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ABSTRACT

In recent years the Norwegian manpower authorities have recognized the need for reevaluating and reformulating their objectives and functions and the scope of their activities. Problem areas have been identified and steps undertaken to implement recommended solutions. Efforts have been made to improve labor force participation rates, provide labor market services for the highly skilled, increase geographic mobility, and reduce seasonal unemployment. Improvements in vocational preparation and adjustment are still in the discussion phase. A central manpower authority pursuing an active manpower policy is recommended. (BH)

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FOREWORD

The present report is the tenth in the series of "Reviews of Manpower and Social Policies" of Member countries undertaken by the Manpower and Social Affairs Committee.

The "Examiners", nominated by OECD in agreement with the country concerned, visit the country to discuss its manpower policy with those responsible for formulating and implementing it, government departments, employers' and union representatives and research bodies. The Examiners' report, together with a report by the country authorities, is submitted to the Manpower and Social Affairs Committee and a discussion takes place between the Examiners, a delegation from the country concerned and the members of the Committee.

In the case of Norway the Examiners were: Professor Solomon Barkin, Professor of Economics, University of Massachusetts; Mr. Kurt Lewin, Chief Inspector, Director of the Regional Employment Office of Zuid Holland, Mr. Bertil Rehnberg, Deputy Director General of the Swedish Labour Market Board and Mr. Emil van Beusekom, Chief Inspector, Director of the Regional Employment Office for Overijssel.

The Representatives of the Norwegian Government who attended the meeting on 4th November 1970 to reply to the Examiners' questions and explain their country's policy were: Mr. Helge Seip, who was Minister of Labour during the period when the Examiners visited the country; Mr. Slungard, Political Under-Secretary in the Ministry of Labour; Mr. Danielsen, Director of the Labour Directorate; Mr. Arisholm, Director-General of the Department of Labour; Mr. Bergan, Assistant Director in the Regional Development Fund; Mr. Torgersen, Chief of Section in the Labour Directorate.

At its meeting on 29th June 1971, the Manpower and Social Affairs Committee adopted the conclusions on the Examination which appear at the beginning of this report. On this occasion the new Government, which had taken office in the meantime, was represented by Mr. Aune, Political Under-Secretary in the Ministry of Labour.

CONCLUSIONS OF THE MANPOWER AND SOCIAL AFFAIRS COMMITTEE

In recent years the Norwegian manpower authorities recognized for diverse reasons the need for reevaluating and reformulating their objectives, functions, and the scope of their activities. In part the inspiration for the review flowed from the government's acceptance of the 1964 ILO Convention on full employment and the OECD Recommendations on active manpower policy and from its need to integrate the local employment offices into the national system created in 1962. Also, with the country enjoying a high rate of economic growth and considerable stability, important commitments and innovations in manpower policies originating in the early post-war period declined in importance. Specialized administrative agencies, moreover, took over the responsibility for important manpower functions as in the case of regional development. Public works, a critical tool for compensating for cyclical down-turns, served primarily to level out seasonal employment irregularities. Most significant, manpower policy objectives such as full-employment, stabilization of employment, rising standards of living, protection for the well-being of the labour force and its dependents, greater equality of opportunity for individuals and the levelling of benefits derived from industry were the hall-marks of all national policies. The manpower policy system redefined its own activities, its sub-goals and the contribution which other policy systems should make to its objectives.

Cognizant of these changes, the Labour Directorate and its Executive Board as well as the Ministry of Local Government and Labour, the nation's manpower authorities, undertook formal reconsideration of the direction and activities in these fields. The resulting deliberations and report culminated in the Minister's 1969 White Paper on "Manpower Policy" to the Storting which approved its broad lines. Expert Committees also prepared complementary special reports on individual problem areas: highly trained personnel, women, older workers and the administration of the agencies and development of staff.

Steps to implement these recommendations followed these surveys. Efforts have been made to remove the obstacles to the recruitment of special groups not in the work force and to encourage others to stay active. Groups of highly trained people may now obtain special labour market services to facilitate their movement. Greater geographical mobility flowed from the

liberalization of programmes for the construction of new housing in expanding areas and financial aids to migrants. Subsidies for winter small house-building created employment opportunities during the seasonal lull in construction. Improvements in vocational preparation and adjustment are still largely under discussion though vocational guidance has become a formal part of the compulsory educational programme.

Modest additions to the staff have built up the Employment Service; and the recruitment of university graduates may assist in upgrading the quality of its personnel. Administrators have been granted limited additional powers to align the staff and other resources within a country to respond speedily to changing needs. New incentives and financial inducements to investors have sparked off regional development.

Recruiting Manpower for the Economy

Building the labour force is the manpower authorities' most pressing responsibility. To date this requirement has been fulfilled largely by spontaneous mobility; people were attracted by satisfactory job opportunities. Of the current net increase (1970) of nonagricultural employment (28,000), one-half came from non-participants in the labour market, largely women and young and older males. Natural increases in population accounted for about one-quarter; and the remainder was almost equally divided between transfers from the primary industries and the registered unemployed. Future restraints on the potential rate of increase of the labour force from established sources are likely to include the impending reduction in the age of normal retirement from 70 to 67 years, the extension of the years of education and early marriages. Other developments are the cut in weekly hours to forty per week and an increase in other benefits, such as holidays and excused work days. Higher productivity and new workers will be essential to realize the projected rates of economic growth.

Participation rates should be raised. A formal positive "reach-out" effort is essential to make it possible for more people to join the work force. They will require help in preparation for employment, including training. Special aids in placement, including job development will be essential. Some will need especially designed jobs and working conditions to produce effectively. Work schedules and transportation should be fitted to their needs. The manpower agencies must offer active guidance and aids to people and enterprises in the labour market and renounce their traditional passivity. If unemployment insurance benefits are to be a last resort in finding a place for people in the economy, the highest priority must be assigned to active manpower programmes for increasing adaptability and job placement.

The manpower agencies have many special responsibilities. Older persons, the handicapped and the disabled must be encouraged to remain in employment and employers induced to retain them. Neither the disability nor pension systems should discourage such employment. Close co-operation with the recently-created enterprise-siting committee may help optimize the geographical match between labour demand and supply. Where these alignments are difficult to effect at the local level, people have to be

assisted to move to places where jobs are available or could be developed. The initiatives in these fields have to be multiplied and intensified if the overall goals of manpower policy are to be reached.

The selective recruitment of specialized foreign labour for bottleneck operations and skills in short supply may also reinforce national efforts to meet the economy's manpower needs. Retention of special groups with obvious alternatives to employment, such as housewives, calls for the elimination of the irregularities resulting from seasonal employment.

A conscious and formal recruitment programme develops only if policy-makers and administrators have adequate and accurate information about potential manpower resources, their size and means of drawing them into activity. By anticipating developments and initiating early programmes, difficulties will be forestalled. An understanding of current conditions and flexible programmes and arrangements will also contribute to this end. The research and monitoring systems must be adequate to the needs. Labour market surveys should be immediately instituted and the resources for them progressively expanded to increase the volume of data.

The upper secondary and collegiate and university school systems should be acutely aware of present and projected needs of the economy and human potentialities. The educational structure and institutions for general and professional and vocational education and training as well as pedagogical principles and methods, need constant reexamination to make them more appropriate and effective. Most existing programmes date from a time when both industry and society were less sophisticated. A number of changes have been made which in principle, and hopefully in practice, contribute to the revamping of the total system. Vocational guidance is now mandatory in the lower schools; pilot projects are being introduced in the higher ones. This service should be universally available. Schooling is now compulsory to the age of 16 years; new District Colleges are enlarging the facilities for technical and subprofessional training. The updated *curricula* for training in some trades are probably more relevant to current work requirements. But the apprenticeship system which relies on practical experience at the work site needs reassessment. The enterprises which take on apprentices do not always assure optimum use of either the trainees' time or the money spent at such work. Even the formal value of the certificates in some trades has declined in the market place. Only a fraction of those who become skilled in the various trades have entered through the apprenticeship route.

The present adult educational and training programmes need even more fundamental revision and expansion. The recently appointed Adult Educational Council including representatives of the manpower authorities and both sides of industry is now looking into this field. The current adult vocational training programme is only a limited project for 8,000 persons primarily those newly entering non-agricultural and non-primary employments. The proportion of women in the programme is rising and clerical and health service training is supplementing the traditional emphasis on building and metal trades. The expansion of the employment of the peripheral groups demands additional training opportunities. Teaching methods must be adapted to the learning patterns of adults and older persons. This would include modular or stage training programmes and techniques designed to meet individual needs. Many experienced workers

look to higher levels of learning to prepare themselves for the newly expanding jobs. The hours for training and education should be adapted to the prospective trainees. Financial incentives and aids and special release time arrangements for training should be developed to encourage people to undertake the training. The unemployed displaced from non-agricultural pursuits often seek to acquire the newly demanded skills. An expanded adult educational and training system would also provide the base for a flexible organisation capable of expanding to serve as countercyclical and counter-seasonal supports and to offer the institutions for the retraining of the work population in periods of rapid structural change. The current lack of information concerning the size, nature, and quality of training programmes in industry needs urgent correction.

The special groups in the population will benefit from continuing services to meet the special strains and emergencies on the job. Employers need the assistance from the public authorities to handle the problem cases in adaptation. The manpower authorities should be in active contact with the appropriate social agencies and assist them. The workshops for the handicapped are not now adequate in number to service this group and should therefore be expanded.

Job Creation for Employment Stabilization and Growth

One area in which the Norwegian manpower authorities have excelled is in the organisation of programmes for job creation. Their effectiveness was substantially reinforced by the incorporation of their goals in overall government economic policy. Many diverse measures contributed to these ends. As the Labour Directorate's direct responsibility for the planning and implementation of the countercyclical use of public works prescribed in the original act of 1947 receded in importance because of the achievements of the economy, the agency devoted itself to promoting seasonal employment stability in the building and construction industry. It has encouraged planning, control of government orders, the issue of certificates and quotas for construction. The seasonal stabilization grant to municipalities as well as the complementary use of public works and the revision of lending practices by financial agencies are other current important measures. A most recent programme is subsidies for winter home building. Structural and technical changes in these industries also favoured progress toward the goal. Public employments including both the traditional public works projects and different forms of sheltered employment are concentrating on jobs for workers in less demand. The agency is also prepared to resume its initial responsibility for the use of public works for countercyclical purposes should general economic policy and restraints produce large pools of unemployed persons.

The manpower authorities over the years took initiatives to stimulate projects and provide funds for large scale regional development. This programme grew in size; its further development and administration are now assigned to a special department in the Ministry of Local Government and Labour. Selected growth areas and Centres receive direct and indirect aids, and there are special programmes for industrial estates. The entire

effort is also being integrated into the total regional planning systems, currently being formulated by the government. Moreover, the new siting council encourages the decentralization of the location of new plants to moderate the diseconomies of concentration in areas like Oslo and favours new growth areas. A Committee has recently recommended new incentives including special investment grants in certain areas. They are to be introduced in 1971. Continuing detailed assessments of the benefits and costs and gains and disadvantages of these projects would improve future efforts in this field and assist administrators and manpower authorities to make more precise determinations about the relative merits and returns of specific alternative policies of economic development for individual areas and the promotion of internal migration. The current debate fails to present hard facts on economic and social impacts and costs and benefits.

While the manpower agencies have only shown intermittent interest and taken spasmodic initiatives in finding answers to specific sector problems, they have joined in examining these issues with other ministries. Capital assets of the Unemployment Insurance Fund are now invested in the Fund for New Industrial Activity. In addition, the manpower authorities have dealt with the issues in the construction industry where manpower supply problems are central to their growth and effectiveness. More concern with and knowledge about sectoral developments would improve vocational guidance and placement, and prepare the way for extensive labour market services.

In contrast to the imaginative approach to job creation techniques, the manpower authorities have dealt only routinely with efforts to moderate the inflationary pressures resulting from shortages in the labour market. The traditional intense preoccupation with problems of underemployment, irregular employment and unemployment and means of mitigating them should be balanced with agency attention to the consequences of labour shortages and their relief, the central issues of the seventies.

Manpower measures are instruments for the realization of the nation's total economic policy. The goals include not only high levels of stable employment and the correction of adverse employment conditions, but also the achievement of the optimum use of resources, including manpower. In discharging these functions, the manpower authorities should advise, evaluate and offer alternative programmes to those being considered by other agencies in government to further these ends in the light of the objectives of manpower policy.

Labour Mobility for Optimum Productive Allocation of Human Resources

Human mobility from outside into the labour market, from one status to another, or among employers, industries, areas or occupations constitutes one mechanism for effectively matching manpower supply and demand. To the extent that the movement is in the correct direction and is realised with requisite speed and volume, its effects contribute to the optimum productive

allocation of the nation's human resources and reduce wasted movement and human frustrations. The goal of a national manpower agency is to effect transfers in the shortest possible time with the minimum cost to the individuals, employers and the community consistent with the national interest. As manpower movements within the enterprise meet the preceding criteria they also reduce total social costs. But little is known about the volume and nature of these internal labour market shifts. The labour market survey would be a useful source of knowledge about such movements of labour force.

The Employment service focuses on mobility in the external labour market. Its penetration is now limited in volume and in occupational coverage. However, it covers all levels of jobs in the maritime industry which is required by law to do all hiring of crew members through these offices. The employment offices now receive employer requests and register the unemployed, but are circumscribed by their limited sample of openings. Vocational guidance and testing services directed primarily to young people are very useful, but now respond to few needs for adults. Financial aids for migration are probably also meagre in proportion to the goals stated above, serving primarily movements from primary industry and trainees. Overall, most mobility is now spontaneous and unaided; and many migrants could benefit from greater guidance from a well-informed employment office providing the requisite "intelligence", financial aids, social services, and assistance in getting housing. The services are particularly urgent in periods of rapid changes in the nature and sites of jobs.

These broader obligations suggest that the office has to reach out to the people to be brought into the market and also to think in terms of the effectiveness of the total movement of labour and to help develop jobs for hard-to-place people. Their responsibilities extend beyond the matching of the lists of immediate applicants and vacancies in the office file. They have to search for the optimum productive placement of all individuals and try to moderate the rate of movement where excessive and stimulate it where inadequate employment of manpower results. A local manpower agency should think in national and not exclusively local terms. The present system suffers from the limitations of staff, services and training at these local levels.

The employment offices are now beginning to reach new groups. The highly trained merit attention. Special recruitment services now exist for individual employers; new media for information on jobs in the public service are now available. The stress is not on offering the total package of services to everybody, but on providing the aid which fits a particular group. Therefore, those who merely need information on job vacancies now have a regular publication on openings to follow-up jobs on their own. More individual service patterns are being instituted for other groups including musicians, *au pair* employments, and short and part-time workers and those needing special assistance. The manpower agencies are now authorized to take the initiative in constructing houses for migrants in communities where the local agencies are particularly slow about doing this.

Central to the operation of this "intelligence" service and programme of aids is adequate information on movement and constant checks on the effectiveness and deficiencies in the direction, volume, time and cost of

movement. The local offices need typical mobility patterns for different occupations and industries for their guidance and training in their use. Personnel men within the enterprises have also to be more conversant with the benefits of stability and internal policies for transfer and promotion and the ways in which they can effectively employ the community's services in their own interest.

The acceptance of this active philosophy by local office personnel requires continuing education and training of a high order. The horizons of the employees need to be broadened and they should be oriented to a national point of view of the labour market. It is necessary to add thereto an understanding of the economic functions of the employment service as a contributor to the achievement of the optimum productive utilization of manpower. The substitution of mechanical for manual procedures will relieve the staff of their routine tasks and enable them to think more freely about the more sophisticated responsibilities. The quality of the performance of the employment office will determine its usefulness in a fully employed stable growth economy. Policy statements must be available to all; communication must be two-sided, both to and from the local office and to and from the national headquarters; and co-ordination must be an ongoing responsibility of local, county, and national officers.

