspect of "regionalization" is the relation between national planners and supra-national bodies. The work of the European Communities should be of interest in showing the problems in this kind of planning, and should be studied if policies integrating aspects of the United States economy (e.g., energy) with those of other nations were envisaged.

Appendix II. SELECTED BIBLIOGRAPHY

This bibliography gives for each country studied, a list of documents used under distinct headings:

- (i) Administrative documents concerned with the Plans.
- (ii) Specific studies related to planning.
- (iii) Planning structures.
- (iv) Bibliography on planning; secondary sources consulted.

It is not intended in any way to be an exhaustive bibliography on planning in Western Europe. Some annotations in English are provided.

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ENGLISH TRANSLATIONS OF KEY LAWS AND EXECUTIVE DECISIONS ESTABLISHING PLANNING INSTITUTIONS IN SELECTED COUNTRIES

Prepared by the European Law Division, Library of Congress,
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FEDERAL REPUBLIC OF GERMANY¹

LAW ON THE CREATION OF THE COUNCIL OF EXPERTS FOR THE SURVEY OF OVERALL ECONOMIC DEVELOPMENTS OF AUGUST 14, 1963²

The Federal Diet has adopted the following law :

SECTION 1

(1) A council of independent experts shall be created for the periodic survey of overall economic developments in the Federal Republic of Germany, and to facilitate decision-making at all [governmental] levels responsible for economic policy as well as among the public at large.

(2) The Council of Experts shall consist of five members who must have special knowledge in the economic sciences and experience in the national economy.

(3) The members of the Council of Experts may not belong to the government or to a legislative body of the Federation or a land, or be in the public service of the Federation, a land, or other legal entity of public law, with the exception of professors of institutions of higher education or assistants in institutes of the economic or social sciences. Furthermore, they may not be representatives of an economic association or of an organization of employers or employees, nor may they be in a permanent employment or management relationship with such [entities]. They also may not have held any such positions in the year preceding their appointment to the membership of the Council of Experts.

SECTION 2

The Council of Experts shall describe in its survey the overall current economic situation as well as its foreseeable developments. In addition, it shall investigate how the stability of price levels, a high employment rate, and a balance of foreign trade can be assured within the framework of the free market economy at a constant and reasonable growth rate. The investigation shall extend also to the creation

¹ German translation by Dr. William Sölyom-Fekete, Senior Legal Specialist, European Law Division, Law Library, Library of Congress.

² Promulgated in the *Bundesgesetzblatt* [official law gazette of the Federal Republic of Germany] I, p. 685.

and distribution of income and capital assets. The Council of Experts shall especially set forth the reasons for the actual and possible stresses between supply and demand in the overall economy which may jeopardize the goals described in the second sentence. In the course of investigation, several different assumptions shall be taken as a basis from time to time, and the ascertainable effects thereof shall be set forth and evaluated. The Council of Experts shall point out the deficiency developments and the possibilities for the prevention or elimination thereof; however, it shall not express recommendations for specific measures of economic or social policy.

SECTION 3

(1) The Council of Experts shall be bound only by the duties established in the present Law and shall be independent in its activity.

(2) If a minority represents a dissenting opinion on individual questions in the drawing up of the survey, it shall have the opportunity to express such in a survey.

SECTION 4

Prior to the drawing up of the survey, the Council of Experts may give the opportunity to persons deemed suitable, especially to representatives of organizations in the economic and social field, to take a stand on significant questions pertaining to its duties.

SECTION 5

(1) The Council of Experts may, insofar as it finds it necessary to discharge its duties, give a hearing to professionally competent federal ministers or to the President of the German Federal Bank.

(2) The professionally competent federal ministers and the President of the German Federal Bank must be heard upon their request.

(3) The authorities of the Federation and the laender shall render official assistance to the Council of Experts.

SECTION 6

(1) The Council of Experts shall prepare a survey annually as of November 15. Beyond that, it shall issue additional surveys at its own discretion, if in individual fields developments are ascertainable which jeopardize the goals described in the second sentence of Section 2.

(2) The Federal Government may commission the issuance of additional surveys under the second sentence of paragraph 1.

(3) The Council of Experts shall immediately file its survey with the Federal Government and make it public 8 weeks thereafter. Surveys, in accordance with the second sentence of paragraph 1 and under paragraph 2, may be made public at another time with the approval of the Federal Minister of the Economy.

(4) The Federal Government shall comment on the survey done in accordance with the second sentence of paragraph 1 to the legislative bodies at the time of its publication. In the comment, especially the final conclusions for economic policy which the Federal Government has deduced from the survey shall be disclosed. The Federal Government may also comment on other surveys.

SECTION 7

(1) The members of the Council of Experts shall be appointed by the Federal President upon nomination by the Federal Government. On March 1 of each year—for the first time, after the expiration of the third year following the drawing up of the first survey done under the first sentence of Section 6(1)—one member shall retire. The order of retirement shall be established by lot at the first session of the Council of Experts.

(2) The Federal President shall appoint a member, upon nomination by the Federal Government, for a term of 5 years at a time. Reappointment is permissible. The Federal Government shall hear the members of the Council of Experts before the nomination of a new member.

(3) The members shall be entitled to resign their office by submitting a statement to the Federal President.

(4) Should a member retire before the expiration of his term, a new member shall be appointed for the unexpired term of the retiring member; paragraph 2 shall apply accordingly.

SECTION 8

(1) Resolutions of the Council of Experts shall require the concurrence of at least three members.

(2) The Council of Experts shall elect a chairman from among its members for a term of 3 years.

(3) The Council of Experts shall make its own rules of order.

SECTION 9

The Federal Office of Statistics shall assume the functions of a business office for the Council of Experts. The activity of the office shall consist of the arrangement and compilation of source material, the technical preparation for the sessions of the Council of Experts, the printing and publication of the surveys, and the carrying out of such other administrative tasks as may arise.

SECTION 10

The members of the Council of Experts and the persons belonging to the business office shall be obligated to maintain secrecy on the deliberations and on such documents on which the deliberations are based as may be designated as confidential by the Council of Experts. The secrecy shall also extend to information which is given to the Council of Experts and is designated as confidential.

SECTION 11

(1) The members of the Council of Experts shall receive a lump sum compensation and reimbursement for their travel expenses. These shall be determined by the Federal Minister for the Economy in concurrence with the Federal Minister of Finances.

(2) The expenses of the Council of Experts shall be borne by the Federation.

SECTION 12

The present Law shall apply to the Land Berlin in accordance with Section 13(1) of the Third Law of Transition of January 4, 1952 (*Bundesgesetzblatt I*, p. 1).

The present Law shall enter into force on the day following its promulgation.

The constitutional rights of the Federal Council have been observed.

The Federal Government has granted its approval as required by Article 113 of the Basic Law to the above Law.

The above Law shall be herewith promulgated.

Bonn, August 14, 1963.

The Federal President,

LÜBKE,

The Acting Federal Chancellor,

LUDWIG ERHART,

The Federal Minister for the Economy,

LUDWIG ERHART,

The Federal Minister for the Interior,

HÖCHERL,

The Federal Minister of Finances,

Dr. DAHLGRÜN.

LAW FOR THE PROMOTION OF THE STABILITY AND GROWTH OF THE
ECONOMY OF JUNE 8, 1967

The Federal Diet in concurrence with the Federal Council has enacted the following Law:

SECTION 1

The Federation and the laender shall, in formulating economic and fiscal policy measures, consider the requirements of a balanced economy. These policy measures shall, to the extent compatible with a market economic system, promote a stable price level, high employment, a balance of foreign payments [consistent with] steady and reasonable growth of the economy.

SECTION 2

(1) The Federal Government shall submit an annual economic report to the Federal Diet and the Federal Council in January of each year. The annual report shall include:

1. The comments on the annual survey of the Council of Economic Experts on the basis of Section 6(1)3 of the Law on the Creation of the Council of Experts for the Survey of Overall Economic Developments of August 14, 1963 (*Bundesgesetzblatt I*, p. 685) in the version of the Law of November 8, 1966 (*Bundesgesetzblatt I*, p. 633);

2. An exposition of the goals of the economic and fiscal policy of the Federal Government for the current year (annual projection); the annual projection shall make use of the means and form [used] for national income accounting, if necessary with an alternative accounting;

3. An exposition of the economic and fiscal policy planned for the current year.

(2) Measures under Section 6(2) and (3) and Sections 15 and 19 of the present Law, as well as under Section 51 of the Income Tax Law and Section 19c of the Corporation Tax Law, shall be considered only if the Federal Government at the same time substantiates for the Federal Diet and the Federal Council that such measures are permissible to prevent a threat to the goals [set] in Section 1.

SECTION 3

(1) In case of a threat to one of the goals in Section 1, the Federal Government shall make informational data available to the territorial authorities, labor unions, and associations of enterprises for simultaneous and concurrent action (concerted action) for achieving the goals of Section 1. These informational data shall include specially a description of overall economic relationships in reference to the given situation.

(2) The Federal Minister of Economy upon request shall explain the informational data to any of the interested parties.

SECTION 4

In case of an external disturbance of the balance of the overall economy, which cannot be avoided by internal economic measures or can be avoided only by jeopardizing the goals mentioned in Section 1, the Federal Government shall use all possibilities for international coordination. If this is not sufficient, [the Federal Government] shall apply the measures of economic policy at its disposal to protect the balance of foreign payments.

SECTION 5

(1) The amount and combination of expenditures, and the authorization to undertake obligations lasting for future fiscal years, shall be estimated in the Federal budget in such a manner as is necessary to achieve the goals in Section 1.

(2) In case of an expansion of demand exceeding the capacity of the national economy, means for eventual liquidation of debts with the German Federal Bank or for the increase of the fluctuation adjustment reserves [Konjunkturausgleichsrücklage] shall be estimated.

(3) In case of a weakening of general economic activity which threatens one of the goals of Section 1, additional necessary funds shall be drawn, first of all, from the fluctuation adjustment reserves.

SECTION 6

(1) In case of an expansion of demand exceeding the capacity of the national economy, the Federal Government in the course of implementing the Federal budget may, in order to achieve the goals of Section 1, authorize the Federal Minister of Finances to make, subject to its approval, decisions on certain funds for expenditures, the starting of construction works, and the undertaking of obligations to be debited to future fiscal years. The Federal Ministers of Finances and Economy shall make the recommendations for necessary measures.

The Federal Minister of Finances shall use the funds thus made available after the end of the fiscal year for the liquidation of debts with the German Federal Bank or for the increase of the fluctuation adjustment reserves.

(2) In case of a weakening of general economic activity which may threaten one of the goals of Section 1, the Federal Government may decide that additional expenditures shall be made; paragraph (1), sentence 2, shall be applicable. To prevent a disturbance of the balance of the national economy (Art. 104a(4)1 of the Basic Law), the additional funds shall be used only for purposes provided for in the financial plan (Section 9 in connection with Section 10), or as financial assistance for especially significant investments of the laender and communities (associations of communities). The funds necessary to cover these shall be drawn, first of all, from the fluctuation adjustment reserves.³

(3) The Federal Minister of Finances shall be authorized to borrow, if necessary with the help of money market securities, for the purposes described in paragraph (2), up to the amount of 5 billion German marks over and above the credit authorizations received in the federal budget. If such loans are added to a credit authorization included in a supplementary budget, the right to borrow may be used repeatedly.

SECTION 7

(1) The fluctuation adjustment reserves shall be accumulated at the German Federal Bank. Funds from the fluctuation adjustment reserves shall be used only to cover additional expenditures according to Section 5(3) and Section 6(2).

(2) The Federal Government shall decide whether and to what extent funds from the fluctuation adjustment reserves should be utilized in the course of implementing the federal budget; Section 6(1)2 shall apply.

SECTION 8

(1) An unused title for expenditures under Section 6(2)1 shall be included in the federal budget. Expenditures from this title shall be made only with the approval of the Federal Diet and only to such extent as revenues from the fluctuation adjustment reserves or from borrowing under Section 6(3) are available. The bill shall be submitted simultaneously to the Federal Diet and the Federal Council. Within 2 weeks the Federal Council may convey its opinion to the Federal Diet. The approval of the Federal Diet shall be deemed as granted if it does not deny the approval within 4 weeks after the Federal Government submitted its bill.

(2) Furthermore, an unused title for revenues from the fluctuation adjustment reserves and borrowing under Section 6(3) shall be included in the federal budget.

³ As amended by Article 12 of the Law of August 30, 1971 (*Bundesgesetzblatt* I. p. 1426).

SECTION 9

(1) The budgetary policy of the Federation shall be based on a financial plan made for a 5-year period. The amount and composition of foreseeable expenditures and the possibilities of their coverage with their interrelationship to the presumptive development of overall economic productivity shall be represented in this [plan], possibly with alternative accounting.

(2) The financial plan shall be prepared and justified by the Federal Minister of Finances. It shall be approved by the Federal Government and submitted to the Federal Diet and Federal Council.

(3) The financial plan shall be adjusted annually to [correspond to] developments and [shall be] ongoing.

SECTION 10

(1) As groundwork for the financial plan, the federal ministers shall establish long-term investment programs for their jurisdiction and shall refer them, with a sundry cost estimate, to the Federal Minister of Finances within a deadline set by him. The jurisdictions for which the investment programs shall be established shall be decided by the Federal Government.

(2) The investment programs shall list investment plans which have to be fulfilled during the coming years, arranged according to their urgency and annual appropriations. Each annual appropriation shall give the continuing and the new investment plans together with the partial amount falling to the respective year. Financial assistance by the Federation for investment by third parties shall be listed in a separate part, using the same principles of arrangement and indication of the method of financing.

(3) The investment programs shall be adjusted annually to [correspond to] developments and [shall be] ongoing.

SECTION 11

In case of a weakening of general economic activity which may threaten one of the goals of Section 1, the planning of appropriate investment plans shall be expedited so that their execution may begin in a short time. The competent-federal ministers shall take all necessary steps required for the expeditious awarding of contracts.

SECTION 12

(1) Federal funds designated for certain purposes and especially for financial assistance to agencies outside the federal administration shall be granted only in a manner not contrary to the goals of Section 1.