Internal and External Labour Markets Complement Each Other

The promotion of a national active manpower policy calls for the close collaboration of the parties in industry with the public manpower agencies. This relationship now exists in the formulation of policy for and administration of public agencies. A comparable association between the public bodies and the individual enterprise with the aid of the overall national employer and union bodies would do much to promote national policy within the enterprise. The two centres for manpower operations, the external and internal labour markets, should complement and supplement their respective efforts in their individual and joint interests. The public institutions could then with considerable benefit to the nation employ the facilities and expertise in the internal labour market, if the latter's services met public standards. Similarly, the personnel department could capitalize on the public services. The present gaps between the two result both from their historical development and prejudices and the lack of knowledge of each other's competences, facilities and performance. These drawbacks should be removed. It is particularly essential to do so in this country with its preponderance of small firms needing instruction and assistance in the field of personnel management. In addition, effective employer access to the external labour market depends upon the type of advice and information which only the public agency can furnish. Therefore, the manpower authorities should acquire the expertise and insights necessary for helping enterprises formulate, in co-operation with the parties in industry, guides for enterprise manpower policy and practice and promote them very broadly. The labour market information of both the external and internal manpower systems should be closely matched and co-ordinated to be of use to each other.

Utilization of Social Policy Services Essential to Manpower Programmes

The current moves toward the integration and extension of national social policy programmes open an opportunity for closer collaboration between the manpower authorities and the social agencies. The latter's services can reinforce those offered by manpower institutions. The greater availability of, and easier access to medical care, social case work and counselling, financial security and facilities for the restoration and maintenance of human capacity will improve the chances for individual self-development and the achievement of self-reliance, essential to active participation in the labour force. The manpower authorities should instruct their staffs on methods of collaboration and utilization of these complementary services to improve the performance of the labour force.

The legal integration of the unemployment insurance in the total social security system is important for the national administration of the system and secures the future financing of the unemployment insurance. This integration should not be permitted to limit the possibilities of using the funds in the future for the development of active manpower policy measures.

Data and Analysis System must Support the Programme

Adequate and reliable current and historical data on the labour market are essential for monitoring the labour market and for refining present policies and measures and introducing new ones. But present statistical resources are insufficient for the discharge of these functions. Their reliability and adequacy deserve scrutiny: an integrated data collection and analysis system would ensure this end. The Central Statistical Board should assist in devising this system. Most present labour market information comes as a by-product of the administrative process reflecting legal distinctions which at times strip the results of essential elements for understanding developments in specific labour market areas. No accurate measure is available of the numbers of unemployed or their characteristics; we know primarily about the registered unemployed. Current statistics offer little insight into the potentials for new recruits for the labour market. The reliability and adequacy of the vacancy data must be tested. Little is known about the volume, direction and time and losses involved in mobility or the economic effects of the manpower measures. The statistics obtained from other agencies need to be carefully examined to make them more relevant to follow the course in the labour markets. Many critical gaps exist in the data system. Sectoral and regional and local area material are vital for policy and operational decisions.

The recent efforts to promote research in this field in academic circles are constructive initiatives as are also the ongoing projects for evaluating new methods of forecasting occupational needs and supplies.

It is essential to survey and define the needs and the quality and usefulness of current data and to develop a schedule for introducing changes and improvements. The manpower authorities should add persons to their own

staff who will both help them achieve these objectives and assist in the application of the data to policy formulation and evaluation and act as liaison with other agencies which produce data valuable to manpower agency personnel. These persons may also be assigned to the larger group constantly studying and evaluating the total and specific parts of the manpower programme and measures.

A Central Manpower Authority

A manpower agency pursuing an active manpower policy should be charged with four functions: policy formulation, administration, evaluation of performance, and liaison with independent policy systems, both within and outside the government, to promote the nation's manpower objectives. The current authorities are oriented primarily toward the functions defined in the organic acts, plus several additional administrative responsibilities in the fields of housing of migrants, aid to migration and adult training. The authorities should be oriented not merely to develop "employment assurance" but also to the achievement of the most productive optimum allocation and employment of the total human resources including the potential additions. While manpower policy should be considered as an identifiable policy system, its measures should also be conceived as instruments for realizing other national policy objectives in the economic, social, housing and other areas.

Without an adequately manned central manpower agency devoted to these functions and responsibilities, it is unlikely that the objectives will be adequately promoted either in the external or internal labour markets. There is now no current central co-ordinating manpower agency able to fulfil these functions. There is a special agency for manpower and employment problems, the Labour Directorate, with its own board, and an agency for regional development, the Regional Development Fund, also with its own board. Two different departments in the Ministry of Local Government and Labour deal with these two agencies. A third department in the Ministry is responsible for regional planning. The Under-Secretary and the Permanent Secretary of the Ministry have special responsibilities for co-ordinating these agencies and departments. On top level the broad lines of manpower policy are discussed in the working party of the Committee for the National Budget and Long Term Planning, and ultimately within the Government. To advance the purposes of an active manpower policy, defined by the Examiners' Report (Chapter IX), Norway should strengthen the manpower policy administration at the central level giving it possibilities of doing overall research, evaluation of performance and establishing liaison with other bodies and groups. The manpower authorities should see to it that the manpower policy is fully integrated into the economic policy of the country. They should advise, evaluate and offer alternative programmes to those considered and administered by other agencies in government to further developments in the light of the objectives of manpower policy. In its work the central authority should benefit from the employment of qualified professional analysts and the experience of the parties of the labour market as well as seek their earnest co-operation in implementing measures both

within the internal and external markets to attain the nation's manpower objectives.

“Both the central manpower agency and the various administrative and policy agencies and particularly the Labour Directorate have been most circumscribed by limitations of staff. The realization of the broad and detailed functions which they must discharge to implement the nation's active manpower policy will not be effectively achieved without an appropriately qualified organisation with personnel and resources equal to the tasks of problem analysis, policy formulation, programme development, instrument implementation, counselling, education and assistance to the members of the work force, employers and the communities. A staff to discharge these responsibilities will bring greater returns to the country in the improved recruitment, allocation and employment of the nation's human resources”.

REPORT BY THE EXAMINERS

INTRODUCTION

The Examiners began their survey of manpower and social policy in Norway under favourable circumstances. The manpower authorities had undertaken their own examination of the field, and the administrative agencies, the Labour Directorate and its Board had completed their review and recommendations for changes in policy, emphasis and administration in the light of the OECD Recommendation for an "active manpower policy" and the ILO resolutions and recommendations for a "full productive and freely chosen employment policy" to which declarations Norway was a signatory. In 1969, the Minister of Local Government and Labour submitted his recommendations on these problems to the Storting, based substantially on the above reports and supplementary information.

The Examiners, therefore, enjoyed the advantage of having a clear statement of the Norwegian's own view of the meaning of these new approaches to manpower policy and of the manner in which the national services should be re-organised to conform to these objectives. The Examiners' task was to study the data which had been assembled, collect additional information, statistics and views, and appraise these recommendations in the light of their own insights, experience and their understanding of the meaning of the OECD declaration on the active manpower policy, and offer such recommendations as would advance Norway closer to these goals. The Examiners had the additional advantage of having previously worked together either as examiners or as representatives of the examined country, the Netherlands, so that they had reviewed the entire ground of the contents and approaches to manpower policy as a whole. They determined at the outcome that the report for Norway should follow the format adopted in the examination of the Netherlands.

The report approaches the manpower policy problem as a single system, covering the entire range of issues, administrative agencies and policies embraced within this field. It has not restricted itself to the study of selected aspects but has sought an overall view. This conception coincides with the OECD interest in providing guidance rather than prescribing specific institutional changes for the country being examined. In some instances the Examiners found it essential to offer specific recommendations to illustrate the implications of their analysis. Nevertheless, they were quite aware that even were the country to accept the spirit of the proposals, the final institutional changes might differ from the suggestions offered in the text. Insti-

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tutional and political circumstances may dictate very different solutions from those offered.

The report considers four different aspects of the operation of manpower policy. First are the national objectives. It has become increasingly clear in the last three decades that government is not an outsider to the operation of the economy and society. It is the people's major instrument for realizing their aspirations as to their way of life and economic well-being. Government must be an active guide, participant and support of activities. It is the channel through which the people reach a consensus on their goals, evaluate the effectiveness of their national instruments and tools and institutions and assess the achievements, shortcomings and ultimate effects and reach agreements on the desired changes. The critical first step for the analysis of manpower policy is to define its objectives and the national priorities.

The Examiners undertook this task in the light of their understanding of the country's goals and problems. These are set forth in Chapter I. It provides a focus for the understanding of the individual programmes and their appraisal in terms of the nation's needs. It offers guidance to the legislator and administrators in defining the priority to be assigned to specific projects and innovations.

Good administration both of private and public enterprises demands a clear view of objectives and their wide understanding and acceptance by the people responsible for their operation. Private enterprise management is being retrained in the art and procedures of "management by objectives"; public management is developing the tool of "programme planning and budgeting" for the same reason. Effective definition, development and implementation of manpower policy also demands that this approach and point of view be used in this area.

The Examiners then consider some instruments employed to promote these goals. In a series of seven chapters the report enumerates the instruments, describing them only insofar as additional comments are required to supplement the information furnished in the country's own report. The Examiners evaluate the effectiveness with which the instruments are operated and their economic and social consequences, particularly as related to the policy objectives.

This analysis is greatly facilitated where objective data are available, which was not always the case. In examining many critical issues, more detailed administrative information would have been helpful.

An examining team would find it difficult to penetrate below the descriptive aspects of the institutions if the country itself had not, through its own or private agencies, critically studied the organisations. Where studies had not been made, as was true in this instance respecting a wide range of problems and issues, the Examiners have had to rely on interviews with administrators and spokesmen of the major labour market interests (employers' associations and trade unions). However, these men may not, and in some instances had not the occasion to, study the institutions in detail; many had

not reflected detachedly on their operations. They had limited views of the manpower service system. The Examiners had therefore to depend considerably on their own insights, operational knowledge and information on these problems, gleaned from their studies of their own and other countries.

The Examiners are much impressed with the need for a research and evaluating division within a national manpower agency, which constantly tests operations, seeks to evaluate their effectiveness and contributes to the furtherance of the overall policies and goals of the organisation. Many countries are now instituting such a division in their total structure and individual departments. We believe it essential to the realization of the OECD concept of an active manpower policy.

The third major division of this report assesses the contributions of the administrative organisations to the achievement of coherent integrated policy-making and flexible administration of its instruments. The Examiners recognize that the instruments for achieving these objectives of manpower policy may be distributed among many different government agencies and much of the responsibility for attaining the goals will ultimately be determined by the behaviour of the individual private and public enterprises. They are all part of the total system even though there has hitherto been little emphasis on their interrelationship and interdependence.

The discussion on administration considers whether there is a central manpower agency and the degree of co-ordination being effected through direct and indirect means among the governmental agencies. No manpower policy, it is the judgment of the OECD, can be soundly built if the administrators do not constantly enjoy the counsel and learn from the experience of employers and trade-unionists. Their co-operation is vital to the fullest implementation of the programme. The ultimate success of the policy calls for the co-operation and co-ordination of the policies, programmes and activities of the private and public agencies. The Examiners sought to determine how far the instruments for such action exist.

The Examiners believe that the policy-makers should be aware of the total costs of the manpower programme. These should include not only the expenditures by the national, but also by local government agencies and their dependent administrative bodies established by the government, or by employers or jointly by employers and trade-unions. It will ultimately also be desirable to include the expenditures on these activities by the enterprises. The report offers some necessary information on this subject but it cannot be considered as a conclusive presentation of this aspect of the problem. The last chapter should be considered an initial effort.

We urge the OECD to sponsor the development of a standardized system of accounting for the manpower policy field just as other agencies have done for other fields. This system of accounting would promote understanding and bring to light many important issues which are now submerged through generalized statements. Such a factual basis for understanding national systems and making international comparisons would provide the basis for true cost-benefit and programme planning and budgeting analysis, both of which are essential to the effective administration of an active manpower policy.

The Examiners are greatly indebted to the officials of the Norwegian Ministry of Labour and Local Government, the representatives of employers and trade unions and of the academic world for their co-operation and generous assistance in securing much critical information necessary to the ultimate judgments.

We submit this report as our contribution to the realization of an effective active manpower policy system in Norway.

Paris, November 1970

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Chapter I

**PRIORITIES FOR MANPOWER POLICY
IN THE NORWEGIAN ECONOMY**

I. Introduction

Norway, since the end of the war, has employed its human and natural resources, limited though they are, together with borrowed capital to create an economy capable of realizing its economic and social objectives. These have been considerably advanced. Its rate of economic growth has matched that of the average of other industrial countries. The levels of living are among the highest in the world. Unemployment has been kept very low and a high degree of economic stability has prevailed. An industrial system has evolved with close relationships with the remainder of the world, particularly the advanced nations.

A new economic era is now taking shape. New and more specialized and highly sophisticated industries are replacing those of earlier periods. The emphasis is shifting to the production of semi-finished and then to fully-finished manufactured goods. New services are being introduced. A sense of urgency to effect this transformation pervades the country. The new industrial order calls for additional enterprises and flexibility on the part of existing entrepreneurs and employees. Considerable changes are occurring in the location of business and people. The moves are being effected in a setting of manpower scarcities. The basic work force is rising even more slowly than the population; gaps exist in the mature age groups due to the cyclical spurts in population growth. New occupations utilize recently developed knowledge, expertise and orientation.

The major responsibility for monitoring and guiding the economy towards its economic and social objectives lies with the central Government. These goals were originally agreed upon by the coalition Government installed in 1945 and contained in the Joint Programme of the Political Parties. They remain the basic directives for national policy and have been reaffirmed by an amendment to the Constitution and subsequent Government policy statements. The Long-Term Programme for 1970-73 declares that "the main purposes of economic policy in the Programme period are to promote a strong growth in the country's total production, maintain full employment, ensure a rational utilization of the country's resources and a reasonable distribution of income". But with changes in objective circum-

stances and the nature of the Administrations, shifts occurred in the emphasis and in the use of instruments. The country has moved from direct controls to a system of constraints and guides for steering the economy. The annual national economic budget and the fiscal budget, together with the four-year long-term economic programme and preliminary four-year fiscal budgets, provide the mechanisms for explicitly defining and integrating national economic policies, creating more consistent programmes and introducing modifications in policies and programmes to assure greater adherence to objectives. The Government is responsible for changing existing or introducing new measures to deal with the unanticipated, either in the private or public sectors. The private economy adapts itself to these policies, restraints and controls.

The nation enjoys a high degree of political democracy at all levels of Government and a forum for free debate. Private initiative, enterprise and ownership are respected and encouraged. They constitute the basic framework for the economy. Public policy and measures influence, but in most areas do not replace, private decision-making. The State's own direct operations are restricted to a limited number of manufacturing and power-generating plants and distribution systems, communication and transport services and some banks and financial funds. Collective bargaining is the cornerstone for the industrial relations system. Interest groups are generally represented by organisations which can enter into binding agreements with the Government and adversary economic interests. These agreements are generally observed by the individual units as if they were directly negotiated. They establish a contractual basis for much economic behaviour and facilitate the operation of the centralized economic policy system. Occasionally, the Government intercedes with direct orders as in the case of banking and collective bargaining to secure conformity with its own purposes. On the whole, the Government is more intimately associated with the development of the private sector than is true in most western countries.

Manpower policy objectives are broadly defined in the national objectives. The manpower policy agencies, the Minister of Local Government and Labour and the Directorate of Labour, moreover, are involved in the process of formulating national economic and social policies. They provide information, offer advice to the policy officials and administer a number of important programmes. The political head, the Minister of Local Government and Labour, participates intimately in Government decisions on economic and social policy. The manpower authority recognizes that the fulfilment of the nation's general economic objectives will promote full employment, price stability, an equitable distribution of income, and a rising standard of living and improve the nation's capacity to finance more liberal social programmes. The measures it administers contribute to the better utilization and employment of manpower resources. The existing social and humanistic programmes extend a high degree of security and protection to workers against the risks of life and economic adversity, provide opportunities for more extended education, and offer services for improving the health and housing of the population and local amenities, thus advancing the productive competence and quality of the work force and facilitating its adaptability to changes induced by shifts in the economy, and enlarging the citizen's satisfaction with life.

The present Chapter summarizes the institutional and economic environment in which manpower policy is formulated in this country and defines the present and future priorities necessary to attain the national economic and social goals.

II. Economic Policy Objectives

The nation's dedication to its explicit economic and social objectives makes it essential that we enumerate them early in our discussion. They materially affect the nature and goals of manpower policy, and give special direction to its implementation. In the post-war years Norway, like other western countries, substituted positive Government programmes for the guidance of the economy and society towards well-defined goals for *laissez-faire* attitudes and inaction on economic and social issues. One major guide for the selection of the new goals and programmes was to avoid the tragic experiences of the inter-war period with its large-scale unemployment, economic instability and social unrest. Full employment became the central goal. It was coupled with the objectives of economic growth and the fullest utilization and more recently, conservation of human and natural resources. The critical importance of the employment objective is reflected in the 1954 constitutional amendment which declares that "it is incumbent on the authorities of the state to create conditions which make it possible for every person who is able, to earn his living by his work". In practice, this objective enjoys the highest priority even in short-run annual programmes. Differences have, however, existed as to the definition and levels of unemployment and the points of tolerance of different national and local levels of unemployment and the deliberateness and thoroughness with which policies should be implemented to reach specific pools of unemployment. Marked departures from the high levels of employment occurred in the recessions of 1958 and a smaller set-back was experienced in 1968. Job creation measures in both periods compensated for failings in the total economy or special areas. The overall result has been one of the lowest rates of registered unemployment in Western Europe. The country does not, however, recruit as high a proportion of the potential labour force as other advanced nations.

The second objective was the assurance of a fast rate of reconstruction after the war and subsequently, a continued high rate of economic growth. No specific growth target exists, though Norway accepted the OECD goals. During the slowing of the economy in 1968, national leaders differed on the degree to which the country should pursue an expansionary policy to raise the total level of growth closer to a 5% mark than the actual 3.7% level. The advocates of the higher rate stressed the need for the selective release or support of new projects in labour surplus areas. Towards the end of 1968, the Government took measures to stimulate the demand for investment. Recovery in 1969 lifted the growth rate towards the 3.9% level and the Government in its Long-Term Programme (1970-73) projects a 4.5% rate of growth for the next four years. To support the growth rate, private consumption has been continually constrained and public savings maintained through taxes at a high level. Governmental surpluses are used to finance high priority projects such as housing in the private and public sectors

through State banks or other channels. The Government also deliberately programmed and encouraged some national economic developments beyond the level justified by domestic savings on the assumption that deficits would be financed through capital imports. This policy is being moderated for the future, as it is hoped that investment capital will come almost entirely from domestic sources.

The third objective is price stability. The Government, over the last quarter of a century, has used diverse devices to suppress inflationary pressures or to minimize price increases resorting often to subsidies or controls. But through the greater part of the post-war period this goal has not outweighed the desire for full employment and economic expansion. The national authorities have kept a close watch over prices to avoid having the country price itself out of the market. But inflationary pressures have continued to operate. Price increases have apparently not adversely affected the nation's competitive position, in part because concurrent rises in other countries offset the damaging effects of domestic price movements. The same conclusion is likely to be appropriate for the most recent experience.

The fourth economic objective is a fairer distribution of income. It has been interpreted to mean the alignment of the incomes of people in agriculture, forestry and fishing with those in the manufacturing industry, the expansion of the wage and salary share of the national product and the improvement of the lot of the low income receivers. Trade unions have been particularly active in the latter field by securing special wage increases for the low paid workers in national collective bargaining agreements. Tax arrangements, social security systems and the public services contribute substantially to this end.

The fifth objective has been the maintenance over the long-term of a balance in the account of international payments to protect the gold and foreign exchange reserves. Export and service industries have to date built up considerable balances to offset imports. Capital imports bridged the remaining gap and stimulated economic growth. But for the future the country seeks to place less reliance on these capital imports and more on its exports of sophisticated finished goods.

A sixth economic objective is to construct a sound economic footing for the development of stagnant regions particularly by means of growth centres or areas within them, and to reduce the rate of emigration from them. Finally, more emphasis is being placed on improving the quality of life and the preservation of the natural resources and environment.

These economic goals seek to create an economic capacity for supporting a generous welfare state, with high living standards. It is in fact being realized, though some smaller groups share only moderately if at all in these benefits. The importance assigned to a still more humanistic society is reflected in the 1965-69 Long-Term Programme issued by the Government. It assigned high priorities to "pleasure and recreation, ... job satisfaction and democratic conditions of employment, ... better qualifications and skills and expanded contacts with high artistic accomplishment". This view is further restated in the Long-Term Programme for 1970-73 in which it is declared that "gradually choices will be made which lead to a greater part of the increase in the standard of living being taken out in forms other than

those which appear in the domestic product. The reduction in working hours which we have experienced in recent years is an example of such a choice. With an increasing standard of living and possibilities for shorter working hours, pure production considerations will be given relatively lesser emphasis in other areas as well. The safeguarding of the external environment will require that we make choices which can impede the growth of production. In order to avoid the harmful pollution of water and air, it will also be necessary to implement measures which are contrary to the aim of the greatest possible growth in production, but which nevertheless will improve the people's living conditions".

III. The National (Economic) Budget: A Mechanism for Orienting Policies and Measures for Steadfast Conformity to its Objectives

The Norwegian Government since 1946, has employed the national (economic) budget to harmonize and relate economic policies and programmes to its overall economic and social objectives. Over the years, moreover, the budgets have become more comprehensive and sophisticated though briefer, permitting the closer integration and technical evaluation of the contributions and impact of single measures upon the whole scale of objectives. Starting off as a tool for relating the physical controls to actual resources and individual programmes to one another, the mechanism has been improved to deal with price developments and take account of the inherent economic relationships among the components within the economy.

The national budget-making procedure promotes greater coherence of thought and the use of identical assumptions and carefully-defined economic relationships among the agencies participating in the construction of the budget. The resulting high order of deliberateness in the development of estimates and projections makes for ease of communication among these groups and permits each, including the manpower authority, not only to offer information and advice but also to present its views on the overall proposals and directions and the specific measures. The increasing amount of information on the social and economic consequences of individual measures and greater insights into the operation of the economy enable groups to test the advantages and disadvantages of specific acts. A deep sense of reality pervades the discussions and conclusions supplied by the subject experts.

The economic budget has become a point of reference for the policies in the public and private sectors as in the discussions on wages and benefits in collective bargaining and manpower policy and programmes. It is a focal point for tactical and strategic economic planning. The extension of this time span for economic projections to 1990 and the initiation of sectoral and regional budgets are helping measurably to increase the importance of this mechanism for the formulation and harmonization of local measures and policy decisions with national ones. It offers guidance and perspective to private decision-makers. Business, labour and political leaders have also learned of the limitations of the techniques and the need to allow for

constant changes in the underlying assumptions and data to make these tools more useful for defining policies, programmes and measures.

The annual and four-year national budgets are regularly presented to the Storting and the public. The six four-year programmes presented to date have assisted administrators, policy-makers, legislators and the public to relate individual annual measures to long-term developments and have stimulated the Government to establish programmes for even longer periods. Ten and twenty-year projections for a number of sectors have been actively discussed in the Storting. The long-term budget for 1970-73 contains an analysis of developments to 1990 in several key areas. The introduction of a rotating four-year preliminary fiscal budget is expected to lead to a closer adjustment of the annual to the four-year fiscal budgets and a comparable move in the construction of the annual and four-year economic budgets. These documents are currently prepared by the Ministry of Finance in co-operation with other ministries, including the Ministry of Local Government and Labour, and independent agencies under the guidance of the Cabinet.

IV. Economic Instruments and Measures

The annual national budgets spell out likely economic developments within the coming year and present the policies and measures the Government is likely to pursue to advance the nation's economic objectives. They offer the Administration an opportunity to define its views; the Storting, an occasion for debate; and the public, a clue to the constraints on their own decisions. Significantly, they disclose both the instruments and measures which the Government will use, some of which may require Parliamentary approval and others which may be implemented by executive action under former grants of authority.

There has been a considerable shift in the Government's use of and emphasis on individual instruments and measures to promote its goals. General fiscal and monetary instruments have gained in favour over direct controls. But with the elaboration of the former and their increasing specificity and directness they have taken on many of the characteristics of direct controls. Institutional changes continue to be made as individual Governments find them desirable to promote individual goals.

Direct controls blanketed the economy from the close of the war through 1947. They were rigorously administered and broadly accepted. But by 1952 many were abolished and others relaxed. In some areas substitute programmes replaced older controls. Thus permits and quotas for non-housing construction particularly for the labour tense markets still regulate volume in these fields.

Free collective bargaining replaced compulsory arbitration, but the Government takes an active interest in the negotiations. A special technical group Calculating Committee reviews the likely repercussions of alternative increases in wage and agricultural prices on consumer prices and real incomes distinguishing between wages, consumer prices and real incomes, profits in exposed non-farm industries and profits in sheltered non-farm industries. The Contact Committee consisting of the bargainers in the

labour market, the Government and the farmers and fishermen are able to discuss these data and the general guide-lines in the national budget to develop a common orientation. When an impasse is reached in collective bargaining, the State mediator intervenes to aid the parties to reach an agreement. On occasion, Government has asked the Storting to approve the compulsory arbitration of wage differences. The Government usually also negotiates the price and other terms of production agreements and the size of the subsidies with the farmer and fishing associations. In 1964, disagreements were compulsorily arbitrated by a special board. Price supervision and direct control and regulation of a substantial number of the items in the cost-of-living index continue. The latter are mainly food items such as milk and dairy products, margarine, meats, bread and flour, cement, concrete, gasoline and public transport. A temporary price freeze was imposed in September 1969 to prevent unwarranted price increases in the transition period in connection with the introduction of the value added tax on 1st January 1970. The price of land for building and domestic houses is regulated, as are the rents of pre-1940 houses. A broad income policy is therefore an integral part of the total system of economic measures to maintain price stability.

Prohibitions exist against retail price maintenance and horizontal agreements though exemptions are granted. While dividend control has been relaxed, special reserves are set aside for dividends in excess of 5% of the net assets of the enterprise.

Fiscal and monetary instruments significantly affect economic behaviour in the private sector and local governments. Many measures in this field, however, are framed for specific areas and take on the character of directives calling on entrepreneurs either to make, or desist from, specific moves. The goal of the revenue policy is to tax the population sufficiently to produce a regular surplus from which sums the Government extends credit on very favourable terms, primarily through its banks and funds to special groups of borrowers. Public, rather than private, savings are favoured to avoid creating a highly unequal income distribution and to enable the Government directly to aid specific groups.

The country maintains a very progressive tax system. Individual tax measures and changes in tax rates are used to achieve short-term economic stability. Tax exemptions encourage corporations to accumulate investment reserves which the Government orders to be released when additional spending is desired, as happened at the end of 1968. These tax funds amounting to 200 million Kroner were released to encourage investment. But as the economy expanded, the Government extended the date lines for their spending to moderate their impact and avoid concentration of investment. Tax incentives are granted to businesses which establish enterprises in depressed areas. Married women with incomes from employers can, since 1960, separate them from that of the family to minimize the effects of the progressivity of the tax system. The purpose is to increase their participation in the labour force. Immediately after the war a tax on the gains accumulated during the period recaptured much of these funds for the Government. The profits on the sale of land values are taxed as normal income to discourage excessive inflation of prices and to provide the community with a share of the gains in the added value which it created.

The 1970 tax reforms radically changed the system. The value added tax replaced retail sales taxes. A special tax on investments was substituted for the former sales taxes on these items. Family allowances were liberalized to aid the large families. A number of additional compensatory measures were directed to avoid undesirable redistributive effects and to increase the disposable income in the hands of the lower income groups, particularly those with large families. The overall purpose was to reduce the impact of the tax system on the lower and top brackets.

The Government has varied the volume and types of its expenditures to advance both short and longer-term economic objectives. In periods of high economic activity, such as the beginning of 1968, it cut back expenditure by stopping or curtailing specific projects and investments, and limited them in 1970 to balance the anticipated rise in spending by consumers and local Government. Contrariwise, it increased expenditures in periods of economic slackness as happened in 1958 and in the latter half of 1968 and 1969. Subsidies, particularly to the agricultural and fish industries have been a regular expense incurred to moderate the rise in the cost-of-living index and raise the income of people in these pursuits. The Government provides winter work to counteract seasonal winter unemployment as occurred in the winter of 1968-69.

Close credit control became a significant economic instrument after the Government gave up its direct controls of the materials for consumption and investment. The Storting has recurrently added to the Government's authority to guide and regulate the allocation of funds for private investment and loans. The credit budget in the national budget defines the direction in which external funds are to flow to shape the economy. From 1955 to 1969 the discount rate remained stationary at 3.5 %. It was raised to 4.5 % in the latter year in response to rising interest rates at home and abroad.

The Government has steadfastly adhered to a policy of low interest rates to facilitate expansion and reduce its cost.

The primary means for regulating the amount and uses of private credit are the liquidity reserve ratio requirements set by the government and the negotiated arrangements on holdings of Government and other bearer bonds. Regular discussions with representatives of the private financial institutions are held at the Joint Consultation Council. Deviations from the desired patterns and priorities for loans are reported and discussed and means sought to bring them in line with the Government's wishes. Where understandings are not implemented adequately, the Government is empowered to make its wishes obligatory. The guiding principles for credit policy not only prescribe the limits on loans and define preferences such as for housing but also set the volume of investments to be generated in the form of bonds. In September 1969, commercial and savings banks were required to increase holdings in bonds by an amount representing at least 33 % of the growth in resources after 1st October 1969. The proportion for pension offices and funds and insurance companies was set at 40 %. This order was followed in December by a new requirement raising the liquidity reserve requirements for large commercial banks to 13 % and for smaller ones to 12 %. The total volume of credit and its allocation among types and industries is repeatedly adjusted to accord with the Government's economic policy.

Besides exercising this indirect control through the private financial institutions, the Government can implement its desires through its own State banks and finance funds which provide a substantial proportion of the total loans granted in Norway. They offer loans for housing, municipal finance, regional development, agriculture, fishing, student study, and structural rationalization. The Long-Term Programme for 1970-73 also projects a large commitment to residential construction, and health and social buildings and educational needs. Since 1953 the government also controls the issue of bonds in the domestic market and passes on all loans negotiated in foreign countries. Its postal banking institutions collect a substantial volume of current savings which are invested in accordance with Government policy. The sums being collected in the pension fund are of increasing importance and their allocation is also subject to Government guidance. In addition, the volume of private business savings is, as indicated, to some extent restricted or expanded through the control of tax-free corporate reserves.

Institutional innovations in the credit area are constantly being made to further economic policy. The New Loan Institution for Structural Rationalization grants loans for the improvement of the economic structure. The Norwegian Productivity Institute, organised in 1953, fosters higher administrative and technical efficiency. With the reduction in working hours to 42.5 % per week in 1968, the Institute, the Norwegian Employers' Confederation and the Norwegian Federation of Trade Unions initiated a campaign for increasing productivity in Norwegian industries to offset the losses in output which might otherwise result from the shorter work week.

Through the last quarter century the country developed a system of direct and indirect measures for regulating the economy. Through their use the Government is able to promote national short and long-term economic objectives. The intimate knowledge gained of the operation of the economy both through the close contact with actual operations and continued macro-economic investigations has made the policy-makers and administrators highly sensitive to developments. They are, therefore, able to respond rapidly to changing conditions. Moreover, their personal contacts with the leaders in all walks of life and regular meetings with them insure that their own judgements can be checked, a consensus reached wherever possible or necessary and the co-operation of appropriate groups sought and probably obtained. Besides promoting stability and the desired rate of growth, the Government can encourage or contain developments in specific districts, industries, enterprises or activities, without fundamentally changing the basic nature of the private enterprise system.