(2) Every 2 years the Federal Government shall submit with the [legislative] bill on the budget to the Federal Diet and the Federal Council an accounting on the financial aids described in paragraph 1, especially arranged according to financial aids which serve:

1. The support of industries or of branches of the economy;
2. The adjustment of industries or of branches of the economy to new conditions;

3. The support of an increase in productivity and the growth of industries or branches of the economy, especially through the development of new methods and trends of production.

(3) A survey of tax benefits together with the estimated loss of revenues shall be attached in an arrangement similar to that in paragraph 2.

(4) In the surveys stipulated in paragraphs 2 and 3, the Federal Government shall indicate the legal basis or other obligations on which the financial assistance or tax benefit was based, and under the given circumstances when the termination of the financial assistance or tax benefit may be expected. At the same time, recommendations shall be made in regard to legislative or other conditions for an earlier termination or a gradual abolition of the obligations. A timetable in an arrangement similar to paragraph 2 shall be provided as well.

SECTION 13

(1) The provisions of Sections 1, 5, and 6 (1) and (2) shall accordingly apply to the special funds of the European Recovery Program.

(2) Directives required under Section 1 for the German Federal Railroads and the German Federal Post shall be issued respectively by the Federal Minister of Transportation and the Federal Minister of Post and Telecommunication in concurrence with the Federal Minister of Finances.

(3) Corporations, institutions, and foundations of public law directly under federal supervision shall take into consideration, within the framework of their duties, the goals of Section 1.

SECTION 14

Sections 5, 6 (1) and (2), 7, 9 to 11, as well as Section 12(1), shall accordingly apply to the budget policy of the laender. The regulation of competence shall remain within the jurisdiction of the laender.

SECTION 15

(1) In order to prevent a disturbance of the balance of the national economy the Federal Government may, in concurrence with the Federal Council through a decree, order the Federation and the laender to add funds to their fluctuation adjustment reserves.

(2) The total amount to be raised by the Federation and the laender shall be stipulated in the decree. It shall not exceed in any fiscal year 3 percent of the tax revenues projected for the previous year by the Federation and the laender, notwithstanding the amounts to be added to the fluctuation adjustment reserves under paragraph 4.

(3) Unless the Federation and the laender agree on other raises, they shall increase the total amount in relation to the tax revenue projected by them for the previous fiscal year, taking into consideration the adjustment allocations and adjustment amounts under the laender adjustment. In the calculation of tax revenues of the laender, the municipal taxes of the laender Berlin, Bremen, and Hamburg, and the subsidies to be paid under Section 6(2) of the Equalization of Burdens Law, shall be disregarded. If the Federation or individual laender

have recently increased their fluctuation adjustment reserves in the same fiscal year, these [payments] shall be credited to their obligations.

(4) If the income tax, by virtue of the authorization of Section 51 (3)2 of the Income Tax Law or the corporation tax under Section 19c of the Corporation Tax Law, has been increased, the Federation and the laender from time to time shall add amounts to their fluctuation adjustment reserves in addition to the current [payments] from the yield from income and corporation taxes during the period for which the increase applies, in the same proportion in which this amount stands in percentage to the percentage of the income tax and the corporation tax.

(5) Amounts added to the fluctuation adjustment reserves by virtue of a decree under paragraph 1 or in accordance with paragraph 4 shall be used only to such extent as they are released by a decree issued by the Federal Government in concurrence with the Federal Council. The release is permissible only to prevent a weakening of overall economic activity which threatens one of the goals of Section 1. The first and second sentence shall also apply to funds described in the third sentence of paragraph 3.

SECTION 16

(1) Communities and associations of communities shall take into account the goals of Section 1 in their budgetary policies.

(2) The laender shall strive through proper measures to ensure that the budgetary policies of the communities and associations of communities shall correspond to the policy required by economic fluctuation.

SECTION 17

The Federation and the laender shall mutually exchange information necessary to carry out a proper budgetary policy on economic fluctuation.

SECTION 18

(1) A Business Cycle Council [Konjunkturrat] for the State shall be created at the Federal Government. The members of the Council shall be:

1. The Federal Ministers of Economy and Finances;

2. One representative from each of the laender;

3. Four representatives for the communities and associations of communities who are appointed by the Federal Council on the recommendation of the head organization of communities. The Federal Minister of Economy shall preside over the Council of Cyclical Economy.

(2) The Business Cycle Council shall deliberate, in accordance with the rules of procedure issued by the Federal Minister of Economy, at regular intervals on:

1. All measures of cyclical economic policy required for the achievement of the goals of the present Law;

2. The possibilities for covering the credit demands of the public establishments.

The Business Cycle Council shall be consulted, above all, on measures under Sections 15, 19, and 20.

(3) The Federal Bank has the right to participate in the deliberations of the Business Cycle Council.

SECTION 19

To prevent a disturbance of the balance of the national economy, the Federal Government in concurrence with the Federal Council may order through a decree that the supply of funds by [means of] credit within the framework of the credit appropriation in the budget laws and budget decrees be restricted by the Federation, the laender, communities, and associations of communities, as well as the special public funds and trust funds. The first sentence shall not apply to credits which are used by the communities, associations of communities, and associations for special purposes [Zweckverbände] for the financing of the investment plans of their economic enterprises which are not independent entities.

SECTION 20

(1) In decrees under Section 19 it may be provided that:

1. Borrowing by the agencies listed in Section 19 shall be restricted to a [fixed] amount for a set period;

2. Within the framework of the maximum amounts established under No. 1, credits of a certain type or size, especially loans and bonded debentures, shall be taken up only in accordance with the provisions of a timetable and with observation of credit conditions [Section 22 (1) and (2)].

(2) For individual agencies the maximum amount [permitted] for a fiscal year under paragraph 1 shall be at least 80 percent of the average amount of the credits used in the 5 fiscal years statistically covered prior to the issuance of the decree; current account credits and working capital credits, credits granted by the German Federal Bank or one of the agencies listed in Section 19, and credits for the purposes of the second sentence of Section 19 shall be disregarded. To adjust the fluctuations in the demand for credit by communities, associations of communities, and associations for special purposes, the maximum amount for these may be decreased to 70 percent. Amounts thereby released shall be allotted by the laender to communities, associations of communities, and associations for special purposes which have to fulfill especially urgent investment tasks.

(3) In the decree issued under Section 19, it shall be determined how far the borrowing by third parties, tantamount economically to the borrowing of one of the agencies listed in Section 19, shall be included in the maximum amount [fixed] under paragraph (1)1. The borrowing of third parties shall especially be taken into consideration insofar as these guarantee the financing of tasks of the agencies listed in Section 19(1), or insofar as such an agency facilitates the borrowing by interest reduction or allocations of a similar nature.

(4) Decrees under Section 19 shall be issued for a period not exceeding one year.

(5) The Federal Diet shall be advised of decrees issued under Section 19 immediately after their proclamation. They shall be repealed without delay if the Federal Diet requests it within 6 weeks after the promulgation.

SECTION 21

If an agency listed in Section 19 does not use the credit available within the limits of Section 20(1)1, another agency listed in Section 19, with the approval of the former, may avail itself of it. At variance with this, the laender may decide that those fractional amounts from the maximum amounts of the communities, associations of communities, and associations for special purposes which exceed the credit authorization in the budget decrees shall be allotted to other communities, associations of communities, and associations for special purposes requiring additional demands for credit.

SECTION 22

(1) The Business Cycle Council (Section 18) shall establish a timetable, considering the situation of the capital market, for a period not exceeding 3 months. In this plan, credits defined in the decree issued under Section 20(1)2 shall be set forth in the chronological order of the borrowing and the size of the amounts; conditions for credit may be established.

(2) The Federal Minister of Economy may declare the timetable established under paragraph 1 to be binding; or if in the Council of Cyclical Economy no agreement was reached, he may in concurrence with the Federal Council set up a timetable.

(3) In case of a threatening deterioration of the situation in the capital market, the Federal Minister of Economy in concurrence with the German Federal Bank may temporarily interrupt the execution of the timetable. In such a case, he shall enter into renewed consultation with the Business Cycle Council within 2 weeks.

(4) The agencies listed in Section 19 are obligated to take into consideration the situation in the capital market in [making] the chronological order and the conditions for credit, even in the case of such credits which are not subject to the decree under Section 20(1)2.

SECTION 23

The individual laender shall assure through proper measures that the procurement of funds by way of borrowing by the land, its communities, associations of communities, and associations for special purposes shall remain within the limits of restrictions based on the present Law.

SECTION 24

(1) In measures under Sections 20–23, the principle of equal ranking of the duties of the Federation, the laender, and the communities shall be observed.

(2) The special situation of the laender Berlin, Bremen, and Hamburg, which at the same time must fulfill land and municipal duties, shall be taken into consideration.

SECTION 25

Upon request, the highest authority of the land shall give the Federal Minister of Economy information on the credit demands of the land, the communities, associations of communities, and associations

for special purposes, on the type and size of credits used by them, as well as on the borrowing by third parties which economically is tantamount to direct financing. The public special funds shall submit directly the information under the first sentence.

[*Translator's Note:* Sections 26-31 of the foregoing Law provide for amendments of various tax laws. These amendments are not understandable and useful without having the entire texts of the original laws available. Therefore the translation of these Sections was omitted.]

SECTION 32

The present Law shall apply under Section 12(1) and Section 13(1) of the Third Transitional Law of January 4, 1952 (Bundesgesetzblatt I, p. 1) also in the Land Berlin. Decrees issued by virtue of the present Law shall apply in the Land Berlin under Section 14 of the Third Transitional Law.

SECTION 33

(1) The present Law shall enter into force, subject to paragraph 2, on the day after its promulgation.

(2) The provisions of Section 28, No. 3(a), and of Section 27, No. 2, with respect to Section 23a(1)2(k) of the Corporation Tax Law, shall enter into force on January 1, 1969.

The foregoing Law is herewith promulgated.
Bonn, June 8, 1967.

<i>The Federal President,</i>	LÜBKE,
<i>The Federal Chancellor,</i>	KIESINGER,
<i>The Federal Minister of Economy,</i>	SCHILLER,
<i>The Federal Minister of Finances,</i>	STRAUSS.

TWENTIETH LAW TO AMEND THE BASIC LAW OF MAY 12, 1969

The Federal Diet in concurrence with the Federal Council adopted the following Law; Article 79(2) of the Basic Law has been observed:

ARTICLE I

The Basic Law for the Federal Republic of Germany of May 23, 1949⁴ (Bundesgesetzblatt, p. 1) shall be amended as follows:

1. Article 109(3) shall obtain the following wording:

“(3) By means of federal legislation requiring the consent of the Bundesrat, principles applicable to both the Federation and the Laender may be established governing budgetary law, responsiveness of the fiscal administration to eco-

⁴ English text of the amended version of the Basic Law taken from *The Basic Law for the Federal Republic of Germany* (Wiesbaden, 1973).

conomic trends, and financial planning to cover several years ahead.”

2. Article 110 shall obtain the following wording:

“(1) All revenues and expenditures of the Federation shall be included in the budget; in respect of federal enterprises and special funds, only allocations to or remittances from them need be included. The budget must be balanced as regards revenue and expenditure.

“(2) The budget shall be established by means of a law covering one year or several fiscal years separately before the beginning of the first of those fiscal years. Provision may be made for parts of the budget to apply to periods of different duration, but divided into fiscal years.

“(3) Bills within the meaning of the first sentence of paragraph (2) of this Article as well as bills to amend the budget law and the budget shall be submitted simultaneously to the Bundesrat and to the Bundestag; the Bundesrat shall be entitled to state its position on such bills within six weeks or, in the case of amending bills, within three weeks.

“(4) The budget law may contain only such provisions as apply to revenues and expenditures of the Federation and to the period for which the budget law is being enacted. The budget law may stipulate that certain provisions shall cease to apply only upon the promulgation of the next budget law or, in the event of an authorization pursuant to Article 115, at a later date.”

3. Article 112 shall obtain the following wording:

“Expenditures in excess of budgetary appropriations and extrabudgetary expenditures shall require the consent of the Federal Minister of Finance. Such consent may be given only in the case of an unforeseen and compelling necessity. Details may be regulated by federal legislation.”

4. Article 113 shall obtain the following wording:

“(1) Laws increasing the budget expenditures proposed by the Federal Government or involving, or likely in future to cause new expenditures shall require the consent of the Federal Government. This shall also apply to laws involving, or likely in future to cause, decreases in revenue. The Federal Government may require the Bundestag to postpone its vote on such bills. In this case the Federal Government shall state its position to the Bundestag within six weeks.

“(2) Within four weeks after the Bundestag has adopted such a bill, the Federal Government may require it to vote on that bill again.

“(3) If the bill has become a law pursuant to Article 78, the Federal Government may withhold its consent only within six weeks and only after having initiated the procedure provided for in the third and fourth sentences of paragraph (1) or in paragraph (2) of the present Article. Upon the expiry of this period such consent shall be deemed to have been given.”

5. Article 114 shall obtain the following wording :

“(1) The Federal Minister of Finance shall, on behalf of the Federal Government, submit annually to the Bundestag and to the Bundesrat for their approval an account, covering the preceding fiscal year, of all revenues and expenditures as well as of property and debt.

“(2) The Federal Audit Office, the members of which shall enjoy judicial independence, shall audit the account and examine the management of the budget and the conduct of business as to economy and correctness. The Federal Audit Office shall submit an annual report directly to the Federal Government as well as to the Bundestag and to the Bundesrat. In all other respects the powers of the Federal Audit Office shall be regulated by federal legislation.”

6. Article 115 shall obtain the following wording :

“(1) The borrowing of funds and the assumption of pledges, guarantees or other commitments, as a result of which expenditure may be incurred in future fiscal years, shall require federal legislative authorization indicating, or permitting computation of, the maximum amounts involved. Revenue obtained by borrowing shall not exceed the total of expenditures for investments provided for in the budget; exceptions shall be permissible only to avert a disturbance of the overall economic equilibrium. Details shall be regulated by federal legislation.

“(2) In respect of special funds of the Federation, exceptions from the provisions of paragraph (1) of this Article may be authorized by federal legislation.”

ARTICLE II

The present Law shall enter into force on the day following the promulgation.

The foregoing Law shall be herewith promulgated.

Bonn, May 12, 1969.