These instruments provide the means for the close adjustment of activities to the supplies of resources and for the continued adjustment of economic behaviour and performance. This potential does not protect the nation against faulty judgements and policies. But the continuing alertness of the economic and social leaders and the widespread participation in the discussions assist in minimizing sharp departures from objectives and reality and facilitate the introduction and acceptance of correctives. Difficulties encountered in current administration, failings in judgements, uncertainties concerning interpretation, hesitations to act and the appearance of the unanticipated continue to trouble the system.

V. Constraints on Economic Development

The nation's economic objectives are not strikingly different from those of other European countries except that it has shown a greater equalitarian emphasis than is found in many. The people have continued to accept a high degree of Government intervention and guidance for the economy. The regulators are predominantly indirect in their approach, but many direct measures are employed. Contacts with decision-makers, particularly in the private sector, are close. There is more economic fine-tuning and adjustment in this country than is practised in others. No doubt underlying the national willingness to accept this arrangement is the widespread realization of the tremendous constraints acting on their economic development. The country is large; the population is small; the resources both natural and capital are limited but the aspirations are equal to those of other advanced peoples. Resources must be husbanded and effectively used; assets have to be carefully developed; alternatives must be weighed and directions must be deliberately chosen and not left to chance. The national budget is the essential mechanism for channelling these judgements; and the instruments and measures are the means for effecting the guidance. It is therefore, essential that we know more about the economic constraints governing the country.

A. *The Physical Setting: Large Area with Cold Climate and Limited Farming Area*

Norway is a big country, being one-third larger than the United Kingdom. It stretches over 1,750 kilometres and measures 430 kilometres at its widest point and 6 kilometres at its narrowest. Dominated by mountainous terrain and the sea coast, 22% is covered by forest and 3% is suitable for farming and grazing. It has a harsh climate and cold winters, with much snow. The coastline is, however, ice-free during the winter.

B. *Population is Homogeneous, Concentrated and Growing Slowly*

The population is highly homogeneous, with few alien elements. But it is small, numbering 3,900,000 (1969) with 12 persons per square kilometre. It is one of the least densely populated countries in the OECD. But its population is highly concentrated around its three large urban centres and their surrounding areas. The eastern area including Oslo has one-half of the population; and Bergen and Trondheim on the west coast, have one-quarter, and one-eighth is scattered in the vast regions of Northern Norway.

The rate of population growth has been low and it has not benefited from immigration. The past annual growth rate and the one projected into 1990 is below one per cent. The low birth rates in the thirties held back its increase in later years and distorted the age distribution. Its expansionary cycle is controlled by the baby booms, one of which occurred in the forties, and is currently gaining strength. In the fifties and early sixties birth rates dropped.

C. *The Active Population Remains a Low Proportion of Total*

In addition to a slow rate of growth, Norway's population has a low rate of participation in the economy. At the end of 1967, the civilian active population was 1,505,000 or 39.9 % compared with the overall rate of 40.7 for all OECD countries. The low rate of female participation, the rising ages of school leaving, early marriages and the high proportion of the young and the aged produced this condition. Norway has one of the highest ratios of population dependency per active person, and this condition will persist through the seventies.

The population rose at a rate of 0.9 % per annum in the fifties but the active population increased by only 0.2 %. In the first half of the sixties, the two rates of increase were 0.8 and 0.6 % respectively. In the second half, they were probably 0.9 and 0.6 %. In the seventies, they are projected to be 1.0 and 0.4 %; the active population is likely to increase at one-half of the rate of the total population. A comparable disparity is envisaged into 1990.

The slow past and projected growth rates of the active population affect the age of the resulting population. In the fifties, the numbers in the age group 18-19 years declined. Correspondingly, the gap in the 30 to 50 years age group increased in the sixties and produced deficits in the significant middle ranges of management and skilled personnel. The age imbalance will persist for the next two or three decades with serious implications for the nature of the industries and occupations most appropriate for Norway.

These demographic handicaps were offset in the past through the development of suitable productive employments and methods. During the fifties and sixties capital intensive industries producing semi-finished goods provided the answer. In the seventies and later, new finished products serving select markets will offer one major choice for shaping the appropriate industrial pattern. This great labour stringency, and the skewed age distribution dictate the need for a labour market organisation capable of assuring the maximum recruitment among the potential resources and their efficient allocation and employment to assure the optimum manning of the economy.

D. *Dependence on Foreign Trade*

Another constraint upon the economy has been its dependence upon foreign trade. With limited internal resources, it developed a pattern of production and trade which yielded the income needed to meet its aspirations. By building on its comparative international advantages it succeeded handsomely. It maintains a low tariff policy to foster highly competitive domestic industries but it has to be responsive to the changing winds of international trade. Norway is truly dependent upon such trade. Forty-two per cent of its gross domestic product in value terms was in 1968 sold abroad. Its exports of goods represented 21 % of the gross national product, a ratio exceeded only by five OECD countries. The corresponding figure for imports was 39 %, a rate surpassed only by four OECD countries and these imports consisted largely of foods, fuels, raw materials including ores, and manufactured products, particularly capital goods.

The country's foreign trade is highly concentrated among the countries of Western Europe and the United States. They took 85 % of the goods exported in 1968. The levels of business activity and policies in these countries, therefore, vitally condition Norway's economic development. The sag in business activity in Europe in 1966-68 impacted on Norwegian foreign trade. It was, however, then offset by a rise in internal demand but the foreign trade expansion in 1968 was not sufficient to maintain economic activity in face of a decline in internal investment. Only in 1969 when both domestic and foreign business levels moved in the same direction did economic conditions regain their former growth momentum. Individual industries or commodities are also sensitive to conditions in other specific countries. The stockfish industry which had sold more than 60% of its exports to Nigeria was adversely affected by the Nigerian Civil War.

Foreign trade policy in other countries will also affect this nation's economic effectiveness. The increasing preferential treatment accorded by members of the European Economic Community to each other reduced the relative importance of this outlet. On the other hand, the elimination of internal tariffs among the EFTA countries produced a shift of trade towards the latter countries. The United Kingdom and Sweden are now the most important markets, with the latter replacing Western Germany for second place. If a Nordic economic agreement is reached, trade will move even more strongly in this direction. But if Norway ultimately joins the Common Market, trade will be more widely diffused.

The high interest in foreign trade shaped economic policy in many ways. The country has had to remain highly sensitive to its cost position in world competition. This concern stands out in wage negotiations and other policy debates. Until recently, the Government remained convinced that "the cost per unit of output in Norwegian manufacturing has risen at about the same rate as that of those countries which are our main competitors". The situation became somewhat more difficult in the years 1967 and 1968. The OECD economic report concludes that "the cost position of Norwegian manufacturing industries relative to that of competitive countries deteriorated". This disparity resulted from the drop in unit labour costs in Germany and Sweden and the devaluation of the pound sterling, Danish krone and the Finnish markka. However, 1969 inflationary developments in a number of European countries may have narrowed the disparity.

The Norwegian economy has relied upon foreign capital imports to cover its deficits in the balance of international payments. Only in six periods since the beginning of the century did the country earn a surplus. They were in the years 1915-16; 1918; 1931-38; 1950-51; 1956-57 and 1968-69. Illustrative of the usual experience is the year 1967, when the deficit on the commodity trade was 5.1 billion Kroner. Earnings on the sale and purchase of ships, freight earnings and income on other services reduced the total to 860 million Kroner. The sum was increased by net transfers and interest payments to a deficit of 1.45 billion Kroner. A capital inflow of 3.0 billion Kroner produced a net increase in foreign exchange reserves of 1.54 billion Kroner. In 1968, trading surplus on the current account was 1.09 billion Kroner which was raised by a capital inflow to 1.5 billion Kroner. The above reversal of the usual trend was repeated in 1969 when the country re-

corded a surplus of 750 million Kroner but this trend will not be continued into the seventies.

E. *Limited Capital Resources*

The country's reliance on substantial capital imports to balance its international accounts reflects its sparse resources and its past emphasis on capital intensive industries, such as shipping and electro-metallurgical and electro-chemical industries. Foreign capital supplemented the considerable internal savings. The latter were accumulated primarily by corporations encouraged to build up reserves by liberal depreciation allowances in the corporate income tax system, and arrangements for accumulating tax free investment funds; and the Government, through its large regular annual surpluses.

National economic policy deliberately restricted private consumption in favour of such large-scale domestic savings. In 1967, private consumption expenditures were 53.4 % of the gross national product. Only Japan among the OECD countries had a lower rate. The domestic saving rate was one of the highest among the industrial countries, being only exceeded by Japan and Sweden. This country, therefore, developed one of the highest investment rates among OECD countries. In 1967, 31 % of the gross national product was devoted to gross asset formation, a level exceeded only by Japan.

The inflow of long-term foreign capital has been continuous during the post-war years. Even in 1968 when it was particularly low, it totalled 3.8 billion Kroner of which the shipping industry received 60 % and the public administration and enterprises, 10 % and the remainder went to the credit institutions and private sector. At the end of 1968, the country's net foreign debt was 9.5 billion Kroner, about 16 % of the gross national product.

In looking ahead to 1973 the government projects an annual average deficit of 70 million Kroner. The estimated annual deficit is 4.06 billion Kroner, but 3.99 billion Kroner of this will be covered by a substantial surplus from shipping transactions. The rest, i.e. 70 million Kroner is to be covered by foreign capital inflow. The hope is that a much larger share of local investments will be financed through domestic investments. This trend will be favoured by the increased emphasis on less capital intensive industries and the growing accumulation of funds in the national pension system.

In the past, the Norwegian economy relied for its foreign earnings on exports from its natural or semi-finished products industries and transport services and upon foreign capital to help build its capital intensive industries. Norway will remain dependent upon foreign trade to sustain its growth rate and achieve its economic and social objectives. But it hopes that it will reduce its dependence on foreign capital and change the product mix so that internal savings will more fully finance its growth.

F. *Costly Infrastructure*

Another constraint on its economic development is its natural setting. It presents a series of challenges to those who would build an integrated

modern economy. Some features have been capitalized to create positive assets as in the case of mines, water for power and the landscape for tourism. But other features present handicaps to be overcome by considerable investment. Much Government outlay is devoted to the reduction of these impediments. These great needs and costs are reflected in part in rising Government expenditures for capital structures. The Government's share of the total national gross fixed capital formation rose from 10 % at the beginning of the fifties to the current level of 15 %. Slightly more than 60 % of this capital cost consists of municipal expenditures, largely for roads. The central Government concentrates its investments on schools and universities and roads. The remainder is spent by State enterprises.

These investments will have to continue for some time on a large scale before many serious handicaps are significantly reduced. In the meantime, internal transport remains difficult and costly and deters real economic growth and communication. The railroads are limited in their coverage. Many areas remain unconnected. Most lines have only a single track; two-thirds of the system is electrified. The road system is inadequate with less than 10 % permanently surfaced and most roads are narrow and not easily traversed by wide vehicles. The first year-round east-west road was opened in 1968. The need is widely recognized. A committee recently filed a plan calling for investments of 6.8 billion Kroner over a ten-year period with most of the funds going for the improvement of existing roads. Similar difficulties exist in coastwise shipping where fishing boats are often used for transporting goods. While these problems exist, economic development is held back and concentrated in populated areas. Their correction presents a great burden for the Norwegian economy. The question to be decided in each case is whether improvements in specific areas should be preferred to emigration from them.

G. Major Shifts in Industrial Pattern Necessitated by Limits on Natural Resources and New Competitive Requirements

The forests, mines, water and fish provided the resource base for the country's initial activities and then the processing industries. But the base for the primary industries is becoming less secure. A new industrial structure is being developed which hopefully will provide an adequate foundation for the further development of the nation's economy.

1. Primary Industries: Limitation of Resources

Agriculture, forestry, and whaling continue to lose their former prominence as employers while trade and community and business services gain in importance (Table I). The proportion of the active population engaged in agriculture shrank from 25 % in 1950 to 11 % at the present time and the decline is continuing. The process of farm consolidation and abandonment is slow. Improvements in methods and shifts from grazing to grain production account for part of the drop in employment. Alternative employments constantly lure people away since incomes in agriculture are still very modest. Productivity is also low. Farms are usually small, less than half an

hectare and there is limited good farm land, primarily in the southern parts of the country and in the Trondheim and Stavanger regions. Government subsidies and price controls help to sustain the labour force in these industries. Norway's entrance into a Nordic Economic Community or the Common Market could present severe competitive threats to the future of this branch. Economic projections usually assume both the continued absolute and relative shrinkage of this source of employment.

Table 1. OUTPUT AND EMPLOYMENT¹ IN ECONOMIC SECTORS
IN PER CENT OF NATIONAL TOTALS

	Gross domestic product current prices		Employment	
	1950	1968 ²	1950	1968
Agriculture	7.5	3.8	24.4	13.0
Forestry	2.6	1.2	2.2	0.9
Fishing	2.1	1.3	3.4	2.3
Whaling	1.6	—	0.3	
Mining	0.9	0.8	0.6	0.6
Manufacturing	26.6	23.5	23.4	25.5
Construction	6.6	7.7	7.5	8.1
Electricity, gas and water	2.1	2.9	0.9	1.0
Trade	15.2	17.6	9.1	12.7
Banking and Insurance	1.8	2.3	1.9	1.3
Ownership of building	4.0	4.8	0.2	0.2
Water transport	11.1	11.5	4.0	4.5
Other transport and communication	5.8	6.1	5.7	6.0
Government services	3.9	5.8	4.2	6.0
Community and business services	5.5	8.9	6.7	12.2
Personal services	2.7	1.8	16.3	4.9
Total	100.0	100.0	100.0	100.0

1. Employment is measured in terms of full-time equivalent employment.

2. Preliminary figures.

Source: National Account Statistics.

Like agriculture, fishing receives considerable governmental support for the modernization of the equipment and creation of a flexible and mobile fleet, and the maintenance of its work force. Older fishing grounds are being supplanted by newer ones. Trends towards the freezing of fish for human consumption and reduction into meal and oil, favour further vertical integration with larger enterprises engaged in both the catching and processing of fish. Great concern exists about the future supplies of fish in traditional waters and the competitive position of the Norwegian industries in the newer grounds. Employment has been dropping slowly but persistently. Norway still retains a share of the whaling quota but high costs led the last company to abandon further activity in 1960.

Mining and quarrying primarily in the Northern areas are among the small growing industries. The principal products are ore, coal and pyrites. The latter expanded to supply the needs of the sulphuric acid producers. Mines face keen international competition. The addition of an oil refinery helped to diversify the nation's industrial structure and to reduce the drain on foreign exchange. The mechanization of the quarrying industries is reducing employment in this industry.

Employment in the forestry industry contracted as mechanization reduced manpower requirements. These same developments have also undermined the possibilities for part-time employment, a traditional way of supplementing farm income. Moreover, imports challenged domestic operations. Exports of lumber and timber dropped, as much of the lumber is used in the paper and pulp industry. With the increasing economic difficulties in the latter industry, more raw materials are being directed to the manufacture of chemicals. Sources of lumber are being broadened by new roads being constructed to formerly inaccessible areas and reforestation programmes revive older ones. Price controls, income supplements and other aids help maintain people within the area.

Within the next decade, the more accessible low cost water power sites, which provided the country with the base for the electro-metallurgical industries, a major source of foreign exchange and income, are likely to be exhausted. The National Energy Council in its recent report called for long-term planning of energy sources to offset the early loss of this great competitive position. It recommended investigations into the use of thermal power, natural gas and oil and ultimately, nuclear energy.

2. Secondary Industries: Tense Competition for Older Industries

The natural resources provided the base for a number of significant industries including electro-metallurgical and electro-chemical, paper and pulp industries, food and fish processing and fishing accessories, shipping and shipbuilding and their accessory industries.

The electro-metallurgical and electro-chemical industries now use almost one-half of the electric power generated in the country. On it was built a large industry producing aluminium, ferro-alloys, magnesium, nickel and steel with the first remaining the most important. The aluminium industry became the biggest producer in Europe and the second highest world exporter of virgin aluminium. All but one of the five main domestic producers are controlled by foreign interests. Expansion is currently taking place but the future is beclouded by the development of aluminium plants in Great Britain and West Germany and the future availability of competitive atomic power which may favour the location of smelters either close to the large markets or adjacent to bauxite sources. With the increased output of processed aluminium goods, greater efforts are being made to develop fabricating plants within the country.