The Federal President,

LÜBKE,

The Federal Chancellor,

KIESINGER,

The Federal Minister of Finances,

STRAUSS,

The Federal Minister of the Interior,

BENDA,

The Federal Minister of Justice,

HORST EHMKE.

TWENTY-FIRST LAW TO AMEND THE BASIC LAW (FISCAL REFORM LAW) OF MAY 12, 1969

The Federal Diet in concurrence with the Federal Council adopted the following Law; Article 79 (a) of the Basic Law has been observed :

ARTICLE I

The Basic Law for the Federal Republic of Germany of May 23, 1949⁵ (Bundesgesetzblatt, p. 1) shall be amended and supplemented as follows:

1. After Chapter VIII the following new Chapter VIIIA, including Articles 91a and 91b, shall be inserted:

"VIIIA. Joint Tasks

"Article 91a

"(1) The Federation shall participate in the discharge of the following responsibilities of the Laender, provided that such responsibilities are important to society as a whole and that federal participation is necessary for the improvement of living conditions (joint tasks):

"1. Expansion and construction of institutions of higher education including university clinics;

"2. Improvement of regional economic structures;

"3. Improvement of the agrarian structure and of coast preservation.

"(2) Joint tasks shall be defined in detail by federal legislation requiring the consent of the Bundesrat. Such legislation should include general principles governing the discharge of joint tasks.

"(3) Such legislation shall provide for the procedure and the institutions required for joint overall planning. The inclusion of a project in the overall planning shall require the consent of the Land in which it is to be carried out.

"(4) In cases to which items 1 and 2 of paragraph (1) of this Article apply, the Federation shall meet one half of the expenditure in each Land. In cases to which item 3 of paragraph (1) of this Article applies, the Federation shall meet at least one half of the expenditure, and such proportion shall be the same for all the Laender. Details shall be regulated by legislation. Provision of funds shall be subject to appropriation in the budgets of the Federation and the Laender.

"(5) The Federal Government and the Bundesrat shall be informed about the execution of joint tasks, should they so demand.

"Article 91b

"The Federation and the Laender may pursuant to agreements co-operate in educational planning and in the promotion of institutions and projects of scientific research of supraregional importance. The apportionment of costs shall be regulated in the permanent agreements."

2. The following Article 104a shall be inserted as an introductory Article to Chapter X:

⁵ English text of the amended version of the Basic Law taken from *The Basic Law for the Federal Republic of Germany* (Wiesbaden, 1973).

"Article 104a

"(1) The Federation and the Laender shall meet separately the expenditure resulting from the discharge of their respective tasks in so far as this Basic Law does not provide otherwise.

"(2) Where the Laender act as agents of the Federation, the Federation shall meet the resulting expenditure.

"(3) Federal laws to be executed by the Laender and involving the disbursement of funds may provide that such funds shall be contributed wholly or in part by the Federation. Where any such law provides that the Federation shall meet one half of the expenditure or more, the Laender shall execute it as agents of the Federation. Where any such law provides that the Laender shall meet one quarter of the expenditure or more, it shall require the consent of the Bundesrat.

"(4) The Federation may grant the Laender financial assistance for particularly important investments by the Laender or communes or associations of communes, provided that such investments are necessary to avert a disturbance of the overall economic equilibrium or to equalize differences of economic capacities within the federal territory or to promote economic growth. Details, especially concerning the kinds of investments to be promoted, shall be regulated by federal legislation requiring the consent of the Bundesrat, or by administrative arrangements based on the federal budget.

"(5) The Federation and the Laender shall meet the administrative expenditure incurred by their respective authorities and shall be responsible to each other for ensuring proper administration. Details shall be regulated by a federal law requiring the consent of the Bundesrat."

3. Article 105 shall be amended as follows:

(a) Paragraph (2) shall obtain the following wording:

"(2) The Federation shall have concurrent power to legislate on all other taxes the revenue from which accrues to it wholly or in part or where the conditions provided for in paragraph (2) of Article 72 apply."

(b) After paragraph (2) the following paragraph (2a) shall be inserted:

"(2a) The Laender shall have power to legislate on local excise taxes as long and in so far as they are not identical with taxes imposed by federal legislation."

4. Article 106 shall obtain the following wording:

"Article 106

"(1) The yield of fiscal monopolies and the revenue from the following taxes shall accrue to the Federation:

"1. Customs duties,

"2. Excise taxes insofar as they do not accrue to the Laender pursuant to paragraph (2) of this Article, or jointly to the Federation and the Laender in accordance with para-

graph (3) of this Article, or to the communes in accordance with paragraph (6) of this Article,

“3. The road freight tax,

“4. The capital transfer taxes, the insurance tax and the tax on drafts and bills of exchange,

“5. Non-recurrent levies on property, and contributions imposed for the purpose of implementing the equalization of burdens legislation,

“6. Income and corporation surtaxes,

“7. Charges imposed within the framework of the European Communities.

“(2) Revenue from the following taxes shall accrue to the Laender:

“1. Property (net worth) tax,

“2. Inheritance tax,

“3. Motor-vehicle tax,

“4. Such taxes on transactions as do not accrue to the Federation pursuant to paragraph (1) of this Article or jointly to the Federation and the Laender pursuant to paragraph (3) of this Article,

“5. Beer tax,

“6. Taxes on gambling establishments.

“(3) Revenue from income taxes, corporation taxes and turnover taxes shall accrue jointly to the Federation and the Laender (joint taxes) to the extent that the revenue from income tax is not allocated to the communes pursuant to paragraph (5) of this Article. The Federation and the Laender shall share equally the revenues from income taxes and corporation taxes. The respective shares of the Federation and the Laender in the revenue from turnover tax shall be determined by federal legislation requiring the consent of the Bundesrat. Such determination shall be based on the following principles:

“1. The Federation and the Laender shall have an equal claim to coverage from current revenues of their respective necessary expenditures. The extent of such expenditures shall be determined within a system of pluri-annual financial planning;

“2. The coverage requirements of the Federation and of the Laender shall be co-ordinated in such a way that a fair balance is struck, any overburdening of taxpayers precluded, and uniformity of living standards in the federal territory ensured.

“(4) The respective shares of the Federation and the Laender in the revenue from turnover tax shall be apportioned anew whenever the relation of revenues to expenditures in the Federation develops substantially differently from that of the Laender. Where federal legislation imposes additional expenditures on, or withdraws revenue from, the Laender, the additional burden may be compensated by federal grants under federal laws requiring the consent of the Bundesrat, provided such additional burden is limited to a short period. Such laws shall lay down the principles for calculating such grants and distributing them among the Laender.

“(5) A share of the revenue from income tax shall accrue to the communes, to be passed on by the Laender to their communes on the basis of income taxes paid by the inhabitants of the latter. Details shall be regulated by a federal law requiring the consent of the Bundesrat. Such law may provide that communes shall assess communal percentages of the communal share.

“(6) Revenue from taxes on real property and businesses shall accrue to the communes; revenue from local excise taxes shall accrue to the communes or, as may be provided for by Land legislation, to associations of communes. Communes shall be authorized to assess the communal percentages of taxes on real property and businesses within the framework of existing laws. Where there are no communes in a Land, revenue from taxes on real property and businesses as well as from local excise taxes shall accrue to the Land. The Federation and the Laender may participate, by assessing an impact, in the revenue from the trade tax. Details regarding such impost shall be regulated by a federal law requiring the consent of the Bundesrat. Within the framework of Land legislation, taxes on real property and businesses as well as the communes’ share of revenue from income tax may be taken as a basis for calculating the amount of such impact.

“(7) An overall percentage, to be determined by Land legislation, of the Land share of total revenue from joint taxes shall accrue to the communes and associations of communes. In all other respects Land legislation shall determine whether and to what extent revenue from Land taxes shall accrue to communes and associations of communes.

“(8) If in individual Laender or communes or associations of communes the Federation causes special facilities to be established which directly result in an increase of expenditure or a loss of revenue (special burden) to these Laender or communes or associations of communes, the Federation shall grant the necessary compensation, if and in so far as such Laender or communes or associations of communes cannot reasonably be expected to bear such special burden. In granting such compensation, due account shall be taken of third-party indemnities and financial benefits accruing to the Laender or communes or associations of communes concerned as a result of the institution of such facilities.

“(9) For the purpose of this Article, revenues and expenditures of communes and associations of communes shall be deemed to be Land revenues and expenditures.”

5. Article 107 shall obtain the following wording:

“Article 107

“(1) Revenue from Land taxes and the Land share of revenue from income and corporation taxes shall accrue to the individual Laender to the extent that such taxes are collected by revenue authorities within their respective territories (local revenue). Federal legislation requiring the consent of the Bundesrat may provide in detail for the delimitation as well as the manner and

scope of allotment of local revenue from corporation and wage taxes. Legislation may also provide for the delimitation and allotment of local revenue from other taxes. The Land share of revenue from the turnover tax shall accrue to the individual Laender on a per-capita basis; federal legislation requiring the consent of the Bundesrat may provide for supplemental shares not exceeding one quarter of a Land share to be granted to Laender whose per-capita revenue from Land taxes and from the income and corporation taxes is below the average of all the Laender combined.

“(2) Federal legislation shall ensure a reasonable equalization between financially strong and financially weak Laender, due account being taken of the financial capacity and financial requirements of communes and associations of communes. Such legislation shall specify the conditions governing equalization claims of Laender entitled to equalization payments and equalization liabilities of Laender owing equalization payments as well as the criteria for determining the amounts of equalization payments. Such legislation may also provide for grants to be made by the Federation from federal funds to financially weak Laender in order to complement the coverage of their general financial requirements (complemental grants).”

6. Article 108 shall obtain the following wording:

“Article 108

“(1) Customs duties, fiscal monopolies, excise taxes subject to federal legislation, including the excise tax on imports, and charges imposed within the framework of the European Communities shall be administered by federal revenue authorities. The organization of these authorities shall be regulated by federal legislation. The heads of authorities at the intermediate level shall be appointed in consultation with the respective Land governments.

“(2) All other taxes shall be administered by Land revenue authorities. The organization of these authorities and the uniform training of their civil servants may be regulated by federal legislation requiring the consent of the Bundesrat. The heads of authorities at the intermediate level shall be appointed in agreement with the Federal Government.

“(3) To the extent that taxes accruing wholly or in part to the Federation are administered by Land revenue authorities, those authorities shall act as agents of the Federation. Paragraphs (3) and (4) of Article 85 shall apply, the Federal Minister of Finance being, however, substituted for the Federal Government.

“(4) In respect of the administration of taxes, federal legislation requiring the consent of the Bundesrat may provide for collaboration between federal and Land revenue authorities, or in the case of taxes under paragraph (1) of this Article for their administration by Land revenue authorities, or in the case of other taxes for their administration by federal revenue authorities, if

and to the extent that the execution of tax laws is substantially improved or facilitated thereby. As regards taxes the revenue from which accrues exclusively to communes or associations of communes, their administration may wholly or in part be transferred by Laender from the appropriate Land revenue authorities to communes or associations of communes.

“(5) The procedure to be applied by federal revenue authorities shall be laid down by federal legislation. The procedure to be applied by Land revenue authorities or, as envisaged in the second sentence of paragraph (4) of this Article, by communes or associations of communes, may be laid down by federal legislation requiring the consent of the Bundesrat.

“(6) The jurisdiction of fiscal courts shall be uniformly regulated by federal legislation.

“(7) The Federal Government may issue pertinent general administrative rules which, to the extent that administration is incumbent upon Land revenue authorities or communes or associations of communes, shall require the consent of the Bundesrat.”

7. Article 115c(3) shall obtain the following wording:

“(3) Federal legislation to be applicable upon the occurrence of a state of defence to the extent required for averting an existing or directly imminent attack, may, subject to the consent of the Bundesrat, regulate the administration and the fiscal system of the Federation and the Laender in divergence from Sections VIII, VIIIa and X, provided that the viability of the Laender communes and associations of communes is safeguarded, particularly in fiscal matters.”

8. Article 115k(3) shall obtain the following wording:

“(3) Laws containing provisions that diverge from Articles 91a, 91b, 104a, 106 and 107, shall apply no longer than the end of the second fiscal year following upon the termination of the state of defence. After such termination they may, with the consent of the Bundesrat, be amended by federal legislation so as to lead up to the settlement provided for in Sections VIIIa and X.”

ARTICLE II

The present Law shall enter into force on January 1, 1970.

The foregoing Law herewith shall be promulgated.

Bonn, May 12, 1969.

The Federal President,

LÜBKE,

The Federal Chancellor,

KIESINGER,

The Federal Minister of Finances,

STRAUSS,

The Federal Minister of the Interior,

BENDA,

The Federal Minister of Justice,

HORST EHMKE.

LAW ON THE JOINT TASK "IMPROVEMENT OF THE REGIONAL ECONOMIC STRUCTURE" OF OCTOBER 6, 1969

The Federal Diet in concurrence with the Federal Council adopted the following Law:

SECTION 1

Joint Task

(1) The following measures shall be taken as a joint task, in the meaning of Article 91a(1) of the Basic Law to improve the regional economic structure:

1. The promotion of the industrial economy through the establishment, extension, reorganization, or fundamental rationalization of industrial establishments;

2. Promotion of the extension of the infrastructure, insofar as it is required for the development of the industrial economy, through the—

(a) Opening up of industrial tracts of land in connection with measures under No. 1;

(b) Extension of traffic communications, energy and water supply installations, and sewage and waste disposal plants, as well as tourist traffic establishments;

(c) Establishment or extension of educational, training, and retraining institutions, insofar as a direct correlation exists with the requirement of the regional economy for a trained work force.

(2) The promotion measures listed in paragraph 1 shall be implemented in areas—

1. In which the economic strength is significantly below the federal average, or threatens to sink below that, or

2. In which branches of industry are predominant, which are affected or threatened by economic changes that have caused negative repercussions to the area to a significant extent, or are predicted to do so.

(3) Individual infrastructural measures also shall be promoted outside the aforementioned areas if such are in direct connection with promoted projects within a neighboring promotion area.

SECTION 2

General Principles

(1) The promotion of measures described in Section 1(1) must conform with the principles of the general economic policy and with the goals and requirements of the regional planning and the planning of the laender. It shall take into consideration the all-German concerns and the requirements of the European Communities. The promotion shall be concentrated on geographic and subject category focal points. It shall be coordinated with other public development projects.