The electro-chemical industry is also facing competition from new products and technology. The largest producer of chemical fertilizers converted from electro-chemical to petro-chemical processes. It is also expanding its output of plastics and magnesium. The new oil refineries are

stimulating the appearance of industries based on petro-chemical derivatives. The output in the chemical, plastics, petroleum and coal products industries has grown impressively and is producing highly specialized technical items and invading market oriented industries.

The same cannot be said of the paper and pulp industries in which both the mechanical and chemical pulp divisions are facing serious difficulties. High costs of timber, dependence on timber imports, and inefficient small plants resulted in the closing of a number of mills. There is considerable fear of further liquidations. Vast structural changes have been suggested for the solution of the industry's production and cost problems. A number of producers are developing new outlets for by-products in the plastic and synthetic fibre industry. Few new enterprises are appearing.

Employment in the wood and furniture industry has not held its own and the rate of growth in these industries has not kept pace with that of the country as a whole. Strenuous efforts are being made to cultivate both the domestic and foreign market for furniture.

The third group of manufacturing industries built on the nation's natural resources, the food group including fish processing, has grown in importance. But the limitations of supply may keep it constricted. New products are opening up new markets and opportunities.

The metal product, electrical machinery and engineering industries offer the greatest promise for the future. In 1968 they employed nearly 110,000 persons or about 10 % of the total. About one-third are in the ship-building and repairing division. This industry faces increasing competition from foreign producers as domestic ship operators are free to choose their own builders. But the industry's expertise, efficiency and specialization have made Norway the fifth largest ship-building country. It constructs a wide variety of ships ranging from giant tankers of over 200,000 d.w.t. to many types of specialized vessels. It has also fostered a sizeable auxiliary industry producing marine equipment for the industry both at home and abroad. Competition from other nations supporting their shipbuilding industries prompted the Norwegian Government to increase for the next three years the domestic quotas for bearer bond loans to be issued by private credit institutions, thereby making cheaper credit terms available to buyers. In exchange the industry agreed not to increase building capacity without the permission of the Ministry of Industry. Some national leaders have questioned whether the nation's limited capital resources could not be better used in other industries.

Other new, more sophisticated and specialized metal products are being manufactured in increasing numbers. Foreign markets are being cultivated to provide a broad base for mass production. These, it is hoped, will provide the base for the new industrial society. Co-operative arrangements are in some instances being developed with Swedish and Continental manufacturers for the production of parts or items under licences. A few subsidiaries of foreign companies, particularly in the electrical goods industries, are diversifying output for the country.

The need for such new outlets is confirmed by the competitive strains being felt by such older industries as textiles, clothing and shoes which continue to contract in size and volume of production.

3. *Service Industries: The Old Face Problems; New Ones to be Developed*

All service industries except water transportation and domestic service increased employment and are likely to continue to do so in the future. The maritime industry is one of the most vital. It provides more than 50,000 jobs and a substantial amount of foreign earnings. It is an old vocation. The present fleet was reconstructed after its substantial destruction during the war. It consists of new and modern vessels. At the end of 1969, the fleet totalled 19,679,000 tons. The industry expanded its share of the world fleet from 8.4 % in 1958 to 11 % in 1967, but the ratio has since receded and is likely to be below 9 % at the end of 1970. It now faces aggressive competition from foreign operators of tankers and bulk carriers, some of whom enjoy special subsidies from their governments and other advantages. The Norwegian shipowners moved ahead for a considerable period by selling older vessels and replacing them with larger technically advanced ones. It expanded its fleet of tankers. Its managerial techniques were among the most advanced. More than half of the Norwegian tonnage is chartered for long periods of time or employed in regular liner services. Employment in this industry has been shrinking because the ships are growing larger and operations are being mechanized. The industry complains that its costs have risen far more than those of its competitors. New trends such as container ships also call for new ships for which considerable financing is required and not easily available. The future for the Norwegian Maritime industry is less clear than it was in the past. With increased competition, earnings may decline.

One promising industry is tourism which is being developed to attract not only Scandinavians and Americans who have been the chief visitors in the past, but also other nationalities. The winter sports industry is being accented. It encourages the use of the resort facilities on a year-round basis.

4. *Trends*

Many traditional and even newer industries are facing substantial foreign competition. The limitations of the supply of raw materials or the loss of factor advantages such as cheap power are creating great handicaps. There is, therefore, widespread recognition of the need for an even greater shift from the manufacture of semi-finished to finished specialized and sophisticated goods and employing more technical and professional personnel for the development of new services. As for manufacturing industries, special emphasis is being placed on the machinery field. Government programmes allow for continued high investments in them together with the expansion of investment in education and training to enable the population to qualify for jobs in these industries.

H. *Limitations in Industrial Structure: Scattered Small Units*

Another limitation facing the nation is the predominance of small units in most sectors. Of the 17,700 in the manufacturing industries with a labour force of 385,000, 14,000 have fewer than 20 employees. Only a few dozen enterprises employ over 1,000. The smallness of the total market, the geog-

raphical dispersal of the plants and enterprises, the difficulties of transportation, traditional family ownership and an inbred individualism are all deterrents to consolidation. But mergers are being effected.

The major question is, therefore, how these business units can be assisted to become flexible and adaptable enough to meet the calls of changing demands. The large organisations may be expected to move independently and seek their own answers. The resilience and resourcefulness of the small plants exhibited in recent years have been reassuring to industry leaders. Co-operation and joint undertakings in foreign fields and co-ordination with other Scandinavian producers provide one answer. Some plants have become subcontractors or licensees. They have acquired practical knowledge of the new production systems and methods of management. Nevertheless, this smallness of economic units presents a most serious continuing problem to the industrial community. They will have to find a special niche for themselves in the domestic and world economy.

VI. Economic Achievements

Norway has recorded a significant number of economic advances. It is now one of the more stable, rapidly growing industrial countries, with a high standard of living. Analysts basing their judgements primarily on the experience in the fifties had labelled it as a "slow grower with limited labour supplies".* But the experience in the sixties justifies a change in the characterization as being an "average grower with limited labour supplies" with high living standards.

A. Post-War Expansion

Suffering from widespread physical destruction caused by the occupation and the war, the country reconstructed its economy financing it in part with funds accumulated abroad for maritime services performed during the war. From 1946 through 1948, real national domestic product rose at an annual rate of about 10%. During the fifties, its growth rate was about three-quarters of the OECD countries as a whole. But in the sixties, it is on a par with those countries and the EEC countries as a group (Table II).

The previous review of developments highlighted the major sources of improvements in productivity during the fifties. Denison** estimates that the contraction of agricultural units and non-agricultural self-employment and investments in non-residential structures and equipment each accounted for 23% of the growth, with advances of knowledge 22% and the expansion of the national markets, representing 11%. The low contribution by labour and other items of capital reflect the high accent on capital investment. The 45% rise in productivity in the sixties may be ascribed to significant contributions by labour and capital, particularly dwellings, and the economies of scales of operations and improvements in techniques.

* Charles P. Kindleberger, *Europe's Postwar Growth. The Role of Labour Supply*, Harvard University Press, Cambridge Mass., 1967, pp. 69-74.

** Edward Denison, *Why Growth Rates Differ*, The Brookings Institution, Washington D.C., 1967, p. 299.

Table II. GROWTH OF GROSS NATIONAL PRODUCT¹
(average annual percentage rates)

	Norway	EFTA	EEC	OECD
1950—1955	4.1	3.1	6.7	5.2
1955—1960	3.0	3.2	5.3	3.5
1960—1965	5.4	4.1	5.1	5.2
1965—1967	5.1	2.3	3.4	4.5
1965—1970	4.3	2.8	4.6	4.5

1. Gross national product at constant market prices.

Source: OECD, Economic Growth 1960-1970, Paris 1966. Revised figures according to country submissions.

The actual rate of increase of the nation's gross domestic product declined in 1968 below the average of the sixties to 3.7% and it rose to 3.9% in 1969. This is projected at 4.7% in 1970. The Long-term programme for 1970-73 projects a rate of increase of 4.5%.

B. High Per Capita Output and Level of Living

Norway attained a very high standard of living reflecting its ability to exploit its assets and avoid its limitations. Its gross national *per capita* product in 1967, \$2,200, was exceeded only by six other OECD countries. (United States, \$4,040; Sweden \$3,040; Canada \$2,670; Switzerland, \$2,620; Denmark \$2,320; and Iceland \$2,750). Further support for this figure is provided by a special OECD study of real private consumption based on a so-called "modified non-monetary indicator". Norway ranked ninth among the 57 countries studied. Only six OECD countries were higher on the list. (United States, Canada, Sweden, United Kingdom, Denmark, Switzerland).

Individual measures of the components of the level of living affirm this conclusion. As respects automobiles, it reports 150 per 1,000 inhabitants, which places it in the eleventh place among OECD countries. It has 260 telephones per 1,000 inhabitants, placing it in the ninth place; it completed 8.2 dwellings per 1,000 inhabitants, eighth among the OECD countries. It headed the list in the level of electric power consumption, with a rate of 11,520 k.w.h. per head, with Canada in second place with 7,014 k.w.h. per head.

Norway through its wage, tax, social security and overall economic and income policies has fostered a marked degree of equalization of income among its people. A recent independent study concluded that "Norway has probably gone further than any other democratic country towards the equality of income which a welfare state allows".* The Economic Commission for Europe confirms this conclusion in its study of eight countries. It found that the "lowest maximum equalization percentage (i.e. the maximum vertical distance between the Lorenz curve and the

* L. Soltow "Towards Income Equality in Norway" Madison University of Wisconsin press, 1965.

diagonal representing equal distribution; the smaller the percentage the greater the equality of the distribution) was for Norway followed in ascending order by Denmark, the United Kingdom, Sweden and the Netherlands". Norway exhibited a "tendency towards a reduction in income inequality ... at both ends of the scale".*

These improvements in living standards were registered at a time when the country made strenuous efforts to curb private consumption, as witness the decline of the ratio of private consumption to gross national product from 60.5 % in 1950 to 54.4 % in 1967.

C. *High Gross Fixed Capital Per Employed Person*

The continued emphasis on public and private investment and its encouragement through tax and public budgetary policies produced a high rate of gross capital formation. The European Economic Commission commented on this fact in its study for the period from 1949 to 1959 and Norway has continued this high rate of investment into the sixties. The results are shown in the estimated gross fixed capital per employed person in Norway in 1964 in comparison to other countries. These figures in United States dollars were as follows: Norway, \$12,500; France \$9,900; the Netherlands, \$7,200; Belgium, \$7,000; West Germany, \$5,900; and the United Kingdom, \$4,800.

D. *Low Levels of Unemployment*

These gains helped produce a high employment economy. The maximum number of registered unemployed in any one year from 1950 was 23,600 in 1958 with the average over the entire nineteen year period from 1950 through 1968 standing at 14,600. Through most of the period the registered unemployed represented one per cent or less of the labour force. It exceeded this level only in 1958 through 1960; 1963 and 1968. Norway had one of the lowest rates of reported unemployment in Europe. These estimates make no allowances for the low participation rates in the country.

Despite the overall relatively good record, the rates have varied considerably among the regions with much higher unemployment in the less-developed areas. Seasonal unemployment continues to be a serious problem though employment has become much stabler in a number of sectors, such as construction and forestry and canning.

E. *Balance of Payments*

Norway customarily has a deficit in its current accounts in the balance of international payments. This has been covered by capital inflow. While a surplus was achieved in 1968 and 1969, it is expected that small deficits will continue into the seventies.

* U.N. Secretariat of the Economic Commission for Europe: *Incomes in Postwar Europe: A study of Policies, Growth and Distribution*, Geneva, 1967.

F. *Price Stability*

Wholesale and consumer price trends have been kept parallel with the movement in competitive nations. To gain this end the Government in the early post-war years maintained strict controls. In later years it has dealt with each pricing area separately but with a clear view of its objectives. The price increases in the last two years have been more moderate than those experienced in prior years largely because of the lower import costs. The ultimate effects of the current inflationary trends in a number of European countries will have to be watched quite closely. The wage drift has been responsible for the impairment of the restraints achieved at the negotiations table.

G. *Conjunctural Stability*

An even level of growth has been a constant goal of Norwegian policy. Its stability was threatened three times by recessions or slow-downs during the post-war years 1951-52, 1957-58 and 1968. The recession in 1957-58 more strongly affected Norway than other countries, in part because of the restrictive budgetary policies pursued in that year. The slowdown in 1968 followed a very high rate of domestic growth in 1967 in contrast to the slackness in other Western European countries. The decline in activity in 1968 is substantially attributable to the drop in gross investments, a condition which the expansion credit and other policies of the latter half of the year reversed in the second quarter of 1969. On the whole, Norwegian "counter-cyclical policy was successfully managed".

H. *Regional Development*

One field of policy development which remains only slightly less trying now than at the beginning of the post-war era is that of regional development. During the period the flow of population and new industry was primarily towards the urban centres, in the east and west. In the period from 1951 through 1960, only the sub-regions within the eastern region gained population; all others lost population. The largest loser was the northern region. But the population distribution did not change much because of the relatively higher volume of surplus births in the areas with greatest losses. People tended to move to the Oslo Fjord area, but the greater the distance the person tended to move from this metropolis, the greater the probability that people would locate in an intermediary area. The movement in all regions has been from scattered settlements to urban communities. The proportion of people in urbanized areas increased from 35 % in 1900 to 49 % in 1946 and 63 % in 1965. Of the total number of people who moved in 1965, 42 % came from sparsely populated areas and 67% of the migrants settled in densely-populated municipalities. Concurrent with this movement came the more recent trend towards suburbanization. In 1965 only 45 % of the urban population was in the large urban centre city.

The country's major economic centre is in the eastern region with 8 of the 20 counties, 49 % of the population and 57 % of the gainfully employed

in mining and manufacturing industries. Oslo and the three countries abutting the Oslo Fjord have almost one-third of the gainfully employed in the country. The Northern sub-region of the eastern region is still mainly agricultural and much of its land is devoted to forestry. The western sub-region includes major power and electro-chemical plants and wood processing plants.

The Northern region is still largely undeveloped but has important mining operations. It continues to suffer from widespread unemployment in the winter months. Incomes are among the lowest in the country. The Lapps residing in the region constitute a significant minority problem. They are reluctant to leave their traditional habitat and find it difficult to assimilate in other areas. It has no dominant regional centres. The smaller towns serve more as magnets for those leaving rural areas than as growth centres.

The Southern region has Kristiansand as its regional centre. Except for a concentration in Arendal, the population is scattered. Trondheim is the largest city and the centre of the middle region which has accessible harbours, waterpower and mines, and large-scale fishing. The coastal and mountainous districts in the two regions are among the most backward. The western region with Bergen and Stavanger as centres has a highly developed manufacturing sector, fishing and mining operations. The great challenge facing the country is therefore to institute a programme of regional development which would promote the growth centres, overcome the diseconomies of the central city and deal with the move towards the suburbs and the depopulation of rural areas and the desire to maintain population concentrations in the different parts of the country. The high immediate costs of these developments must be counter-balanced against the diseconomies of further concentrations in established or new centres of population.

VII. Problems Ahead

The maintenance of a visible growing fully employed and stable economy dedicated to this nation's economic and social objectives calls for a constant alertness to its changing problems and trends. Resources of the basic industries are becoming exhausted or at least are not available in sufficient volume to support either constant growth or the competitive advantages on which these industries were built. Older industries are losing their position and must be stimulated or replaced. Much progress has been made in the development of lagging areas and regions. Complete reliance on domestic savings is still a goal to be attained. There is evidence that many Norwegian enterprises are equal to the challenge of the sophisticated demands of the modern era but the question remains whether their numbers are adequate to serve and implement the nation's goals. Production employees, technicians and professional people are needed to develop the economic opportunities which the Government and private enterprise may lay out for the country. Will these be suitable to the population? How can these disparities be met? Can this country with its limited resources and population forge that distinctive combination of industries and activities which would support the continuing fulfilment of the nation's economic

and social objectives? The economic, manpower and other policy-making bodies co-ordinated by the nation's superior political authority, the central Government, are addressing themselves to this challenge. Much work is being done to make the structural changes required to deal with these issues.