(2) Industrial establishments shall be promoted under Section 1(1) only with start-up and adjustment aids, and only if it can be expected that they will be able to stand up in competition. Recipients

of measures described in Section 1 (1) 2 to extend the infrastructure shall be especially the communities and associations of communities; measures of the Federation and the laender, as well as of natural persons and legal entities which are aimed at profit making, shall not be promoted.

(3) The second half of the second sentence in paragraph 2 shall not apply to community tasks which are carried out in the laender of Berlin and Hamburg.

(4) Fiscal assistance shall be granted only in case of a proper participation of the recipient.

SECTION 3

Joint Master Plan

(1) A joint master plan for the fulfillment of the joint tasks shall be set up.

(2) The master plan shall be set up for the period of fiscal planning: each year shall be examined according to subject category, adjusted to developments, and continued accordingly. The fiscal plans of the Federation and the laender encompassing several years shall be taken into consideration.

* * * * *

SECTION 5

Content of the Master Plan

In the master plan:

1. The areas according to Section 1 (2) shall be defined;
2. The goals which should be attained in these areas shall be described;
3. The measures under Section 1 (1) shall be specified separately, according to fiscal years and laenders, as shall be the funds to be allotted in the following year by the Federation and the laender to fulfill the joint tasks, and the foreseeable funds for the following years of the planning period;
4. Conditions, types, and urgency of promotion in case of the different measures under Section 1 (1) shall be established.

SECTION 6

Planning Board

(1) The Federal Government and the governments of the laender shall set up a planning board to establish the master plan. Members of it are the Federal Minister for the Economy as chairman, as well as the Federal Minister of Finances and one minister (senator) from each land; each member may have himself represented. The number of votes of the Federation shall be equal to the number of votes of all the laender. Each land shall have one vote.

(2) The planning board shall make decisions by three-fourths of the votes.

(3) The planning board shall make its own rules of procedure.

SECTION 7

Reporting [of Measures] for [Inclusion in] the Master Plan

(1) The laender shall recommend to the Federal Minister for the Economy the measures, in the sense of Section 1 (1), planned by them for inclusion in the master plan no later than February 1 of each calendar year. Such reporting shall imply approval by the land according to Article 91a (3) 2 of the Basic Law. The approval may be rescinded until the passing of the resolution on the master plan.

(2) Such reporting shall include all data necessary for inclusion in the master plan according to Section 5 and an explanation of the measures.

(3) The Federal Minister for the Economy shall submit to the planning board the reports of the laender and his own recommendations for passing the resolution.

(4) Paragraphs 1 to 3 shall apply accordingly to reporting of amendments to the master plan.

SECTION 8

Procedure After the Resolution on the Master Plan

The planning board shall transmit the master plan to the Federal Government and the governments of the laender. The Federal Government and the governments of the laender shall include the amounts required to carry out the master plan in the next year in their drafts of the budgets.

SECTION 9

Implementation of the Master Plan

(1) The implementation of the master plan shall be the duty of the laender.

(2) The government of the laender shall, upon request, inform the Federal Government and the Federal Council on the implementation of the master plan and the general situation of the joint task.

SECTION 10

Reimbursement

(1) The Federation, subject to the provisions of Article 91a (4) of the Basic Law, shall reimburse each land, on the basis of accounts, one-half of the expenditures incurred by the land by virtue of the master plan for the projects promoted in the master plan.

(2) The Federation shall make advance payments to the land up to the foreseeable size of the amount to be reimbursed under paragraph 1, according to the actual status of the measure and the available budget funds. To establish the requirements for the fund and the status of the measure, the laender shall inform the Federal Minister for the Economy on the size of the funds spent, as well as the status and the foreseeable development of the project.

SECTION 11

Repayments of and Interest on Federal Funds

(1) Amounts which are payable by grant recipients for the discharge of and interest on loans received, or for compensation for reimbursable losses on the basis of accepted guarantees, shall be paid in installments by the land.

(2) The Federation may demand repayment of allotted Federal funds from the land if the established conditions are not totally or partially fulfilled.

(3) In case of non-compliance with the conditions by the grant recipient, the land shall demand the repayment of the funds in the size of the federal participation and shall pay the withheld amounts to the Federation.

(4) Amounts payable under the previous paragraphs to the Federation by the land shall carry an interest which is 2% higher than the interest rate of the German Federal Bank for public credits, in cases coming under paragraph 2 beginning with the payment of federal funds, and in the cases coming under paragraphs 1 and 3 from the beginning of the second month after the receipt of the amount by the land.

SECTION 12

Transitory Rules

Until the first master plan enters into force under Section 6, action may be taken on the basis of the principles hitherto applicable, but no longer than up to the end of the second calendar year following the effective date of the present law.

SECTION 13

Berlin Clause

The present law, by virtue of Section 13 (1) of the Third Transitory Law of January 4, 1952 (*Bundesgesetzblatt I*, p. 1), shall apply also in the land of Berlin.

SECTION 14

Entering Into Force

The present Law shall enter into force on January 1, 1970.

The present Law shall be herewith promulgated.

Bonn, October 6, 1969.

The Federal President,

The Federal Chancellor,

The Federal Minister for the Economy,

The Federal Minister of Finance,

HEINEMANN,

KIESINGER,

SCHILLER,

STRAUSS.

LAW FOR THE ADJUSTMENT OF LEGALLY ESTABLISHED JURISDICTIONS TO
THE RE-DEFINITION OF THE COMPETENCES OF FEDERAL MINISTERS
(JURISDICTION ADJUSTMENT LAW) OF MARCH 18, 1975

ARTICLE 25

Law for the Promotion of Stability and Growth of the Economy

The Law for the Promotion of Stability and Growth of the Economy of June 8, 1967 (*Bundesgesetzblatt I*, p. 582; 1974, I, p. 796, as amended by the Fiscal Adjustment Law of August 30, 1971 (*Bundesgesetzblatt I*, p. 1426), shall be amended as follows:

1. In Section 18, the following paragraph (3) shall be inserted:

“(3) The Council of Cyclical Economy shall create a special committee for the credit matters of public establishments, which shall deliberate under the chairmanship of the Federal Minister of Finances in accordance with a rules of procedure issued by him.” The hitherto existing paragraph (3) shall become paragraph (4).

2. In Section 22 (1), the words “the Council of Cyclical Economy (Sec. 18)” shall be replaced by the words “Special Committee of the Council of Cyclical Economy (Sec. 18 (3)).”

3. In Sections 22 (2) and (3), the words “Federal Minister for the Economy” and the words “Council of Cyclical Economy” shall be replaced by the words “Federal Minister of Finances” and “Special Committee of the Council of Cyclical Economy” respectively.

4. In the first sentence of Section 25, the words “Federal Minister for the Economy” shall be replaced by the words “Federal Minister of Finances.”

The Constitutional rights of the Federal Council have been observed.
The foregoing Law herewith shall be promulgated.
Bonn, March 18, 1975.

The Federal President,

The Acting Federal Chancellor,

The Federal Minister for the Interior,

The Federal Minister of Justice,

SCHEEL,

GENSCHER,

MAIHOFFER,

Dr. COGEL.

FRANCE ¹

ORDINANCE OF NOVEMBER 23, 1944, REORGANIZING THE ECONOMIC COMMITTEE AND ESTABLISHING THE POWERS OF THE MINISTER OF THE NATIONAL ECONOMY AND THE ORGANIZATION OF ITS SERVICES ²

TITLE I

Reorganization of the Economic Committee

ART. 1. There shall be instituted as a part of the Government an Interministerial Economic Committee charged with proposing to the Government all measures concerning general economic affairs, the adoption of a national plan and the general directives of economic negotiations with foreign governments.

ART. 2. The Economic Committee shall be presided over by the President of the Provisional Government of the French Republic. It shall consist of the following members:

The Minister of the National Economy: Vice President.

The Minister of Industrial Production.

The Minister of Agriculture.

The Minister of Food Supply.

The Minister of Foreign Affairs.

The Minister of Public Works and Transportation.

The Minister of Labor and Social Security.

The Minister of the Colonies.

The Minister of Finance.

The Minister Charged with Reconstruction and Urban Planning.

In addition, any minister can be called upon to sit with the Economic Committee in an advisory capacity for any question of interest to his department.

The Secretary-General of the Government shall assist at the meetings in an advisory capacity.

ART. 3. The Secretary-General of the Economic Committee shall be supported by an official designated by decree, rendered upon the recommendation of the Minister of the National Economy.

TITLE II

Powers of the Minister of the National Economy

ART. 4. Within the framework of general directives of the Government and the Economic Committee, the Minister of the National

¹ French translation by Edmund C. Jann, Chief, and Richard Greenfield, Legal Processing Assistant, European Law Division, Law Library, Library of Congress.

² *Journal officiel* [official law gazette of France, hereafter cited as J.O.], December 7, 1944, p. 1724.

Economy shall be charged with the management of the overall direction of economic affairs of the Government, with the preparation of the Plan, and with the supervision of its execution.

To this end, he shall direct and supervise the actions of the ministers charged with industrial production, agriculture, food supply and reconstruction and urban planning. He shall coordinate the actions of these departments, as well as those of all other ministers in the economic sphere.

ARR. 5. A decree passed in the Council of Ministers shall establish the composition of the Bureau of the Plan and of the Superior Council of the Plan which shall be charged, as part of the Ministry of the National Economy, with all works concerned with the planning of the French economy within the policy framework decree by the Government and by the Economic Committee.

ARR. 6. All ordinances, decrees, orders, or decisions likely to affect the overall economic policy of the Government shall be subject to the countersignature of the Minister of the National Economy, especially those concerning industrial, agricultural, or construction equipment.

The general policy of investments and the distribution of credit, in particular the authorizations for the employment of such reserves of companies as are under their control, the issue or quotation on the stock exchange of stocks and shares, and the allocation of subsidies or Treasury loans to the organizations or enterprises of an economic nature:

The general distribution of raw materials and products.

Domestic and foreign commercial transactions.

Monetary policy and the establishment of rates of exchange.

The policy and establishment of prices.

Transportation policy.

The policy of rentals and low priced housing.

Economic conditions of employment of the work force.

Demographic [Population] policy.

The general level and policy of salaries.

The professional organization of the economy.

Structural reforms in the organization of the economy.

Formation of the frameworks.

The preceding provisions shall not be concerned with the implementing measures taken within the framework of laws and regulations which have already received the approval of the Government or of the Ministry of the National Economy.

The ordinances concerning industrial production, agriculture, food supply, reconstruction, and urban planning shall be jointly countersigned by the appropriate ministers and by the Minister of the National Economy.

ARR. 7. The Minister of the National Economy shall centralize and coordinate the preparation of international economic negotiations which shall be conducted according to the plans established by him. He shall assist the Secretary of the Commission on Imports.

The Minister of Foreign Affairs shall appoint, in agreement with the Minister of the National Economy, the delegations charged with negotiating all economic and commercial accords.

The Minister of the National Economy shall be represented at all financial and monetary negotiations conducted by the Minister of Finance. The latter shall be represented at economic negotiations.

ART. 8. The Minister of the National Economy shall be charged with the preparation of the Program for National Outfitting and with the control of its execution.

To this end, he can request that public administrations and associations place under study all questions pertinent to national outfitting or that they update earlier studies.

ART. 9. The oversight and control of the offices, public establishments, and all other organizations of an economic nature, shall be exercised by the Minister of the National Economy under the conditions established by the Ordinance of November 23, 1944.

ART. 10. The Minister of the National Economy shall initiate the creation of all interministerial commissions whose creation shall be necessary in order to coordinate the economic activities of various ministries, notably those of the Ministers of Industrial Production, Food Supply, and Reconstruction and Urban Planning. The appropriate minister shall designate the officials charged with representing him before these commissions.

ART. 11. Article 1, 1, of the Act known as the law of October 21, 1940, provisionally remaining in force, shall be modified by the following provision: "the list of these products can be modified by decree rendered upon a motion of the Minister of the National Economy."

TITLE III

Organization of the Ministry of the National Economy

ART. 12. The decisions which deal with a policy orientation shall be made within the Ministry of the National Economy by the councils and committees wherein both the representatives of the appropriate ministries and the general interests of the nation play a role.

The preparation and the supervision of the execution of the Plan devolve on the Superior Council of the Plan provided for in Article 5 above.

The methods of execution of the decisions of the Superior Council of the Plan shall be specified and followed by the specialized organizations whose composition, established by decree, shall conform to the same principles.

These organizations shall function as specialized sections of the Superior Council of the Plan and shall be attached to each of the implementing directorates.

They shall be named respectively as follows:

Investment Committee (attached to the Directorates of National Outfitting and Economic Coordination).

Central Committee on Prices (attached to the Directorate of Prices).

Central Committee on Distribution (attached to the Directorate of Distribution).

Committee on Economic Agreements and, during the duration of hostilities, the Supply Committee (attached to the Directorate of Foreign Economic Relations, replacing the Commission on Imports).

ARR. 13. [The following] shall be reattached to the Ministry of the National Economy:

All services subordinate to:

The Secretary-General for Economic Questions (excluding the Directorate of Insurance and the Bureau of Alcohol) and the General Directorate of the National Statistics Service.

The General Delegation on National Outfitting.

The Commission on Imports and the French Mission on Supplies.

The Import-Export Service.

The Economic Studies Service of the Merchant Marine.

And the following directorates and services of the Central Section of the Office of Distribution of Industrial Products:

The General Distributor.

The Directorate of General Inspection.

The Directorate of Technical Services.

By decrees countersigned by the Minister of the National Economy and the appropriate minister, all or part of the documentation, statistical, and general studies services shall be reattached to the Minister of the National Economy, especially:

The Economic Studies Service of the Interprofessional Information Center, the Directorate of Statistics, and the industrial documentation of the OCRPI's Economic Documentation Service on Direct Taxation.

ART. 14. Independently of the cabinets of the ministries to which they are attached:

[i.e.:] The Bureau of the Cabinet; [and] The Directorate of Administrative Services, the Ministry of the National Economy shall include the following Directorates and Services:

1. The Directorates of the Plan and of Documentation, i.e.:

The Directorate of the Plan, together with the Bureau of the Plan and the Services of the Plan.