A. *Industrial Policies for the New Era*

This nation has a clear view of many of the limitations of the current industrial structure for the future. It is seeking to construct additions to and rationalize the present economy. The Department of Industry, in a report of March 1968, concluded that the country had to undertake specific programmes for the structural rationalization of industry to complement the private efforts of individual industries and entrepreneurs. Two institutions were created to implement these goals: one, a "Fund for New Industrial Projects", an extension of an existing agency is to encourage these developments through studies, initiatives in proposing mergers and other forms of co-operation among enterprises, advice to industry and its guarantee of loans for financial structural rationalization to be issued by a second organisation. The latter "Loan Institute for Structural Rationalization", financed by investments from the Central Reserve Funds of the Unemployment Insurance Scheme and private financial institutions, is to extend medium-term loans to projects recommended and guaranteed by the above-mentioned fund and private sources. The Government has retained its primary authority for guiding industrial development, rejecting suggestions for ceding this to independent bodies.

All groups recognize that the industrial structure is vastly changing with old enterprises, plants and occupations disappearing and new ones arising. The call is for more productive, sophisticated products directed at specific markets involving higher levels of processing and reaching into world markets. The manpower authorities will be increasingly pressed to anticipate the changes and reduce the cost and accelerate the transition for the enterprise, the individual employee and the community. The new employments will call for advanced schooling and training of their personnel.

More than ever before management will be called upon to develop appropriate internal adjustment programmes for their personnel to enable it to deal with the ever-changing internal manpower requirements. Public employment and manpower agencies will continue to shoulder the major responsibilities for achieving the requisite speed and facility in adaptation to changes in the external labour markets and ensuring that mobility is occurring in the proper direction, in the correct volume and at the appropriate rate. By anticipating the long-term developments these agencies will be able to encourage more easily the desired short-term movements.

B. *Management Improvement*

The limitations of the preparation and experience of current managerial groups are frequently commented upon. Considerable attention is, therefore, being given to the education and training of younger men for

these responsibilities and for the continuing education of men now in positions of authority. Formal school arrangements, seminars and conferences, visits to foreign operations and other channels are being developed to improve this "know-how". The consequence will be vast improvements and advances in the methods of operation and techniques of management. The work force will have to be brought abreast of the new approaches pursued by the managements.

C. *Geographical Distribution*

There is every likelihood that the population will continue to move from rural to more urban communities. The decisions on the location of growth centres and areas of regional development will greatly influence the direction in which the population will be moving. In addition, the trends towards suburbanization will call for more transport facilities and ultimately the relocation of enterprises closer to the centres of residence.

VIII. Current Set of Priorities

The Norwegian post-war development maintained a singularly uniform character. It was dedicated to the conversion of its limited resources into a highly effective industrial economy, to realize the nation's economic and social objectives. Deliberately it selected and designed policies for these purposes. On the whole it was effective in producing high employment, a high rate of growth and economic stability, comparable to that in other western countries. Standards of living also rose. Registered unemployment was at a low level, except for one period in the late fifties. But large existing labour reserves have not been brought into the economy. Population spontaneously shifted in great numbers to the large urban concentrations providing manpower for the new industries.

In the decade ahead, industries and services are likely to be greatly diversified as more resort will be made to sophisticated production of specialized items for particular outlets. More reliance will be placed on business initiative to fund or develop new products and markets particularly in foreign lands. Management will have to be more alert to new opportunities, the changing relationships of factors of production and needs of different parts of the world. Objectives will remain essentially the same, though greater emphasis will be placed on means to improve man's way of life. The key demand of the new era is sensitivity to change, and responsiveness to opportunity and speed in adaptation.

The manpower authority will have to respond increasingly to the prevailing sense of urgency, and the demand for high flexibility of production and service units, and mobility of the population. The accent will have to be on active manpower policies ready to serve the economy and the people by anticipating change. Therefore, the stress will be upon understanding developments, projecting needs and having measures and tools available and the skills needed to serve the labour force. The manpower resources are too limited and the losses from inept and delayed adjustment are too great

for this country to bear ineffective and haphazard mobility, poor preparation and inefficient employment of the existing and potential manpower.

The challenges presented to the manpower authorities are many. They are to assist in the achievement of a highly productive economy and recruitment, preparation, allocation, employment and protection of manpower resources. One prominent goal is the optimum recruitment of the work force in a country where the participation rate is low and proportion of young and old is high. This responsibility involves the promotion of higher rates of participation of women and other less active groups in the population, It is also concerned with the shift of persons from areas of low productivity and earnings to the growth industries.

Second in importance is to ensure the appropriate preparation of the work population for the new and developing demands of employment as well as the upgrading of those currently employed. The latter becomes particularly important because of the unevennesses in the age distribution of the population.

Third, manpower agencies have to establish a close relationship with the procedures of economic policy development and implementation, both to stimulate new initiatives and to assist in designing appropriate measures which advance national economic objectives consistent with the independent manpower objectives. The agencies should maintain the appropriate information collection and analytical services needed for the understanding of labour market developments, and for the careful selection and evaluation of measures and tools.

Fourth, the labour market must be organised to be ready to serve quickly and adequately by providing information, guidance and aids for the allocation of manpower to the growing and highly productive enterprises. Optimum mobility has to be obtained at low cost.

Fifth, in view of the scarcity of manpower, particular emphasis has to be placed upon ensuring the optimum employment of manpower at their places of employment. Management and employees must be helped to achieve the highest possible levels of productivity to raise their output and earnings.

Finally, employees have to be protected against human risks and unemployment and assisted in their efforts to adjust to the changing social and community demands. Manpower agencies depend for their effectiveness in many cases upon the existence of an adequate proficient social programme.

The emphasis in future manpower policies and administration should not really be on novelty though many new services, aids and facilities will be necessary, but on alacrity to further its overall objectives effectively and make the most of the available resources and on reorientation to the new direction of manpower policy. A country with a very narrow comparative advantage in a limited number of commodities and services faces many economic risks. Public and private bodies have always to be ready to change direction or emphasis to maintain these advantages. By anticipating direction and needs, responding promptly to them and securing programmes in complementary national independent policy areas, the manpower agency can become an effective instrument for achieving the nation's economic and social objectives.

Chapter II

MANPOWER RECRUITMENT

During most years of the post-war period, the Norwegian economy experienced a tight labour market. The tension was eased in the years of economic slackness, 1957-58, 1962 and 1968-69. The stringency was, however, less keenly felt during the decade of the fifties than in the sixties. The rate of expansion of the civilian labour force was lower in the former period because additions to the active age groups were small, and the participation rates among these persons declined due to the recession in the latter third of the decade. In the sixties, the higher number of entrants into the working age groups and the greater availability of employment because of the higher levels of business activity produced a marked rise in the annual rate of increase in the labour force. The greater growth of the work population in the sixties sustained the higher rates of economic growth. In the next four years the labour force is likely to grow slowly, unless marked increases occur in participation rates (Table I).

Employers, employees and manpower officials are keenly aware of the strain on the labour supply. Economists working on the national budget are kept apprised of these conditions not only through their own sources of information but also by the data furnished on the limitations of labour supply in specific areas and sectors and the complaints on the way in which they limit production. Specific indicators, such as the low rates of registered unemployment, the high ratio of vacancies to job applicants, large unsatisfied requirements for manpower reported in special surveys, and the unending wage drift attest to this tension.

But labour scarcity was not a major deterrent to growth. Entrepreneurs and economic policy planners have found alternatives to the reliance on labour. They accented capital intensive industries employing few persons and providing large economic returns per employee. They turned to industries such as power and shipping, and subsequently, to the electro-chemical and electro-metallurgical. The nation accepted the basic policy decision to rely on foreign long-term capital to compensate for the limitations of domestic savings which were relatively high and even selective foreign investments, primarily in the aluminium industry, to achieve this industrial pattern. Shifts in the allocation of manpower provided the labour resources for constructing and operating the new industries.

But the country recently became more aware of the constraints imposed upon development by such stringencies in the labour supply and developed

Table I. LABOUR FORCE AND EMPLOYMENT 1950-1973

Year	Labour force (Economically active population)			Employment (Full-time equivalent)		
	Total	Male	Female	Total	Male	Female
A. Actual numbers (000's)						
1950	1,388.2	1,059.9	328.3	1,418	1,012	406
1960	1,406.4	1,084.9	321.5	1,440	1,081	409
1968 ¹	1,468.7	1,109.1	359.6	1,513	1,069	444
1973 ¹	1,490.5	1,124.9	365.6	1,563	1,088	475
B. Average annual increase						
1950-1960	1,821	2,498	-677	2,200	1,900	300
1960-1968 ¹	7,789	3,030	4,759	9,100	4,700	4,400
1968-1973 ¹	4,372	3,167	1,205	10,000	3,800	6,200
C. Participation rates in labour force						
1950	56.0	87.2	26.0			
1960	52.8	82.6	23.8			
1968 ¹	50.8	77.8	24.5			
1973 ¹	49.6	75.8	24.0			
D. State of Employment (000's)						
				Total	Self-employed	Wage and salaried employees
1950				1,464	495	969
1960				1,440	358	1,082
1968 ¹				1,513	313	1,200
1973 ¹				1,563		

1. Estimates and projections in Norwegian Long-Term Programme 1970-73.

Source: Labour Directorate.

Note: Labour force includes economically active population 15 years and over who report a usual occupation to the census taker. Employment figures are developed in connection with the calculations of national income accounts and exclude part-time employees if such employment does not provide them with their main income, such as housewives, pensioners and school youth. The number equals equivalent full-time employment of 2,000 hours.

specific programmes for expanding the labour force. The delay in crystallizing this recognition is in part attributable to the methods of economic budgeting followed in this country. Projections are made initially in terms of credit and physical resources. Manpower information is then used as an exogenous variable affecting the decisions on the potentials for growth of the different sectors. It does not define the direction in which expansion should take place, except for programmes of regional development and assistance to the unemployed during periods of recession and seasonal unemployment. The fact that labour supply was not viewed as elastic and responsive to the availability or supply of jobs in the labour market, was also influenced by the absence, until 1961, of a National Employment Office system. The Directorate of Labour would have had to alter its philosophy from that of stressing provisions for the registered unemployed to one of emphasizing its responsibility for the total manpower, including the highly qualified manpower, for it to become a proponent of manpower policy as an instrument of economic policy. This transition is currently being effected by the Directorate through the formulation and implementation of an active manpower programme. It is beginning to stress the possibilities of expanding the labour supply in both the short and long run.

Recruitment programmes in the past existed for special groups such as internal migrants, school leavers and the disadvantaged either for social reasons or because of specific public pressures. But little was done to define the size of the total potential labour force and the means and costs of reaching and enlisting new groups which might furnish additional active persons for the economy, thereby raising the nation's participation rate. In the middle sixties, the manpower authority broadened its areas of interest. It then perceived the need for a more positive programme for extending the labour force.

It is, therefore, necessary to consider both past efforts and current programmes for the expansion of manpower resources and to evaluate other suggestions and alternatives as the elements of an integrated total recruitment programme for this country's economy, which would satisfy the employment aspirations of the population. This Chapter will be concerned primarily with the sources and number of persons who might, or who want to, be brought into the labour market. The subsequent chapter will appraise the programmes and policies for their qualitative preparation for filling jobs in the economy. A later chapter will deal with personnel practices to adapt jobs to people.

I. Degree of Labour Stringency

Not only has the annual rate of expansion of the civilian labour force been low but it is projected that in the seventies it will be about 0.5 %, one of the lowest among the OECD countries. The prospective increase in working hours derived from the rise in the number of employed persons will be eroded by the likely reductions in the length of the work week to 40 hours from the standard of 42.5 hours introduced in 1968. Increases in other time allowances such as liberalized vacations and continuing education will cut down the effective number of working hours. The projected annual rate of

economic growth for the four-year period ahead is 4.5% and other national economic leaders have urged higher rates of 5 and 6%. To meet these goals manpower productivity will have to be raised, participation rates improved and rates of capital investment maintained or improved. Manpower policy administration will be severely pressed to provide assistance to attain these goals, particularly to increase participation rates.

The evidence on labour stringency indicates its chronic nature. The reserves of the registered unemployed are low. In 1958 at its peak the monthly average number was 23,600. With rising activity, the volume declined to an annual low point of 11,900 in 1967, increasing to 16,500 in 1968 and dropping again to 15,500 in 1969. These numbers represented respectively 1.6, 0.8, 1.1 and 1.0% of the work force as currently measured which, we shall conclude later, underestimates the size of this population.

The difficulties in moving these unemployed to the sites of greatest need are indicated by the considerable seasonal variations in unemployment, with July usually representing the low, and December or January the high points. In 1968, the increase in the number of unemployed from June to December was 20,114 or 300%. Second, unemployment rates vary considerably among regions and counties, with the highest rates in the least developed, and the lowest in the most developed, areas where tight labour markets exist all year round such as Oslo, Skien, Kristiansand, Stavanger, Bergen and Trondheim. Major geographical and occupational movements would be required to shift the unemployed to areas of manpower need. The great disparity in the rates of unemployment among regions and areas raises the question whether national policy should stress shifting jobs to people or people to jobs. Third, a disproportionately large number of the unemployed are older persons who face many difficulties in getting jobs and encounter problems in adapting to changing job and locational requirements. Fourth, a high ratio of the unemployed and non-participants may be found among the youth, handicapped and peripheral groups in or about the labour market. These differences in the incidence of unemployment and non-participation demand special manpower and economic programmes to supplement overall economic measures to achieve the optimum utilization of manpower and other resources.

The disparity between the number of job vacancies or openings and persons registering for work with the Employment Offices offers evidence of the pressure on employers to secure personnel. While it is not a precise gauge of tension, it is suggestive of the stringencies in the market. Job openings until 1969 tended to exceed the number of job applicants in the maritime industry which helps to explain the inclination of this industry to engage foreign labour in increasing proportions. No such intense deficiency was reported in other sectors. Nevertheless, the average monthly labour market tightness indicator, the ratio of vacancies per hundred applicants, stood at 76 in 1964, 85 in 1965, 92 in 1966, 86 in 1967, and 76 in 1968 and 78 in 1969. The number of job openings invariably exceeded the number of applicants in the summer. During three months in 1965, five months in 1966, three months in 1967, labour demands were higher than the registered supply. There were no such months in 1968 and only in the month of June, did the vacancies exceed the supply in 1969.

The unfavourable relation of demand to supply by occupation in 1967 as recorded by the Employment Service in order of the degree of tension was as follows: graphic arts work, glass, china, ceramic and fine earthenware, technical, welfare and artistic work, particularly as respects nursing and health and medical work, personal services including domestics, agriculture, smelting, metallurgical and foundry work and ships' officers work. These needs reflect the demand for specialized qualifications, remote areas or less attractive occupations.

The regular surveys by the Directorate of Labour of selected plants offer further evidence of the size of unsatisfied personnel requirements. For October 1965 it estimated the deficiency was 14,700 persons, distributed as follows in the industries studied: manufacturing 9,300; building and construction, 3,900; and commodity trade, 1,500. The greatest gap existed in the building and construction industry. Subsequent studies reported continued rising tension in the building and construction industry through March 1967, when the rate for uncovered requirements increased to 7.8% as compared with 4.5% rate in the October 1965 survey. In the mining and manufacturing industry, the peak of 3.5% was in March 1966 and it subsequently declined. In October 1968, a month of relative relaxation in the labour market, the ratio of unsatisfied requirements in the mining and manufacturing industries was 0.9% of the actually employed and in the building and construction industry, 2.0%. In October 1969 the rate of unsatisfied requirements rose in mining and manufacturing to 1.8 and in building and construction to 4.7%.