The Directorate of Documentation and Economic Studies.

2. The Directorates of Execution, i.e.:

The Directorate of Economic Coordination.

The Directorate of National Equipment.

The Directorate of Prices.

The Directorate of Distribution.

The Directorate of Foreign Economic Relations.

3. The General Directorate of Economic Supervision.

4. The subordinate services.

ART. 15. The General Directorate of Economic Supervision shall resume the powers granted to the General Directorate of Price Control by legislation in force on the control of prices, supplies, and rationing of industrial products.

In addition, it [the Directorate] shall be charged with directing the economic activities of the aggregate of services which shall participate in economic supervision and policing.

ART. 16. The following services shall be attached to the Central Administration of the Minister of the National Economy:

To the Directorate of Documentation and Economic Studies, the National Record Service.

To the Directorate of Economic Coordination, the Commissariat of Fatty Substances.

To the Directorate of Foreign Relations:

The Central Service of Import-Export Licensing.

The Commercial Expansion Service.

The Import-Export Service.

The State Credit Insurance Service.

ART. 17. Until December 31, 1944, decrees passed in the Council of Ministers shall be empowered:

1. To carry out, insofar as they are needed, the credit transfers necessary to the execution of Articles 13 to 16 above;

2. To merge or abolish the administrations, directorates, and services enumerated in Article 13; to modify their structure, their composition, or their title; to restore all or part of their services to the ministries to which they were formerly attached or to transfer them to other ministries;

3. To establish the organization of directorates and services enumerated in Articles 14 to 16 and to create any other organizations whose existence might be necessary to the operation of the Ministry of the National Economy.

ART. 18. In order to fill the positions created by the above-mentioned decrees, the Minister of the National Economy shall be authorized to appoint, on temporary assignment, even those employees not belonging to his administration.

ART. 19. Hereby abrogated are:

The Decree of April 24, 1944, Concerning the Creation of an Economic Committee.

All prior laws and regulations which sought to create inter-ministerial economic coordinating bodies.

And more generally, all provisions contrary to those of the present Ordinance.

Hereby expressly considered void are:

The act known as the Law of February 8, 1944, Concerning Reorganization of the Economic Control.

The act known as the Law of February 8, 1944, Concerning the Employment of Price Control Personnel.

However, the [administrative] effects resulting from the implementation of the Law of February 8, 1944, prior to the entrance into force of the present Ordinance shall remain valid.

ART. 20. The present Ordinance shall be applicable in Algeria.

The conditions of its application to the territories within the jurisdiction of the Minister of the Colonies and of those [administrative] bodies of Metropolitan France involved in the colonial economies shall be established by decrees rendered upon the recommendation of the Ministers of the Colonies and the National Economy.

ART. 21. The present Ordinance shall be published in the Journal officiel of the French Republic and executed as law.

DECREE NO. 46-2 OF JANUARY 3, 1946,³ PERTAINING TO THE CREATION, WITHIN THE PRESIDENCY OF THE GOVERNMENT, OF A COUNCIL ON THE MODERNIZATION AND OUTFITTING PLAN AND ESTABLISHING THE POWERS OF THE COMMISSIONER-GENERAL OF THE PLAN

ART. 1. Within the prescribed time of six months from the publication date of the present Decree, there shall be established the first comprehensive plan for the modernization and economic outfitting of Metropolitan France and the Overseas Territories.

In particular, this Plan shall have as its object:

1. To increase the production of Metropolitan France and the Overseas Territories and their world trade, particularly in the areas where their position is the most favorable.
2. To raise the work output to the level of those countries where it is highest;
3. To ensure full employment of the work force;
4. To raise the standard of living of the population and to ameliorate living conditions and the quality of life [*la vie collective*].

The Plan shall extend to the reconstruction of public and private machinery and equipment damaged or destroyed as a consequence of war.

ART. 2. There shall be created a Planning Council within the Presidency of the Government which shall propose to the Government the Plan and the means of assuring its execution.

This Council shall be composed of the following:

- The President of the Provisional Government of the Republic: President.
- The Minister of the National Economy: Vice President.
- The Minister of Foreign Affairs.
- The Minister of Munitions.
- The Minister of Finance.
- The Minister of Agriculture and Food Supplies.
- The Minister of Industrial Production.
- The Minister of Public Works and Transportation.
- The Minister of Labor.
- The Minister of the Colonies.
- The Minister of Reconstruction and Urban Planning.
- The Commissioner-General of the Plan.

Not less than twelve persons nor more than fourteen shall be chosen by reason of their [special] competence and shall be named by Presidential decree upon the recommendation of the Minister of the National Economy.

The internal regulations of the Planning Council shall be established by Presidential decree.

ART. 3. The departments of the Commissioner-General's Office shall be responsible to a Commissioner-General named by decree.

The Commissioner-General shall be charged with the formulation of proposals which shall be submitted for examination to the Planning Council. He shall be the permanent delegate of the President of the

³ J.O., January 4, 1946, p. 130.

Government attached to the ministerial departments, with jurisdiction over anything which concerns the establishment of the Plan. The Commissioner-General of the Plan shall be a member of the Economic Committee, the Interministerial Committee on German and Austrian Affairs, the National Economic Council, and the National Council on Credit.

ART. 4. The Commissioner-General shall initiate any investigation which he deems useful regarding [agencies of] public administration, and with their cooperation, [any investigation] regarding professional organizations of workers and employers, manufacturers and owners, and all other organizations or persons that he shall deem advisable to consult.

The [agencies] of public administration and organizations participating in the administration of a public service shall furnish him [the Commissioner-General] with all the statistical information and other elements of information requested.

The competent ministers shall give him their cooperation in accomplishing his mission, particularly as regards the establishment of a comprehensive balance sheet, and shall furnish him with all the production schedules already established for the different activities of the national economy.

From the publication date of the present Decree, all the programs affecting the economic activity of the country, especially those related to production, to reconstruction, to munitions, to machinery, to foreign commerce and to the appropriation of enemy goods by right of reparation, prepared by the competent ministerial departments, shall be communicated to the Commissioner-General. The Commissioner-General shall be kept up-to-date on projects in the process of development.

ART. 5. The Commissioner-General of the Plan shall submit to the President of the Government the decrees instituting the working and coordinating committees, composed of high level officials belonging to the ministries represented on the Planning Council, as well as [those instituting] the modernization commissions, consisting of representatives of the administration and of experts and representatives of trade union and professional organizations.

ART. 6. During the formulative period of the Plan, the Minister of the National Economy shall place at the disposition of the Commissioner-General, the Institute of Contingency [Planning], the Outfitting Service and the Case Studies Service of the National Center of Economic Information. These organizations shall be held responsible for applying all the directives and for carrying out the works which shall be determined for them by the Commissioner-General of the Plan. Nevertheless, they shall continue to be subordinate, from an administrative and financial standpoint, to the Minister of the National Economy.

ART. 7. The Commissioner-General's Office shall include, under the authority of the Commissioner-General, those charged with detached service, whose status is governed by paragraphs 2 and 3 of Article 5 of the Law of August 13, 1936.

ART. 8. All provisions contrary to those of the present Decree are abrogated.

ART. 9. The Minister of the National Economy, the Minister of Munitions, the Minister of Finance, the Minister of Foreign Affairs, the Minister of Agriculture and Food Supplies, the Minister of Industrial Production, the Minister of Public Works and Transportation, the Minister of Labor, the Minister of the Colonies, and the Minister of Reconstruction and Urban Planning are charged, insofar as it concerns him, with the execution of the present Decree which shall be published in the Journal officiel of the French Republic.

DECREE No. 46-384 OF MARCH 8, 1946, MODIFYING No. 46-2 OF JANUARY 3, 1946⁴

ART. 1. Article 2 (3rd par.) of Decree No. 46-2 of January 3, 1946, shall be modified as follows:

“Not less than fifteen persons nor more than eighteen, chosen by reason of their [special] competence and named by decree of the President of the Government upon recommendation of the Minister of the National Economy.”

ART. 2. Article 2 (4th par.) shall be complemented as follows:

After: “The Minister of Reconstruction and Urban Planning” add:

“The Minister of Public Health and Population;

“The Minister of the Post Office, Telegraph and Telephone [Services];

“The Under-Secretary of State to the National Economy.”

ART. 3. Article 2 (4th par.) shall be complemented as follows:

“The Secretary-General of the Government, the Vice President of the National Council on Credit, and the Secretary of the Inter-ministerial Committee shall attend the meetings of the Council in an advisory capacity.”

ART. 4. Article 6 shall be complemented as follows:

Par. 2: “The nominating decrees shall be countersigned by the Minister of the National Economy.”

ART. 5. The President of the Provisional Government of the Republic shall be charged, etc. [see Art. 9 of Decree 46-2].

DECREE No. 46-521 OF MARCH 27, 1946, MODIFYING DECREE No. 46-2 OF JANUARY 3, 1946⁵

ART. 1. Article 2 (4th par.) shall be complemented as follows:

“The Secretary-General of the Government, the Vice President of the National Council on Credit, the Secretary of the Inter-ministerial Committee, and the Director-General of Economic Affairs to the Minister of Foreign Affairs shall attend the meetings in an advisory capacity.”

ART. 2. The President of the Provisional Government shall be charged, etc. [see Art. 9 of Decree 46-2].

⁴ J.O., March 12, 1946, p. 2038.

⁵ J.O., March 12, 1946, p. 2035.

DECREE No. 46-648 OF APRIL 11, 1946, MODIFYING DECREE No. 46-2 OF JANUARY 3, 1946 ⁶

ART. 1. Article 2 (2d par.) shall be complemented as follows:

After: "The Minister of Finances" add "The Minister of the Interior".

ART. 2. The Minister of the National Economy shall be charged, etc. [see Art. 9 of Decree 46-2].

DECREE No. 46-2009 OF SEPTEMBER 17, 1946, MODIFYING DECREE No. 46-2 OF JANUARY 3, 1946 ⁷

ART. 1. Article 2 (2d par.) of the Decree of January 3, 1946, shall be complemented as follows:

After: "The Minister of Industrial Production" add: "The Minister of National Education, The Minister of the Armies."

ART. 2. Article 2 (4th par.) of the Decree of January 3, 1946, shall be complemented as follows:

[who] shall attend the Council [meetings] in an advisory capacity:

After: "The Secretary-General of the Government," add: "The Chief of State Major-General of National Defense."

ART. 3. The Minister of the National Economy shall be charged, etc. [see Art. 9 of Decree 46-2].

DECREE No. 50-410 OF MARCH 31 1950, CONCERNING THE ORGANIZATION OF A NATIONAL ACCOUNTING OFFICE ⁸

ART. 1. There shall be constituted a Committee of Experts, named by joint decree of the President of the Council and of the Minister of Finance and Economic Affairs, which shall be charged with carrying out the following tasks:

1. To propose any modifications in setting up public accounts and statistics likely to facilitate the establishment of economic accounts and budgets of the nation;

2. To draw up by October 15 of each year, beginning with the year 1950:

(a) The economic accounts of the nation for the past business year just completed;

(b) The provisional accounts for the business year in progress;

(c) The projected accounts for the coming business year.

3. To present a report on the nature and the meaning of the results obtained.

ART. 2. The works referred to in Article 1 shall be submitted to a Commission of the National Accounting Office whose president shall

⁶ J.O., April 12, 1946, p. 3063.

⁷ J.O., September 18, 1946, p. 8007.

⁸ J.O., April 6, 1950, p. 3731, J.O., April 7, 1950, p. 3739.

be designated by the President of the Council on a motion by the Minister of Finance and Economic Affairs, and which shall include in addition :

- The Commissioner-General of the Plan ;
- The Governor of the Bank of France ;
- A Magistrate of the Court of Accounts designated by the First President of the Court ;
- The Director-General of the National Institute of Statistics and Economic Studies ;
- The Director of the Budget ;
- The Director of the Treasury ;
- The Director of Foreign Finances ;
- The Director of the Public Accounting Office ;
- The Director-General of Prices and Economic Control ;
- The Director of Programs ;
- The Director of Foreign Economic Relations ;
- The Director of General, Departmental, and Communal Organization ;
- The Director-General of Railroads and Transportation ;
- The Chief of the Studies and Documentation Service of the Ministry of Agriculture ;
- The Director of Economic Affairs and of the Plan of the Ministry of Overseas France ;
- The Director-General of Social Security ;
- The Director of Labor ;
- The Director-General of Coordination of the Ministry of Reconstruction and Urban Planning.

The Committee of Experts, after examination by the Commission as provided for in the present Article, shall submit its report to the Interministerial Economic Committee which shall be charged with the preparation of its presentation to Congress.

ART. 3. The statistical elements of the work of the Committee of Experts shall be centralized :

1. By the Bureau of Statistics of the Directorate of the Treasury, operating in conjunction with the General Directorate of Taxes, the Directorate of the Budget, the Directorate of Public Accounting, and the Directorate of External Finances.

2. By the National Institute of Statistics and Economic Studies operating in conjunction with the Directorate of Programs, the offices of Foreign Economic Relations and the different economic and technical ministries.

The Committee of Experts shall be authorized to demand from these administrations all the information and any specific studies that it shall deem necessary. It shall seek the opinions of persons designated because of their [special] competence and their previous studies in matters of national revenue and economic accounting. It shall be able to acquire assistance upon demand on a temporary basis and for tasks determined by the members of the Council of State, the Court of Accounting, the General Inspectorate of Finances, the General Inspectorate of the National Economy, and civil administrators put at its disposition by decision of the competent authority.

ART. 4. The Vice President of the Council, the Minister of the Interior, the Minister of Finance and Economic Affairs, the Minister of Industry and Commerce, the Minister of Agriculture, the Minister of Reconstruction and Urban Planning, the Minister of Public Works, Transportation, and Tourism, the Minister of Overseas France, the Minister of Labor and Social Security, the Secretary of State for Finance (Economic Affairs) and the Secretary of State for Finance and for Economic Affairs are charged, each insofar as it concerns him, with the execution of the present Decree, which shall be published in the Journal officiel of the French Republic.

DECREE No. 65-552 OF JULY 9, 1965, CONCERNING THE CREATION OF A DIRECTORATE WITHIN THE MINISTRY OF FINANCE AND ECONOMIC AFFAIRS⁹

ART. 1. There shall be created within the Central Administration of Finance and Economic Affairs a Directorate of Forecasting.

ART. 2. The Directorate shall be charged :

1. With establishing the economic budgets, with participating in the formulation of national accounts and with supporting the Secretariat of the Commission on Economic Accounts and Budgets of the Nation ;

2. With studying the data and the results of governmental action in the principal economic sectors ;

3. With participating in the preparation of the Plan, particularly in its financial aspects ;

4. With conducting or organizing, in conjunction with the General Commissariat of the Outfitting and Productivity Plan, forecasting studies on problems of economic and technical development, particularly in the following areas :

Relations between technical progress and the development of the economy.

Research on optimal economic structures.

Development of foreign economies.

5. With contributing to the definition and the perfection of analysis techniques enabling [one] to calculate the cost, to measure the profitability, and to evaluate the direct and indirect economic effects of a given operation.

ART. 3. The Forecasting Directorate shall be organized by sub-directorates and by bureaus whose number and jurisdiction shall be established by decree of the Minister of Finance and Economic Affairs.

In addition, it [the Directorate] shall include a section of applied research.

ART. 4. The Prime Minister, the Minister of State charged with Administrative Reform, and the Minister of Finance and Economic Affairs shall be charged with the execution of the present Decree, which shall be published in the Journal officiel of the French Republic.

⁹ J.O., July 10, 1965, p. 5921.

THE NETHERLANDS¹

LAW OF APRIL 21, 1947, STB.² H 127, CONTAINING THE PREPARATION FOR ESTABLISHING A CENTRAL ECONOMIC PLAN

ART. 1. For the purposes of this law: "Our Ministers" are: Our Ministers of Economic Affairs, of Agriculture, Fisheries and Food Supplies, of Traffic, of Public Works and Reconstruction, of Finances, of Inland Affairs, of Foreign Affairs, of Overseas Territories, and of Welfare Affairs.

ART. 2. 1. There shall be a Central Plan Bureau [Centraal Planbureau], which comes under Our Minister of Economic Affairs.

2. At the head of the Bureau shall be a board of directors [directie], consisting of a managing director [directeur] and two assistant directors [onder-directeuren], who shall be appointed, suspended, and fired by Our Minister of Economic Affairs in consultation with the other Ministers mentioned in Article 1.

ART. 3. 1. The Central Plan Bureau shall have the task of performing all activities concerning the preparation of a Central Economic Plan, which shall be established by the Government at regular times for the purpose of coordinating government policy in the economic, social and financial fields, as well as giving advice on general questions that may arise with respect to the realization of the plan.

2. The Central Economic Plan shall be a balanced structure of estimates and guidelines concerning the Dutch economic system [volkshuishouding].

3. The Central Economic Plan shall contain, among other things, collections of figures concerning the future extent of production in the broadest sense, [concerning] the future level and development of the price level, [and] of the national income and its components, [concerning] all other quantities [grootheden] important for a good coordination of the economic, social, and financial policy.

ART. 4. 1. There shall be a Central Planning Commission whose members, numbering at least fifteen and at the most twenty-five, shall be appointed jointly by Our Ministers.

2. A representative of each of Our Ministers shall serve in this Commission.

3. Further, the Commission shall be composed of representatives of other official [ambtelijke] organs and of persons who, on account of their expertise [wetenschappelijke hoedanigheid] or their position in trade and industry [bedrijfsleven], or in another field, may be deemed able to judge the work of the Central Plan Bureau and to set guidelines therefor.

¹ Dutch translation by Joyce Darlek, Legal Specialist, European Law Division, Law Library, Library of Congress.

² *Staatblad van het Koninkrijk der Nederlanden* [official law gazette of the Netherlands].

4. The member specified in the third paragraph shall be appointed and fired by Our Minister of Economic Affairs, in consultation with the other Ministers mentioned in Article 1.

5. Our Minister of Economic Affairs shall designate a member as chairman of the Commission in consultation with the other Ministers mentioned in Article 1.

6. The board of directors of the Central Plan Bureau shall be entitled to attend the meetings of the Commission.

ART. 5. The Central Plan Commission shall advise Our Minister of Economic Affairs or the board of directors of the Central Plan Bureau concerning the activities of the Bureau.

ART. 6. 1. Our Minister of Economic Affairs, in consultation with those of Our Ministers whom it concerns, after having consulted the Central Plan Commission, may establish working committees to elaborate parts of the Central Economic Plan.

2. A working committee shall consist of:

- a. One or more representatives of the Central Plan Bureau;
- b. One or more representatives of those of Our Ministers whom it concerns;
- c. One or more representatives of trade and industry or other parties interested in the part concerned.

3. The chairman and the other members of a working committee shall be appointed and fired by Our Minister of Economic Affairs, in consultation with those of Our Ministers whom it concerns.

ART. 7. The working committees shall advise and support the board of directors of the Central Plan Bureau in elaborating the parts of the Central Economic Plan.

ART. 8. This law shall go into effect the day after its promulgation.

DECREE OF NOVEMBER 6, 1972, STB. 590,³ TO ESTABLISH A
PROVISIONAL SCIENTIFIC COUNCIL FOR GOVERNMENT POLICY

ART. 1. There shall be a Provisional Scientific Council for Government Policy, hereafter to be called the Council.

ART. 2. The Council shall have as its task:

- a. To advise the Government [Regering] about the long-term development of the society and sufficiently in advance to—
 - Signal bottlenecks in the long-term development;
 - Formulate problems with respect to major long-term questions;
 - Indicate policy alternatives.

- b. In connection therewith to develop an integrated long-term framework for the use of the Government in establishing priorities and pursuing a coherent policy which is also justified for the future.

- c. To make proposals with respect to activities performed inside as well as outside of the Government [Rijksoverheid] in the field of projecting the future [toekomstonderzoek] and long-term planning concerning:

- The removal of structural shortcomings;
- The promotion of certain research;
- The improvement of communication and coordination.

³ *Staatsblad van het Koninkrijk der Nederlanden* [official law gazette of the Netherlands].

ART. 3. 3.1. In the execution of its task, the Council shall rely also on the results of research done by other institutions.

3.2. The Council may turn directly to government services and public and private institutions to obtain the information it needs.

3.3. The Ministers shall ensure that the Council, insofar as such may be useful for the performance of its task, is informed in time of the projection of the future, which is carried out under their responsibility, and of the results thereof as well as of policy hypotheses [beleidsveronderstellingen] and long-term policy intentions.

ART. 4. 4.1. The Council may directly consult official [ambtelijke] and non-official [niet-ambtelijke] experts.

4.2. The Council may organize committees. For the cooperation of official experts it shall require the cooperation of Our Ministers concerned.

4.3. The Council in its field may maintain international contacts directly.

ART. 5. The chairman and the members of the Council shall be bound to secrecy in regard to all that has come to their knowledge from the Government [van overheidswege] while performing their task, insofar as that obligation follows from the nature of things or was imposed explicitly by Our Ministers concerned.

ART. 6. The Council may make a request to undertake certain studies or to have them undertaken. This shall take place with the cooperation of Our Ministers concerned, insofar as it concerns departments and institutions functioning under their responsibility.

ART. 7. 7.1. The Council shall advise Our Prime Minister, the Minister of General Affairs.

7.2. The Council may ask Our Prime Minister, the Minister of General Affairs, for joint consultation with the Council of Ministers regarding the Council's advice.

ART. 8. 8.1. The advice given by the Council shall, in principle, be public.

8.2. The Council shall publish its advice after assent from the Council of Ministers.

ART. 9. 9.1. The Council shall consist of at least five members.

9.2. Our Prime Minister, the Minister of General Affairs, shall appoint the chairman and the members of the Council in conformity with the opinion of the Council of Ministers.

9.3. The chairman and the members shall be appointed for five years, except when a separation is granted sooner.

9.4. Whoever is appointed to fill an interim vacancy shall resign at the same time that the one he replaced should have resigned.

ART. 10. 10.1. The activities of the chairman of the Council shall constitute a full-time job.

10.2. The other members of the Council shall make a considerable amount of their worktime available to the Council.

ART. 11. 11.1. There are extraordinary members who may, on account of their function in the Government [Rijksoverheid], provide the Council with advice.

11.2. The Council shall determine the way in which the extraordinary members are involved in its activities.

11.3. The Council may make proposals with reference to the extraordinary membership.

11.4. Our Prime Minister, the Minister of General Affairs, shall appoint the extraordinary members of the Council, in conformity with the opinion of the Council of Ministers.

ART. 12. 12.1. The Council shall have a secretary [secretaris].

12.2. Our Prime Minister, the Minister of General Affairs, shall appoint the secretary of the Council.

12.3. The Council shall have a bureau which, under the leadership of the secretary, shall assist the Council in its activities.

12.4. The bureau shall be under the jurisdiction of the Department of General Affairs.

ART. 13. The Council may set further regulations for its mode of operation.

ART. 14. A separate amount shall be appropriated annually in the budget of the Department of General Affairs for expenditures for the benefit of the Council, including the bureau.

ART. 15. This decree shall go into effect the day after it is placed in the Staatsblad and shall remain in effect for five years at the most.

The Social Economic Council (Sociaal-Economische Raad) is the main advising organ of the government in the social welfare and economic field. It also has an important place in industrial organization.

A translation of the first chapter of the Law Concerning Industrial Organization follows. This chapter deals specifically with the Social Economic Council and its tasks.

LAW OF JANUARY 27, 1960, STB.⁴ K 22, CONCERNING INDUSTRIAL ORGANIZATION [BEDRIJFSORGANISATIE] AS AMENDED

FIRST CHAPTER

Concerning the Social Economic Council

TITLE I

Concerning Its Seat and Its Task

ART. 1. 1. There shall be a Social Economic Council, hereafter called the Council.

2. The Council shall have its seat at The Hague.

3. The Council shall be a legal person.

ART. 2. The Council, without prejudice to the advising function entrusted to it in the fifth title of this chapter, shall have as its task the promotion of activity in trade and industry serving the interests of the Dutch population, as well as the protection of the interests of industry and the persons connected with it.

TITLE II

Concerning the Composition and Organization

§ 1. *General Provision*

ART. 3. The Council shall have a chairman, an executive committee [dagelijks bestuur], a secretary-general [algemeen secretaris], and,

⁴ Staatsblad van het Koninkrijk der Nederlanden [official law gazette of the Netherlands].

when applying Article 19, one or more committees appointed from among its members.

§ 2. *Concerning the Council*

ART. 4. 1. The Council shall consist of at least thirty and no more than forty-five members.

2. At least two-thirds of the members shall be appointed by the organizations designated by Us of employers and of employees and the others by Us. In Our judgment, only generally recognized central and other representative organizations of employers and, in Our judgment, generally recognized central organizations of employees shall be considered for designation.

3. An alternate may be appointed at the same time for each member.

4. The same number of members shall be appointed by organizations of employees as by organizations of employers.

5. We shall determine :

a. the number of members of the Council ;

b. the number of members which each organization designated by Us may appoint.

6. In a general administrative decree, regulations may be set on the acceptance by the members and their alternates of their function.

7. The Council shall be heard, before a recommendation is made to Us to designate an organization as specified in the second paragraph, or to make a decision as specified in the fifth paragraph.

ART. 5. 1. Only Dutch subjects who at the same time are residents of the Realm in Europe, have reached the age of thirty, are not deprived of their eligibility in elections called under statutory provisions, [and who have not been] excluded from the right to vote in such elections may be member[s] or alternate member[s] of the Council.

2. Those persons are precluded from membership who are deprived of the right to exercise offices or certain offices, or certain professions or functions.

ART. 6. 1. In a general administrative decree, regulations may be set concerning the incompatibility of [a person's] membership on the Council with [his] other activities. The Council shall be heard, before a recommendation for such a measure is made to Us.

2. Within two months after the promulgation of a general administrative decree, as specified in the preceding paragraph, a proposal is made to the States-General [Staten-Generaal] to ratify this [general administrative decree] by a law. If the proposal is withdrawn or is rejected by one of the Chambers of the States-General, the general administrative decree shall be revoked immediately.

ART. 7. In a general administrative decree, regulations may be given to ensure the compliance of what is determined in Article 5 and of the regulations set under Article 6. The Council shall be heard before a proposal for such a general administrative decree is made to Us.

ART. 8. 1. The members of the Council and their alternates shall resign every two years at the same time, and may be reappointed immediately.

2. The members of the Council and their alternates may resign at any time by a written notification to the chairman of the Council.

3. Whoever is appointed as a member or alternate member to fill

an interim vacancy shall resign at the [same] time at which the one in whose place he was appointed was due to resign.

ARR. 9. The members of the Council and their alternates may receive compensation according to regulations to be set by the Council in an ordinance. Such an ordinance shall require Our approval.

ARR. 10. The members of the Council and their alternates shall be bound to secrecy in regard to all business and trade secrets which they learn in their capacity and, in addition, in regard to all [other] matters over which the Council or the chairman has imposed secrecy, or of which they must understand the confidential nature.

§ 3. *Concerning the Chairman*

ARR. 11. 1. The Chairman shall be appointed by Us from among the members of the Council and may be suspended and fired by Us. The Council shall be heard before a recommendation for appointment or dismissal is made to Us.

2. The chairman shall have two alternates who shall be appointed by the Council from its membership and who may be suspended and dismissed by this [Council].

3. The appointment of the alternating chairmen shall take place so that one of them is appointed from each of the [following] groups: members appointed by organizations of employers; members appointed by organizations of employees; and other members with the exception of the group from which the chairman is appointed.

ARR. 12. 1. The appointment of the chairman and the alternate chairmen shall take place each time for two years at the most. They may be reappointed immediately.

2. The chairman and the alternating chairmen may at all times resign as such by a written notification to Us [or] the chairman respectively.

ARR. 13. Articles 9 and 10 shall be applicable accordingly with respect to the chairman and the alternating chairman.

§ 4. *Concerning the Executive Committee*

ARR. 14. 1. Apart from what is determined in the following paragraph, the Council shall appoint from among its members the members of the executive committee.