The smaller plants reported the higher deficiencies. They tend to rely on existing trained persons in the market. Moreover, the demands were keenest for some skilled jobs such as plumbers and welders and in seasonal and low wage seasonal industries, such as clothing and fish processing. These data probably understate actual demands since employers in periods of acute labour market tension use other channels to satisfy their labour needs.

Another less direct index of labour market pressure is the size of the wage drift in the country. For the period 1964-68 the wage drift accounted in each of the years for one-third of the actual increase in wage costs in the manufacturing industries, thereby equalling the size of the negotiated increase and the cost of the fringe benefits and other improvements. The pressure on wages has, therefore, continued unabated.

II. Recruitment of Non-Participants

The effectiveness of any future active manpower programme will in part depend upon its ability to attract and allocate an adequate qualified labour supply for the economy. Additional sources for recruitment must be identified, their potential estimated, the priorities for the respective efforts assigned, and programmes launched and pursued to encourage people to accept employment and for employers to engage those seeking employment. The programmes for reaching out to new resources should be complemented with efforts at job development. There are two distinct sources for the new members of the work force: the internal population and foreign labour. We

shall first consider the domestic resources, for the policies respecting the foreign labour will depend upon our conclusions concerning the former.

A. *Women*

The largest and potentially the most accessible group of persons for new recruitment are women. Norway has one of the lowest participation rates of the OECD countries, presently standing at 24.5 %. According to estimates for 1968 the participation rate for women 15 years of age and over was 24.5 %; for single women, 50.3 %; previously married, 25.9 %; married women, 13.8 %. After reaching a peak in the age group of 20-24 years of 49.2 % participation, the rates for women dropped to 25 % or less in the older ages. The rate for married women was the only one to increase over the 1960 level which was 9.5 %.

Programmes for raising these ratios face distinct problems. Some arise from the prevalence of traditional views on the role of women, which make no place for them in employment. The more industrialized and urban the community, the less this resistance and the greater the willingness of families, women, and employers to consider such employment. But discrimination and hardened attitudes on the nature of men's and women's jobs hold back expansion. In addition, women have until recently had limited opportunities for vocational orientation or training to prepare them for choosing or training in non-traditional jobs. Their education had also been short. Employers are, moreover, reluctant to give women apprenticeship contracts essential for a wide range of jobs. Women with family responsibilities have special problems such as the need for child-care facilities, financial allowances to cover their expenses, limited work schedules, and other requirements of an operational nature. The employment of women demands the removal of established traditions and resistance not only by the employer but also by the employees and their organisations. Special part-time schedules may be necessary to absorb them but individual employers may not have had any experience with its initiation or operation and may be fearful of the programme. Each break-through represents a deliberate effort, but may set no precedent for other enterprises.

Married women represent the largest single reserve for an expanding work force, and therefore, should receive special attention. One measure of the potential for their further enlistment is the large variations in the participation rates for married women in different parts of the country. In 1960, 20 % of the married women 15 years of age and over in Oslo were gainfully employed; but the percentages were only 14 in Bergen, 13 in Akerhus, a county outside Oslo and below 10 % in other counties, dropping to a low of 3.7 %. The current participation rate for married women is estimated at 14 %, having risen by some 4.5 % from the beginning of the decade. But this ratio is far below that in Sweden which in 1960 was 23.3 %. Many speak of this ratio as a target. Its attainment would add some 85,000 to the work population. Even more liberal estimates of the potential are often quoted, particularly as the Swedish ratio of participation has risen sharply in the decade of the sixties.

Interest in this group has been promoted by the Commission on Equal Pay appointed in 1949 and then by the Council on Equal Pay which replaced the former in 1959. They have studied the problem and have promoted different projects on extending female employment. The manpower authorities are initiating a more active role in this area.

There is much evidence that progress is being made in increasing the participation rates of all groups of women and particularly married women. But greater advances could be made. With more persistent attention and many new services and facilities, employers, personnel managers, union leaders and employees may respond. Many have to be converted; others have to be inducted; and still other employees and families have to be taught its practicality. During periods of great labour scarcity employers in large labour centres expanded the ratio of women in their employment either through their introduction to male jobs, the appearance of new employments, regular or occasional individual or group part-time shifts.

Part-time work arrangements are reported to be increasing in some major sectors, particularly for women. They are common in the bakery, meat, hotel and restaurant and trading industries. Employers providing clerical employments are among those most disposed to engage part-time workers. Garment and textile mills have organised special "housewives shifts". Public agencies have opened an increasing number of jobs to part-time workers. Employers have been responsive to employment agencies which provide them on an at-call basis with competent part-time assistance. The inclusion of the terms of employment for part-time work in the formal collective agreements for the commercial trades has given this programme new status and intensified interest in it. The Ministry of Local Government and Labour recommended that employers and trade-unions extend this practice, hoping thereby to assure these arrangements more sanction.

Organised educational programmes are addressed to all groups to open up traditional male jobs to female workers. But the promoters of such employments face many practical problems. One is the need to arrange facilities to make such employment feasible and not too onerous. Children's day-care centres and other services are needed for child care while mothers are at work. The Government now provides one-third of the building costs of both public and private nurseries and also extends help for their administration and operation. In 1969, provision was made for extending loan funds to those building nurseries. But the current accommodation for about 11,000 children is too small to release many more women for employment. Home-aid services are available for the aged and sick but not for working mothers. In 1969, the first break-through occurred with the initiation of grants to municipalities for one-third of the cost of maintaining such services where the child is ill. A special commission has been constituted by the Minister to give further study to these problems and to recommend measures for increasing the number of childrens' day-care centres.

Induction and training programmes in plants and the public manpower system are being increasingly adapted to the special needs of women with family responsibilities in terms of physical accessibility, time schedules, occupations, courses and allowances.

The importance of this challenge has been recognized. The major thrust of the recommendations of an intergovernmental committee, which reported

its conclusions in March 1967, was the need for more co-ordination of the Government's efforts and aggressive promotion of activities in their field by the Directorate of Labour. A consultant was appointed in 1967 to forward these functions. The group proposed a number of changes and innovations in the administration of the Employment Services to advance this work without creating a special section exclusively devoted to employment problems of women, fearing that traditional separation would inhibit progress toward expanding the work opportunities on behalf of women. The group stressed the need for more training of field officers in these problems and the appointment of women to the Employment Office boards and committees, hoping thereby to further awareness and continued interest in the special problems facing women. Other suggestions included proposals for extensive studies in the field, programmes of vocational guidance to extend women's interest to non-traditional jobs; short-term placement services, special adult vocational training programmes adapted to women's needs; and a national information programme directed at the public, women, employers and labour market organisations to familiarize them with the rationale and need for opening job opportunities to women and the services offered by the Employment Office.

In 1960, an amendment to the tax law enabled married women's earnings to be separated from those of the family to moderate the impact of the progressive rates in the income tax system. In 1970 a further concession allows working mothers to deduct costs of supervision of their children, while at work. These changes have had a minor influence on the volume of women at work.

The above report and the appointment of a consultant to oversee these activities represent useful steps toward increasing the capacity of manpower agencies to contribute to the further employment of women, particularly married. But it will require a continuing effort to lift barriers, overcome resistance in each group and inspire many new arrangements in the plants, at home and in the community in the form of facilities and programmes respecting after-school care of children, transportation, operating hours for community schedules and other matters.

The increase in working population in the sixties is estimated at 90,000 persons of whom about 45,000 were women. It is probable that this number could be more than doubled through a vigorous promotional effort and increased facilities.

B. Older Workers

A second, though smaller, group are older workers. These include both those in the labour market having difficulties retaining old, or finding new, jobs and those not in the market seeking to re-enter or those potentially capable of re-entering. We know something of the outside magnitudes of this group. In 1970, the proportion of persons in the sixties had risen to 18% of the population. In the 1960 Census, the rate of participation for men in the age group 60-64 was 88%, 65-69, 71% and those 70 years of age and over, 18%. In 1968, the estimated percentages were 85, 63 and 15. The rates for women for the same age groups were 22, 17 and 3. The last age group

includes those who have accepted retirement benefits under the pension law, which sets the normal pensionable age at 70 years. The municipal and private pension systems require pensioners to retire at the time of receipt of the pension or to change their employment if they do receive pension benefits. The payment of disability benefits further encourages early withdrawal from the labour market. In 1965, the percentage of men 60-64 years receiving such benefits was 11 and those 65-69 years, 21. The proportions for women were 11 and 17% respectively.

According to the 1960 Census, 30,000 males in their sixties might be considered for re-entry into the labour market. But this outside figure would have to be pared down. Many are in the less-developed areas where jobs would not be available; others are ill or desire to retire. Only a small group can be found in the thriving and expanding areas of the country. The re-entry problems of women are even greater than those of men because of lack of experience, limited education, long withdrawal from the labour market and their location and immobility. By far the most challenging groups are the gainfully employed, about 125,000 men in 1960, who have to be helped to stay employed. The equivalent number among the women was 35,000.

The growing awareness of the problems of this important group of persons led to the organisation of a special public committee in 1963 which reported in March 1968. The Ministry of Local Government and Labour responded favourably to its proposals. As for the methods of handling the problems of those currently employed, the Ministry endorsed the suggestion that the Employment Office establish a consultant service to industry on training and job redesign, openings and transfers. It agreed to work out a system of grants to employers to assist in inducting older persons undergoing training to new jobs, considered granting unemployment benefits to older persons for a probationary period up to three months, and improved the rules for supplementary assistance to employed older workers with low incomes. It secured the Storting's approval for the extension of the notice of release for employees over 50 years with over ten years' consecutive services to two months and those over 60 years to three months, and agreed to a special committee on older workers in the Board of the Directorate of Labour, to special training for employment office officials and the experimental appointment of special information officers in some larger offices. The Storting further approved the payment of the daily unemployment insurance allowance for an indefinite period to persons over 65 years. As for older persons not now engaged in gainful employment, proposals were made for direct public employment and outwork centres for homecraft goods. Both issues were referred to special committees studying a range of problems in these areas.

C. *Handicapped Persons*

Norway maintains a highly developed system of aids for handicapped persons in the form of rehabilitation, training, financing of technical aids, sheltered workshops and employments, housing, placement in normal market and maintenance and financial support. Expanding demands for manpower have favoured the physically handicapped who have found an

increasing number of jobs in regular industry, particularly as private employers have learned how to utilize their positive capacities. The special rehabilitation facilities have been increasingly made available to persons suffering from mental diseases or disabilities of a social nature, such as alcoholism. In 1968, 2,900 handicapped persons were placed in regular industry and 1,050 in protected employments. The corresponding numbers for 1969 were 3,240 and 1,139 respectively. The following chapter will consider the actual programmes for rehabilitation and social adjustment. As in the case of the aged, the disability benefit system may be inducing people to withdraw from the labour market rather than seek recourse to rehabilitation and retraining.

D. *Peripheral Groups*

Very little attention has been paid to the peripheral labour groups who come in and out of the market and engage in short-term employment. They are not included in the figures of the unemployment insurance system. No count analysis is made of their numbers. They are "no-groups" in the labour force. Those who work may be considered to be underemployed; those who have dropped out may not be counted, except as non-participants. They may not even appear on residential rosters. But their numbers in the large cities run into several thousands.

E. *Youth*

Most advanced economies with prolonged periods of schooling are experiencing problems in facilitating the transition from school to work. Older patterns are obsolete and newer ones are in the process of being developed. The present system of vocational guidance is helpful. The registered unemployment rate for persons under 20 years is still higher than the average. The losses from the remaining inefficiencies in the labour market are probably considerable. The frustrations experienced by young people in finding a place in the labour market are demoralizing to some. Prospective employers complain of the unwillingness of the youth to respond to current offers.

III. Shake Out of Less Productive Employment

The movements of people from the traditionally less productive sectors and industries to the expanding ones now provide fewer persons and, therefore, cannot be relied upon in the future for any substantial number of new recruits. The primary sector was a substantial reserve during the fifties supplying many persons especially from among the wage-earners in the industry and the children of the landowners. But the wage and salary earners have dwindled in size, representing a monthly average of 28,000 in 1968. The total employment in the sector slumped from 475,000 in 1946 to 337,000 in 1960, a reduction of 29%, and then fell further to 262,000 or 22% by the end of the sixties. Further shrinkage is anticipated.

Wage-earners and salaried employees have moved away from rural areas, preferring the better opportunities in urban centres. Many children of the landowners and self-employed did the same because they saw no future for themselves in rural areas. Independent farmers and the self-employed have been the last to give up but the position of many of them is becoming less tenable despite the many financial aids and price supports granted by the Government. Independent fishermen are being absorbed by integrated enterprises in this industry and are dropping out because of the total rationalization programme. Large-scale lumber companies are also encroaching upon the small tract owner.

Despite the continuing shrinkage in employment in the primary industries, a declining number of people being released are transferring to other pursuits. The number leaving agriculture is now about equal to the losses due to natural causes, death and retirement. With the self-employed constituting a large proportion of the total working population in agriculture, their age is rising. The possibilities for retraining and relocating them are, therefore, dwindling. The primary industries are less of a source of manpower than they have been.

The self-employed in other sectors are also becoming less significant as a source of employees for new industries. Their numbers are dropping most markedly in the retail and water transport industries. Besides withdrawals due to death, those released consist largely of people dropping out for reasons of retirement. The Government has made no specific effort to accelerate the process of retrenchment. However justified for economic reasons, such a programme is not likely to yield many new recruits for general industry. The self-employed leaving the personal services consist primarily of women who will probably not enter in any large numbers into salaried employment.

Contracting industries within the manufacturing sector release people, largely women with limited skills. The footwear and garment industries, textiles and furniture industries have recorded a net drop in employment in the last two decades of some 18,000 people. Possibly this rate of displacement may rise in face of current major structural changes in the economy.

A final indication of the limited opportunities offered by transfers from shrinking or closing enterprises is provided by the information on the curtailment of operations. The Directorate of Labour reports that in 1968, a year of business slackness, they were notified of curtailments in the form of lay-offs or temporary dismissals by 285 establishments employing 8,459. Another group of 23 establishments employing 1,513, reduced hours of work. The number of such lay-offs or temporary dismissals reported for 1962-68 was 1,131 establishments and 38,276 persons. Job losses within the enterprises which continue to operate are also considerable.

IV. Foreign Labour

Despite the labour market stringencies, Norway has not actively encouraged the recruitment of foreign labour. No reliance is placed upon this

source of manpower in the long-term programmes. The major economic interest groups and the Government have acquiesced to the factors inhibiting foreigners from coming to Norway, such as the distance, travel cost, strangeness of culture and language and relatively lower wages than Sweden. Little has been done to surmount them, though currently more attention is being given to providing information through education and training to foreigners in the country. The prevailing attitude is reflected in the report of a tripartite committee visiting Germany and Switzerland that aliens contribute to economic growth but create many problems. It concludes that it is best to avoid having these problems. Particular stress was placed on the prevailing shortage of housing in Norway. Such immigration would not be desirable, it is argued, and there would be difficulties in providing homes for them. The economic slowdown at the end of 1968 prompted the LO to urge greater control over the entrance of foreign labour "to avoid unfortunate repercussions", referring to employment problems among handicapped and older workers. It argued for accelerating the assimilation of the foreigners already in the country.

The net addition of foreigners in the last quarter of the century has been insignificant in numbers. Most immigrants come for seasonal work or short periods. They are young and unskilled, about 70% males, and take up work in industry or special service occupations such as hotels and restaurants. There are also musicians, artists, performers, and foreign students. Others are skilled and specialized individuals, such as nurses, technicians or engineers with contracts with Norwegian companies and institutions. These people do not generally bring their families with them and return to their home countries at the end of their contracts. The annual turnover for the non-Scandinavians, in terms of the labour permits issued by the Government, is between 5,000 and 6,000. The number of active foreigners found in the annual censuses is stable over the years, standing at about 15,000. Some 600 persons are naturalized each year. Danes, Finns and Swedes can enter the country without residence or work permits, according to the terms of the 1954 Nordic Labour Market Convention.