2. The chairman of the Council shall be a member and chairman; the alternating chairmen shall be members of the executive committee.

3. The executive committee shall be composed in such a way that the different ideological social trends which are the basis of the organizations designated pursuant to Article 4 shall be represented in it.

ARR. 15. Articles 9 and 10 shall be applicable accordingly with respect to the executive committee.

§ 5. *Concerning the Secretariat*

ARR. 16. 1. The Council shall have a secretariat, which consists of a secretary-general, one or more secretaries, and other personnel.

2. The secretary-general and the secretaries shall be employed and may be dismissed by the Council. The employment of the secretary-general shall require Our approval.

3. The Council shall set regulations in an ordinance concerning employment and dismissal, as well as concerning the wages and the other working conditions of the staff. Such an ordinance shall require the approval of Our Ministers of Economic Affairs and Welfare Affairs.

ART. 17. 1. The secretary-general and the secretaries may not conduct an enterprise themselves nor be employed by a natural or legal person who conducts an enterprise, nor perform any other function on behalf of such a natural or legal person. By enterprise shall be also understood a business which is not aimed at making a profit.

2. Further regulations may be set in a general administrative decree concerning the incompatibility of a function in the secretariat with other activities.

3. Regulations may be set in a general administrative decree to ensure the compliance of what is determined in the first paragraph and the regulations set pursuant to the second paragraph.

4. The Council shall be heard before a recommendation for a decree as specified in the second and third paragraph[s] is made.

ART. 18. Article 10 shall be applicable accordingly with respect to the personnel of the secretariat.

§ 6. *Concerning the Committees Formed Among the Membership of the Council*

ART. 19. 1. The Council shall be entitled to establish committees from its membership for certain subjects.

2. Articles 9 and 10 shall be applicable with respect to these committees.

TITLE III

Concerning Procedure

ART. 20. The Council shall not meet if, according to the attendance list, no more than half of the members serving are in attendance. After a meeting has been called for twice, and if no more than half of the members serving are in attendance, the next meeting called for shall be held, irrespective of the number of members attending.

ART. 21. The members of the Council shall not be proceeded against for what they have said in the meetings or for what they have submitted to it in writing.

ART. 22. The members of the Council vote without a mandate or consultation.

ART. 23. The members of the Council shall abstain from voting on matters which personally concern them, their spouses, or their relatives by blood or by marriage to the third degree.

ART. 24. 1. Voting on issues shall be done orally and by rollcall; voting on persons shall be done by sealed and unsigned ballots.

2. If, when deciding an issue, none of the members asks for a vote, the proposal shall be deemed to have been accepted.

ART. 25. 1. A vote shall be void if no more than half of the number of members serving, who must not abstain from voting, have participated in the voting.

2. Members who have submitted blank ballots in applying this Article are deemed to have participated in the vote in case of a vote on persons.

3. In case of a void vote, a second vote shall take place in the next meeting. This one shall be valid, irrespective of the number of members participating in it.

4. A vote held in a meeting, as specified in the second sentence of Article 20, is valid, irrespective of the number of members participating in the vote.

ART. 26. 1. Every member may cast one vote.

2. In order to pass an ordinance, a majority of two-thirds shall be required; in order to adopt another resolution, the absolute majority of the votes cast shall be required. Blank votes shall be deemed not to have been cast.

ART. 27. 1. In case of a tie in a plenary meeting, the proposal shall be deemed not to have been accepted if it concerns issues, and, if it concerns persons, it shall be decided by lot.

2. In case of a tie in a meeting at which not everyone is present, the decision making shall be postponed to a subsequent meeting, in which the deliberations may be reopened. If the votes tie again, the previous paragraph shall be applicable accordingly.

ART. 28. 1. Our Ministers to be appointed by Us shall be authorized to attend the meetings to be held by the Council and the committees from among its members, and to be assisted by one or more persons to be designated by them, or to be represented by one or more of such persons. They, as well as their representatives, shall have an advisory vote in these meetings.

2. Our Ministers, specified in the first paragraph shall be notified in time of the meetings as specified in that paragraph.

ART. 29. Articles 20 through 27 shall be applicable accordingly with respect to the executive committee.

ART. 30. The Council shall ask the advice which it deems necessary to fulfill its task.

ART. 31. The Council in an ordinance may set further regulations concerning its procedure.

TITLE IV

Concerning the Fulfillment of the Task

ART. 32. 1. The Council shall pass the ordinances which it deems necessary for the fulfillment of the task described in Article 2, with respect to the subjects whose regulation and further regulation is entrusted to it.

2. Infringements of what is regulated in or under these ordinances may be indicated as criminal acts.

3. Ordinances in which an indication is made as specified in the preceding paragraph shall require Our approval.

ART. 33. The law shall determine for whom those ordinances specified in Article 32, first paragraph, may contain binding regulations.

ART. 34. So long as an ordinance as specified in Article 32, first paragraph, has not been annulled, it shall be deemed to regulate or further regulate a subject as specified in that paragraph.

ART. 35. The Council, in regard to the fulfillment of its task described in Article 2, may delegate its powers—with the exception of the power to make ordinances and the power to determine the amount of receipts and expenditures under Article 52, third paragraph—to the chairman, the executive committee, the secretary-general or a committee from among its members, while setting such rules as it deems necessary.

ART. 36. The Council shall render assistance required by or under a law for its execution. Among the assistance required may also be the setting of further regulations in an ordinance.

ART. 37. Unless the regulation under which the assistance is called for determines otherwise, the Council may have the assistance—required of it with the exception of that [assistance which] consists of setting further regulations in an ordinance—rendered by a committee from among its members, while [the Council] sets such regulations as it deems necessary.

ART. 38. 1. The Council shall publicize the drafts of ordinances which contain general binding regulations in the way described in the general administrative decree, unless urgent reasons prevent this [publicizing] according to its [i.e., the Council's] judgment, and it shall provide the opportunity for sending objections to it [i.e., the Council] in writing during a term to be determined also in a general administrative decree.

2. Unless urgent reasons prevent this according to its judgment, the Council shall deliberate and determine drafts of ordinances in public. Ordinances which are not deliberated or determined in public shall require Our approval.

3. Ordinances of the Council, as specified in the first paragraph and in Article 47, shall be promulgated in the way to be determined by general administrative decree. If they require Our approval, the promulgation does not take place until after it is granted. They go into effect the day after their promulgation unless otherwise determined.

ART. 39. The chairman shall represent [the Council] in and out of court.

ART. 40. The Council, if requested, shall inform Our Ministers designated under Article 28, first paragraph, about all matters concerning the Council.

TITLE V

Concerning Advice from the Council

ART. 41. 1. The Council, if requested, shall advise Our Ministers and may advise them of its own accord on the execution of this Law and other matters of a social welfare or economic nature.

2. Unless the national interest forbids this according to their judgment, Our Ministers, under Article 28, first paragraph, shall request advice from the Council or the committee specified in Article 43 concerning all the important measures in the social welfare or economic field that they intend to take.

ART. 42. 1. The Council may establish committees on which persons outside the Council may also be seated, to prepare advice to be given by it.

2. With respect to these committees, Articles 9, 10, and 28 shall be applicable accordingly.

ART. 43. 1. At the request of Our Ministers concerned, the Council shall establish committees to consider certain subjects. The composition of these committees on which persons outside the Council may also be seated shall be drawn up in consultation with Our Ministers.

2. The Council, if requested, shall submit along with its advice that [advice] of a committee established according to the previous paragraph.

3. If Our Ministers concerned have requested the advice of such a committee, it shall be given to them directly. The Council shall be notified of this advice.

4. With respect to these committees, Articles 9, 10, and 28 shall be applicable accordingly.

ART. 44. The Council may authorize the committees specified in Articles 42 and 43 to give advice in its name. Such an authorization for advice to be given shall not be granted at the request of one of Our Ministers when such [a Minister] has requested that it [i.e., the advice] be given by the Council itself.

ART. 45. 1. The advice of the Council and its committees shall be drawn up according to the opinion of the majority of the meeting.

2. Dissenting opinions of the minority shall be mentioned in the advice.

3. Members shall be entitled to add minority comments to the advice, if the opinion expressed therein was defended in the meeting in which the advice to be given was discussed.

TITLE VI

Concerning Finances

§ 1. *Concerning the Budget*

ART. 46. 1. The executive committee annually shall submit an estimate to the Council before October 1 of the receipts and expenditures in the coming calendar year, accompanied by the necessary explanations and documents.

2. The budget, as soon as it is submitted, shall be deposited at the office of the secretariat: [it shall be] available for reading and, upon payment of the costs, be made available [for purchase] generally.

3. A public notification shall be made of the [above-mentioned] deposit and availability at least fourteen days preceding the discussion of the budget in the Council.

ART. 47. The budget shall be determined by ordinance by the Council and require Our approval.

ART. 48. 1. The budget as determined by the Council shall be submitted to Us before November 15 for approval.

2. If it is not approved before the beginning of the year for which it must serve, the Council may be authorized by Us to make expenditures from those items, as well as collect those receipts, against which We do not object.

ART. 49. 1. If the Council refuses to enter on the budget the expenditures required of it by law, this shall be done by Us.

2. If in that case the estimated receipts are not sufficient and the Council refuses to propose new means to cover it, the other expenditures not required by law for the Council shall be decreased by Us in such a way as to balance the receipts and the expenditures.

ART. 50. Our Minister of Economic Affairs may set regulations concerning the structure of the budget of the Council.

§ 2. *Concerning the Administration and the Accounts of the Administration*

ART. 51. The executive committee administers the capital and the receipts and expenditures of the Council, provided that the Council may set regulations on the subject by ordinance.

ART. 52. 1. The executive committee shall account to the Council for the administration during the past calendar year, producing the statement of receipts and expenditures.

2. The account, with all documents belonging to it and while stating what the executive committee deems useful for its accounting, shall be submitted to the Council within two months after the end of the year to which it [i.e., the account] refers. It shall be deposited at the office of the secretariat [and be] available for reading to everyone and, against payment of the costs, be made available [for purchase] generally. A public notification of the deposit and availability is made preceding the deliberations specified in the third paragraph by at least fourteen days.

3. The Council shall examine the account and determine the amount of the receipts and expenditures. The deliberations and the voting shall take place in public. The members of the executive committee may be present at the deliberations, but refrain from voting.

4. The decision of the Council shall require Our approval.

5. Our approval shall serve, insofar as it concerns the receipts and expenditures approved, as the discharge of the executive committee, except in case of forgery in vouchers or of other irregularities.

ART. 53. The Council shall be obligated to supply all information requested concerning the receipts and expenditures and to allow access to the books if requested by Our Minister of Economic Affairs and the experts designated by him.

§ 3. *Concerning the Receipts*

ART. 54. The means to cover the expenditures allowed in the budget shall be acquired;

a. by levying surcharges on the amounts which are determined under Articles 22, third paragraph, and 23, second paragraph, of the Trade Register Law (Handelsregisterwet, Stb. 1954, 557);

b. by levying amounts from entities as specified in Article 66.

ART. 55. 1. The Council shall annually set forth in an ordinance the number of surcharges, as specified in the previous Article under *a.* The Chambers of Commerce shall collect these surcharges at the same time and on the same basis and in the same way as the amounts due under Articles 22 and 23 of the Trade Register Law.

2. The Council shall lay down in an ordinance which entities shall owe amounts as specified in the previous Article, under *b.*, and how these amounts shall be calculated.

3. The ordinances specified in the first and second paragraph shall require Our approval.

TITLE VII

Concerning the Supervision of the Council

ART. 56. 1. If an ordinance or another resolution from the Council shall require Our approval, it shall be refused only because of conflict with the law or the general interest.

2. We shall make Our decision known within two months after the day on which the resolution has been submitted to Us for Our approval. We may defer Our decision in a resolution made within that time and stating the reasons.

3. What is determined in the previous paragraphs is not applicable with respect to the approval specified in Article 52, fourth paragraph.

ART. 57. Except for what is stated in Article 52, fifth paragraph, Our approval shall be granted for or withheld from the resolution in its entirety, as it is laid down by the Council.

ART. 58. The resolutions of the Council, the chairman, the executive committee, the secretary-general and the committees from among the members of the Council may be suspended or annulled by Us, insofar as they are in conflict with the law or the general interest.

ART. 59. The suspension or annulment shall be ordered by Us in a resolution to be placed in the *Staatsblad* and stating the duration thereof.

ART. 60. 1. Suspension shall immediately stop the effect of the suspended provisions.

2. It may not last longer than one year, even after extension.

ART. 61. 1. If the annulment of the provisions shall not be pronounced by Us within the duration determined for the suspension, these shall be deemed to be valid.

2. A public notice shall be made of this, insofar as it concerns an announced resolution.

ART. 62. Annulment of a resolution shall entail annulment of all consequences of the annulled provisions, insofar as Our resolution does not determine otherwise.

ART. 63. If a resolution is suspended or annulled in full or in part, the competent organ shall see to it that Article 60 or Article 62 is complied with and that, insofar as is necessary, a provision is again made for whatever the suspended or annulled provisions regulated.

ART. 64. Partial suspension or annulment of a resolution shall not have any influence on the validity of the provisions not mentioned in the resolution for suspension or annulment.

ART. 65. The Council shall annually submit a report before April 1 to Our Ministers designated under Article 28, first paragraph, about its activities and those of the committees, as specified in Articles 42 and 43, in the past calendar year. This report shall contain among other things an extensive account of the findings of the Council in the exercise of the supervision assigned to it in the sixth title of the second chapter. This report shall be made available [for purchase] generally, upon payment of the costs.

DECREE OF FEBRUARY 25, 1976, STB.⁵ 99, CONTAINING THE ESTABLISHMENT OF A PROVISIONAL GENERAL ENERGY COUNCIL (VOORLOFIGE ALGEMENE ENERGIERAAD)

ART. 1. In this Decree Our Minister shall be understood [to mean]: Our Minister of Economic Affairs.

ART. 2. There shall be a provisional General Energy Council, hereafter to be called the council. The council shall have its seat at The Hague.

⁵ *Staatsblad van het Koninkrijk der Nederlanden* [official law gazette of the Netherlands].

ART. 3. 1. The council shall have as its task to advise Our Minister at his request or of its own accord concerning:

- a.* the energy policy to be pursued in general;
- b.* the setting of priorities for the drafting of annually shifting five-year plans in the field of energy as well as concerning the policy elements important in this plan;
- c.* the attuning and integrating of advice from the advisory organs active in the field of energy;
- d.* the realization of an optimal advisory structure in the field of energy.

2. The council further shall give evidence of its opinion to the Minister annually concerning the progress which is made in the execution of the energy policy.

3. Our Minister shall publish the advice given to him, unless important reasons are against it.

ART. 4. 1. The council shall consist of thirteen members at the most, who are appointed by Our Minister for three years.

2. Whoever is appointed as a member to fill a place vacated in the interim shall tender his resignation at the time at which the one in whose place he is appointed should have resigned.

3. The chairman shall be designated by Our Minister from the members of the council.

4. The council shall designate the alternate chairman from among its members.

ART. 5. The council shall have a secretariat which shall consist of one or more persons to be designated by Our Minister.

ART. 6. Our Minister may, at his own request or at that of the council, be represented in the meeting of the council by one or more officials to be designated by him.

ART. 7. The council may turn directly to government services, and public and private institutions to obtain the information it needs.

ART. 8. The council may establish committees from among its members under approval from Our Minister.

ART. 9. The council shall establish rules of procedure to regulate its activities.

ART. 10. The members of the council shall refrain from voting on an advice, if it concerns a matter in which they have a personal stake.

ART. 11. The chairman and the members of the council shall be bound to secrecy in regard to what has come to their knowledge while performing their task, insofar as that obligation follows from the nature of the matter or was imposed explicitly.

ART. 12. 1. This decree shall go into effect the second day after it is placed in the Staatsblad.

2. It shall expire after three years.

NORWAY ¹

I. GENERAL

The legal basis for planning activities in Norway is difficult to compile into a compendium of statutes and regulations because the Norwegian planning activities are primarily the result of administrative decisions within the executive branch of the Norwegian Government.

Norway follows the parliamentary form of government, which typically requires that the Government must have the confidence of the majority of the Parliament in order to function. It is quite usual for the Norwegian Government to ask informally for the consent of the Parliament on important questions, and this kind of consent seems to be primarily the basis for the Norwegian long-term programs. On numerous occasions the Norwegian Parliament has approved these planning activities in the form of informal resolutions, has made extensive use of the plans, and has enacted legislation to implement specific parts of the plans, but it seems not to have passed any comprehensive legislation on the planning activities as such. The only broad executive order that has been located on this matter is a Royal Resolution of January 11, 1952, which stated in full: "The Bureau of Budget and Planning is, as of February 1, 1952, transferred from the Ministry of Commerce to the Ministry of Finance."^{1a}

The implementation of the plans has to some extent been based on voluntary acquiescence, but in many cases it has also been necessary to rely on statutory provisions, and the picture here is confusing. At times it has been possible to use provisions in statutes which served completely different purposes than planning; in other cases, existing statutes have been amended to conform to the needs of the planners. There are also examples of completely new legislation which serve planning purposes exclusively, such as the 1965 Statute on Monetary and Credit Policy.

A very recent standard text on Norwegian law does not exaggerate the need for a codification of Norwegian laws on planning when it states:²

"The development of laws on economic and physical planning, on regulation of the rights to use property, and on the protection of nature and the environment has been similar to that found in other areas of [Norwegian] law. Special statutes or amendments to existing statutes have been passed as it has been recognized that special needs have arisen or that special interests ought to be protected.—The laws have

¹ Norwegian translation by Dr. Finn Henriksen, Senior Legal Specialist, European Law Division, Law Library, Library of Congress.

^{1a} 1952 *Norsk Lovtidend, Afd. 2*, p. 25.

² Ragnar Knoph, *Knophs Oversikt over Norges Rett* 745-746 (7th ed. Oslo, 1973). Translated by Finn Henriksen.

in this way become extensive and confusing. This may create difficulties for those who must depend on the laws, and it may lead to time-consuming administrative procedures [and litigation]. It would be most desirable to have a codification of the planning laws containing the provisions on planning at all different levels. Such a codification would make it easier to recognize the interdependence between the different kinds of plans, and it would make it easier to define the goals and objectives for the planning and the means which may be used for its implementation. It would also make it possible to simplify the administrative procedures, including the provisions on cooperation between the different administrative agencies, and it would reduce the time spent on the individual cases. It would also be possible in connection with the preparations for such a codification to achieve a total evaluation of the limitations placed on the rights to use property which are unavoidable because of the planning activities.—The Environmental [State] Department is working on such a codification.”

II. THE HISTORY OF LONG-TERM PLANNING IN NORWAY

The report on “Economic Policy” contains an outline of the history of quantitative planning in Norway, and the question has been discussed in considerably more detail in English by Petter Jakob Bjerve.³ The “Establishment Control System” described in the cited report as a stringent regulation of industry which is being considered was recently enacted in the form of the Statute of February 20, 1976, on Consent to Expand a Business Enterprise and on Guidance as to Location.⁴ In brief, the Norwegian trend since World War II seems to have been toward a more stringent direct regulation of private business enterprises.

III. THE USE OF LONG-TERM PLANNING BY THE NORWEGIAN PARLIAMENT

As described in Mr. Hawthorne’s monograph, in the first section of this paper, the Norwegian long-term plans cover 4 years and are updated yearly. It appears from the report’s bibliography that the Norwegian Ministry of Finance finds these long-term plans so important that it publishes 200 to 300 pages of extracts from the individual 4-year plans in English. However, the materials available in English do not give much information on how the long-term plans actually are used by the Norwegian Parliament, a subject which has been covered by a recent text in Norwegian on economic policy (Økonomisk politik).⁵

Table 2 of the cited text shows very well how the long-term plans actually become part of the yearly budget,⁶ and the author predicts that the debates in Parliament will deal increasingly with the long-term implications of individual line items, rather than with the appropriation for the year in question. The chapter of the text of which

³ Petter Jakob Bjerve, “Trends in Quantitative Economic Planning in Norway,” in Leif Johansen and Harald Hallraker, eds., *Economic Planning in Norway 1-25* (Oslo, 1970).

⁴ 1976 *Norsk Lovtidend*, Avd. 1, p. 58-63.

⁵ Egil Bakke, *Økonomisk Politikk* (Oslo, 1971).

⁶ *Id.* at 32. (*The Appendix*).

TABLE 2 FROM EGIL BAKKE, OKONAMISK POLITIKK, UNIVERSITETSFORLAGET, OSLO (1971)

Program	Proposal, 1975	Long-term plan			Yearly change in percent, 1975-78:
		1976	1977	1978	
01 General administration, etc.	1,257	1,282	1,282	1,290	0.9
02 Foreign service	139	141	142	143	1.0
03 Developing countries	989	1,196	1,447	1,747	20.9
04 Military defense	4,381	4,490	4,525	4,541	1.2
05 Civil defense	114	115	113	110	+1.2
06 The judiciary, the police, the prisons	948	967	989	1,020	2.4
07 Education and research	4,909	5,063	5,164	5,250	2.3
	2,806	2,868	2,895	2,926	1.4
	270	269	269	277	8.9
	1,156	1,210	1,263	1,279	3.4
	491	525	549	580	5.7
08 Church, culture, athletics	480	505	527	544	4.3
09 Social purposes	4,404	5,509	4,585	4,668	2.0
10 Public health	826	828	837	841	.6
11 Consumer protection and price regulation	1,399	1,410	1,414	1,421	.5
	1,355	1,360	1,367	1,375	.5
12 Protection of the environment and regional planning	195	196	200	200	.3
13 General welfare and development of underdeveloped districts (in Norway)	756	784	867	891	5.6
14 Housing	1,357	1,393	1,450	1,464	2.6
15 Agriculture and forestry	2,489	2,500	2,510	2,531	.3
	1,910	1,910	1,910	1,910	-----
16 Fisheries	301	303	309	318	1.8
	180	180	180	180	-----
17 Industry and mining	482	415	414	422	+4.3
18 Electricity and control of watercourses	1,062	1,427	1,657	1,756	18.2
19 Commerce and shipping	118	119	120	121	.6
20 Harbors, beacons, and pilots	204	203	205	206	.3
21 Inland transportation	4,229	4,417	4,568	4,702	3.6
	228	243	251	274	6.6
	2,727	2,871	3,016	3,122	4.3
	338	336	305	274	+6.6
	370	380	400	430	5.1
	529	551	558	564	2.2
22 Telecommunication and mail	1,219	1,373	1,497	1,537	8.0
	1,124	1,340	1,458	1,499	1.1
	95	33	39	38	+25.2
23 Diverse expenditures	1,721	1,975	2,405	2,810	17.7
24 Interests and payments on debts	1,541	3,363	4,184	3,661	+6.9
	1,869	2,046	2,294	2,566	11.1
	2,672	1,317	1,890	1,095	+25.2
25 Loans to the state banks	3,279	4,022	4,140	4,275	9.2
Total expenditures	41,799	42,997	45,551	46,451	3.6

Table 2 is a part also discusses the mathematical model used for Norwegian long-term planning and for the interrelationship between such planning and fiscal policy, monetary and credit policy, and income policy. Additional information on how long-term planning actually is used in Norway may be found in a 1971 compendium in Norwegian on economics and politics.⁷

IV. ECONOMIC PLANNING LEGISLATION

It was noted above that the Norwegian Parliament has not passed any comprehensive statutes or regulations on the Government's economic planning activities as such. It was also noted that a number of statutory provisions are used for the purpose of implementing economic plans. Such provisions are, in principle, outside the scope of this report but are of interest because most of them directly or indirectly recognize the existence of economic plans and planning authorities. Some of the more important of these statutes are discussed below.⁸

⁷ *Økonomi og Politikk*; 15 Artikler (Oslo, 1971).

⁸ The statutes discussed may be located easily in the compilation *Norgea Lovet 1685-1973* (Oslo, 1974), unless a footnote refers to their publication in *Norsk Lovtidend*.

A. *Building Legislation*

The Building Act of June 18, 1965, covers not only subjects usually found in building legislation (such as building permits, sewer permits, permits for outdoor advertising, etc.) but also establishes comprehensive land-use planning for the entire country, ranging from detailed zoning of built-up areas to county and regional plans. Parts of the decisions under this Act are made by the local municipal authorities, but it is the centralized state department which has the final say.

The extent to which it is possible to use such legislation to regulate the use of real property has been discussed by Bent Christensen.⁹ This discussion in English deals specifically with Denmark, but it would be just as applicable to Norway.

Regulatory statutes which supplement the Building Act and which should be noted are: the Statute of June 28, 1957, on Open-Air Recreation for the Population; the Statute of June 19, 1970, on the Protection of Nature; and the Statute of December 10, 1971, on Planning in Coastal and Mountain Areas.

B. *Concession Laws*

Legislation requiring one to have a concession or a permit to acquire certain kinds of real estate dates back to the beginning of this century. Originally the purpose of this legislation was to prevent Norwegian mines and forests from being taken over completely by foreign capital, and in recent decades these statutes have proved to be very useful for economic planning.

The applicable general statute is the Statute of May 31, 1974, on Concessions for the Acquisition of Real Estate and on Options to Buy on Behalf of the Public.¹⁰ As a general rule, this Statute requires that a concession from the State must be obtained in order to acquire property rights to real estate or rights to use such. The Statute in Section 1 states directly that its purpose is to establish effective protection of agricultural land and to achieve relationships with respect to owners or users of real estate which are desirable for society as a whole. More stringent concession laws apply with respect to forests, mines, waterfalls, and the like, and these statutes are expressly kept in force by the 1974 Statute.

A different type of concession legislation is the very recent Statute of February 20, 1976, on Consent to Expand a Business Enterprise and on Guidance as to Location.¹¹ This Statute requires, as a general rule, a permit to establish or to expand a business enterprise if it employs more than 100 persons yearly. The purpose of the Statute, according to Section 1, is to achieve a dispersion of business enterprises in keeping with national resources and regional policy and in a way that is most advantageous for the Norwegian society as a whole.

C. *The Monetary and Credit Policy*

The Statute of June 25, 1965, on Monetary and Credit Policy gives the Norwegian Government wide-ranging powers over the Norwegian

⁹ Bent Christensen, "Public Regulation of Private Real Property," in *13 Scandinavian Studies in Law* 73-106 (1969).

¹⁰ 1975 *Norsk Lovtidend*, *Avd. 1*, pp. 396-410.

¹¹ *Supra* note 6.

banks and credit institutions. Section 2 of the Statute provides that the King (i.e., the Government) each year must send to the Parliament a report on the monetary and credit policy for the coming year, together with an evaluation of the policies pursued during the past year. This provision is one of those that clearly presumes the existence of long-term planning.

The 1965 Statute allows the Norwegian Government to determine the size of the liquidity reserves to be held by the Norwegian banks and credit institutions, the size of their reserves of foreign currency, and the size of additional reserve funds. It also allows the Government to order certain loans to be granted and in general to regulate loan activities, to establish a maximum interest for loans, to allow or prohibit the issuance of bonds or stocks, and to issue regulations on the business to be performed by specific kinds of financial institutions.

V. BIBLIOGRAPHY

A. *Materials in English*

The following materials in English should be added to the bibliography in Mr. Hawthorne's report: the yearly OECD Economic Surveys: Norway, published by the Organization for Economic Cooperation and Development, and the retrospective bibliography Planning in Norway. Literature in English, published by the Norsk Institut for By- og Regionsforskning (3d ed. 1973).

B. *Materials in Norwegian*

The best way to trace recent literature on Norwegian planning is probably by consulting the lists of new books, the book reviews, and the indices in the Scandinavian periodical for public administration and administrative law: Nordisk Administrativt Tidsskrift. Part III above cites, in footnotes 5 and 7, two relatively current books which describe current economic policy in Norway. There have been voices suggesting a more decentralized planning than is presently the case, while the writings of Trygve J. B. Hoff probably may be considered as representative of those who in principle are opposed to comprehensive planning of a country's economy.¹² Retrospective literature may be located in the main catalog of the Library of Congress under the heading: Norway-Economic Policy.

¹² Trygve J. B. Hoff, *Tanker og Idéer* (Oslo, 1975).