The Norwegian people have accepted foreigners for employment in the overseas maritime industry. There are some 15,000 foreign workers or about one-quarter of the total work force in this industry, who fill the gap created by the tight Norwegian labour market and the availability of alternative employments at home. But these alien workers present no real problems to the country since they are recruited for short periods; many do not ever reach the mainland and are housed on board the boats. Nevertheless, the Norwegian Seamen's Union asked for preferential hiring of Norwegian seamen in 1968 when job fears penetrated its ranks.

Emigration has played a minor role in the development of the labour force. Norwegians going abroad generally stay for relatively short periods primarily to pursue their education or further their training. The benefits in the form of increased experience and greater competence for the Norwegians living and studying abroad and who return, are considered offsets for the manpower gaps created by their absence and possibly the loss of a number of them. The Government deliberately attempts to maintain contacts with these persons in foreign countries.

V. Assessment by the Examiners

The size of the nation's labour supply has and will continue to constrain its economic growth. In the period ahead, it is probable that the stringency in the labour market will become even more intense. The numbers of new entrants among the youth attaining the regular work ages will tend to decline for demographic reasons and the longer period of education will delay their age of entrance. The shrinking primary sectors and self-employment will release fewer persons in the prime of life. Similarly, fewer persons are likely to be recruited from the traditional contracting industries. Expanding economic enterprises will be dependent to an even greater extent than before upon new sources of manpower or shifts of people from existing enterprises whose places will have to be filled from new labour sources.

The labour force stringency will also affect the choice and design of future industries and occupations. Jobs should be fitted to the capacities of the available labour supply. Great stress would have also to be placed on measures for geographical mobility and local economic development to attain the high participation rates essential to counteract the prevailing labour scarcity.

The challenge facing the formulators of an active manpower policy is to anticipate new manpower needs to allow sufficient time for arranging for the recruitment, adaptation, training and relocation of new labour groups. The major net additions to the work force must, therefore, come from among the non-participants, the major source being women, supplemented by older workers, handicapped persons and peripheral workers.

Particular attention will have to be directed to the potential supply of labour among married women. Both short and long-term programmes are needed to increase the interest in or improve the eligibility of women for such employments. In the former category are changes in educational and training programmes to prepare young women for entering gainful employment and to cultivate an acceptance by women and the public of the propriety of having married women actively participating in employment; and by management and workers of the economic and social necessity of expanding employment opportunities for the non-participating groups. Similar developments in other countries provide a pattern for constructive activities in Norway. The operational programmes should include provision of facilities, aids, educational and training programmes, financial assistance and special work arrangements including part-time jobs to enable these groups, particularly the married persons with family responsibilities, to engage in such gainful employment without unduly straining them. These measures are likely to be more effective than those in the past in improving employment of women.

A major challenge is to work out a system for reinforcing social attitudes, values which would encourage older persons, the handicapped and disabled and those in peripheral positions to engage in active rehabilitative and restorative programmes to broaden their participation. Employers in their own interest have to learn to adapt their jobs and organisational techniques to these groups in the labour force. The attainment of higher participation rates for the total population is the key present and future responsibility of manpower authorities.

The Examiners recommend that an organised integrated programme for extending the recruitment of the non-participating groups be developed with the highest priority being assigned to married women and equivalent effort be made on a programme for job development among employers to open up jobs for all groups. Special assistance should be offered to employers to aid them develop personnel programmes and redesign jobs so that the older and handicapped persons and peripheral workers can continue to work productively and at an optimum work schedule.

The Examiners are much impressed with the older workers committee's suggestions and their implementation. They are appreciative of the use made of the OECD studies and recommendations in this area. The Examiners approve of the appointment of a special consultant in the national office to supervise and stimulate these activities, to furnish the advice and materials becoming available in this field and to urge appropriate adaptation of other services such as training, counselling and placement and job development to this age group. The consultant should particularly promote and assist in expanding the practices of job transfers and redesign to extend the productive work life of older people in industry and disseminate reports on experience and research in these areas and as respects older worker training. Special induction programmes should be organised for aiding older persons, particularly women, to re-enter the labour force and obtain the required job training. Subsidies to industry, sheltered workshops, protected employments, public works projects for older groups should be administered as parts of the total services rendered to the entire labour force though provisions should be made for adaptations to the needs of the older group.

As an aid to this programme the Examiners propose that the manpower authority should conduct an annual survey of the manpower potentials of peripheral and non-participating groups in the labour force to define their numbers and problems. Thereafter, precise constructive rehabilitative programmes should be developed and implemented in co-operation with social agencies to increase their rate of participation. This survey may supplement regular labour market and underemployment reports.

A special task force shall examine the shortcomings in the present programme for facilitating the transition of students from school to work and propose revisions in the present arrangements.

Labour needs by current and prospective employers should be completely defined by improved methods of enquiry.

The rules and procedures controlling the old age pension and disability benefit systems should be carefully reviewed to increase the incentives for people to stay in the labour force.

The Examiners believe that foreign labour may be a major source of additional manpower to fill areas of technical and professional manpower shortage. The economy and society can absorb and integrate a higher percentage of foreigners than the current one per cent rate in the work force. An active formal organised system of selective permanent immigration operated in co-operation with management and trade-unions would promote a better-functioning labour market. As developed in Chapter III, the authorities should facilitate the adaptation of foreign labour, and assure understanding

reception of them by Norwegian citizens. Adequate social facilities should also be provided for these persons.

The public employment offices must also serve the short and part-time job market.

Manpower policy in the decades ahead should place greater stress upon the development of an appropriate supply of labour. The past emphasis on the unemployed should be complemented by active recruitment and job development programmes among the special groups so that a higher total participation rate of the nation's human resources may be achieved.

Chapter III

PREPARING, UPGRADING AND ADJUSTING THE LABOUR FORCE

I. Introduction

In former days when much of the work of the world was performed by men and women with strong backs, capable of arduous physical exertion, the emphasis was on numbers in the labour force. With the increased sophistication in the ways of our society, and the tools, techniques, processes and methods of our economy, we have become more concerned with the quality of the working population. Advanced human skills became essential in the performance of our daily tasks, the accent is shifting from manipulative and manual to cognitive and intellectual skills. With the rate of innovation rising and the degree of diversification and differentiation in functions increasing, people, even if they are not actually engaged in gainful employment, must be able to orient themselves and keep abreast of the new demands and ways.

Living in an urban society and working in a modern enterprise calls for an ability to understand what is going on and to respond to the variety of stimuli and then to communicate and act not only as an individual but also as a member of a group. These capacities and skills are not acquired merely by entering a society and participating in its activities. People must be specifically prepared through education and training to recognize and discharge their responsibilities, assisted in their development and, finally, if necessary, aided in their adjustment.

The Norwegian nation, like other countries, has increasingly recognized the need for the reorganisation and improvement of its education, training and adjustment programmes to raise the effectiveness of the individual citizen and member of the work force. Human resource development has become an accepted national function. We shall attempt to appraise the distance it has travelled in developing a structure and facilities responsive to modern needs as well as to define the role which the manpower authorities have and could perform in these fields (Table I). Current public expenditures on education amount to 4.0 billion Kroner, of which 2.1 billion Kroner is appropriated by the central Government and the remainder by the counties and municipalities.

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II. Education and Training

A. *General Education for Youth*

The need for universal elementary education received early recognition. It became compulsory in 1827. In 1889 a seven years' education became a requirement for all until the age of 14 years. But the needs of the time grew. The broad mass of people require more advanced education and training. Popular demand is for longer education. People also perceive advanced learning to be the ladder for upward economic and social mobility. It is one means of implementing the egalitarian ideals prevailing in society and realizing the aspirations of the great body of the population. Rising national productivity is also dependent on an educated and trained work body.

Education is not only the means of transmitting the learning and culture of the past but it is also the way to implant a more rational manner of behaviour, vital to advanced and urban living. In a society dedicated to full employment, economic stability and economic growth, change is an ever-present phenomenon. With the broadening of contacts and the removal of many barriers to trade, travel and communication, new ideas and ways of life are entering into society and industry. There must be carriers of change who are bold enough to introduce the new ideas, venturesomeness must be matched by a receptivity to experiment. The acceptance of the new must be cultivated. These attitudes are not encouraged in an environment of slogans; they develop in a milieu of understanding. Education and favourable experience with past changes can prepare people for new ones. Many may then also gain the skill of defining the consequences of an innovation and formulating programmes of adjustment and an appropriate schedule for ushering in the new.

But merely borrowing ideas from others and adapting them to one's own national needs is not sufficient. Each nation requires men who can innovate, if only to serve its special needs. The practical inventor served in the past but the present-day innovator must be versed in the state of knowledge in his field and have the facilities for making further advances. These require education, research experience and facilities, opportunities and resources for development, and later application. Only society as a whole can provide the resources.

Education has, in recent years, been recognized as responsible for preparing people for specific occupations. But more than ever before it should stimulate the creation of the intellectual base, instilling the spirit favourable to change and developing the individual's capacities for adjustment, participation and innovation in a highly technical interdependent, growing society and closely interwoven world.

The new demands could not be met by the pre-war educational and training system. As a result, the entire structure and curriculum are being brought up to date to create an integrated system with facilities responsive not merely to an elite, but to the varying capacities and needs of the entire population and to the differing demands of the specialized functions within the society. New methods and structures are also being tried out. This system is still in the process of evolving, as it is likely to be for some time. The object is to create an educational organisation which satisfies both national and individual objectives.

Table 1. EXPENDITURE ON EDUCATION AND TRAINING

	Millions of Kroner		
	1967	1968	1969 ¹
<i>Education</i>			
Central Government	1,690,288	1,901,634	2,072,957
1. Primary and continuation schools	625,789	683,746	754,585
2. Secondary schools and gymnasiums	140,881	148,922	157,739
3. Vocational schools	248,250	273,372	300,575
4. Universities and equivalent	404,349	418,756	449,381
5. Special schools	58,921	73,400	84,983
6. Vocational education	7,195	11,215	11,045
7. Scholarship and social measures for school pupils and university students	131,359	216,862	227,613
8. Other	73,544	75,361	87,036
Municipalities	1,747,100	1,970,000	2,069,400
<i>Adult vocational training</i>			
46,405	51,116	54,987	
Ministry of local government and labour budget	16,700	18,700	19,400
1. Working expenses	13,500	16,000	17,600
2. Purchases of machine and equipment	3,200	2,700	1,800
Unemployment insurance fund budget	27,900	30,300	32,300
1. Subsidies to schemes	16,200	18,600	20,700
2. Grants to trainees	10,000	10,000	10,000
3. Grants to schools	1,700	1,700	1,600
Regional development fund	1,805	2,116	3,287
<i>Vocational rehabilitation</i>			
<i>Rehabilitation centres</i>			
Central government budget	4,630	5,632	6,407
<i>Sheltered workshop</i>			
Ministry of local government and labour budget	8,000	9,700	12,800
1. Establishment of workshops for handicapped	4,700	5,300	7,000
2. Operation of workshops for handicapped	3,300	4,400	5,800
Unemployment insurance budget	1,600	3,100	4,300
1. Subsidies to workshops	1,500	2,900	4,000
2. Subsidies to employers	100	200	300
Unemployment insurance fund			
Loans to workshops for handicapped	600	300	100
<i>Physical mental rehabilitation</i>			
National insurance	40,328	55,776	89,923

1. Provisional figures.

Like other countries, Norway first undertook to reorganise the elementary and lower secondary schools. In 1959, it introduced as an experiment, a nine-year compulsory educational system which has been extended to the country as a whole; in 1969 it was made mandatory for the whole country and by 1975 should become universal. It reflects the conviction that all persons must have a longer period of general education until they are 16 years. In addition, a deliberate effort is being made to eliminate inequalities in

educational opportunities among the sexes, economic groupings and geographical areas.

Democratization of the education process has meant the postponement of the age at which young people decide on their future streams of schooling. For this reason, the school structure is being simplified and a comprehensive nine-year programme is being introduced with a standard curriculum through the first seven years. Children are instructed in the basic skills of oral and written communications, arithmetic and with English as the first foreign language. They are also taught the arts and handicrafts, are introduced to nature and problems of the environment and society and their individual aptitudes are encouraged. Curricula are increasingly differentiated in the eighth and particularly in the ninth years; in the latter year students may devote more than half of the schooling time to practical courses with a distinctly vocational outlook, or with the accent on elementary manual skills, but which provide no occupational training. General vocational orientation and guidance are furnished.

The upper secondary schools have not yet been reorganised. Spontaneous forces are themselves expanding the relative position of the general academic schools (Gymnas) which prepare young people for the universities and higher technical and vocational schools. Those who do not enter these gymnas may, as an alternative, choose one of a number of technical and vocational schools. The greater demand for the more academic upper secondary academic schooling reflects in part the desire of young people to enter upon college education. Current data show a doubling of this population since 1960 with the current number running to 30,000 and projections to 1990 set the figure at 90,000. To answer these demands, the country organised in 1969 a new tertiary educational institution, the district college. It also is a two-year regional school to prepare students for university or more advanced vocational or professional studies.

These developments will produce a radical change in the educational preparation of the Norwegian population. According to the 1960 Census, which reflects the effects of early post-war innovations, 85 % of the males and 87 % of the women 15 years of age and over had no secondary schooling. Among the men, 9 % had completed the lower stage of secondary school and 6 % the upper stage. The corresponding proportions among the women were 9 and 4 % respectively. The nine-year school has since become almost universal, assuring general completion of the lower secondary school. Attendance at the upper stages of the secondary school has risen and the ratio of examination passers from among the 19 years age population was in 1969, over 20 %, a marked increase from 12 % at the beginning of the decade. Wastage rates in the secondary schools have declined. The improvement has occurred throughout the country though regional disparities continue. The average years of schooling of persons leaving the school system rose from 10 years in 1960 to 11.5 years in 1970.

The increased participation of older teenagers in formal schooling raised questions about secondary education which have still to be answered. To what extent should the gymnas be converted into a more far-reaching comprehensive school providing for more terminal vocational courses? Should not the curricula be made more flexible to enable young people to shift their emphasis as changes occur in their capacities and interests? These

issues have to be answered not only in terms of individual preferences but also in those of national economic needs.

The expanding enrolment in higher technical schools, universities and other tertiary educational institutions demands further adaptation of the institutions to the varied interests of those attending them. What types of vocational information, guidance and practical experience would it be desirable to provide in the upper secondary schools? In view of the probable increased demands for technicians and sub-professional personnel in future industry, should not the courses envisage an adequate theoretical background and a broad training in specific skills to prepare the people both for direct employment and changing specialities?

With the growth in the importance of post-secondary school training for the modern economy the manpower authorities should become better acquainted with developments in this field. A constructive first step was taken with the appointment of a consultant in the central office to concern himself with the problems of highly-qualified manpower. The manpower agency should offer policies for the training of technicians in view of the continuing bottlenecks in the supply of persons in the university and graduate trained professions.

B. *Technical and Vocational Education* (secondary schooling)

Secondary technical and vocational schooling is being revised in view of the extension of nine-year compulsory education. Further changes may be appropriate in the light of the needs for more technicians. Males currently predominate in the agricultural, industrial, maritime, schools; women, in the handicraft, mercantile, health and service, housekeeping and teacher training schools.

The traditional apprenticeship system is being altered and often supplanted by the workshop schools. Specific articles of apprenticeship must now be signed and approved by local apprenticeship boards which are themselves supervised by National Trade Councils and an Apprenticeship Council in the Ministry of Church and Education Division of Apprenticeship Training. The articles of apprenticeship spell out the schools the apprentice is to attend, the course of theoretical study, the practical training required for the preparation of an all-round craftsman and the schedule of pay.

Originally designed for four years, the term has been reduced to three years in some cases. Apprentices are required to complete 304 teaching hours for each of the three years. But one-year attendance at a workshop school reduces the term by twelve months and two-thirds of the requirements for theoretical study. A second year of workshop school training cuts the practical work requirement by an additional ten months and eliminates the need of further schooling. The training for some special crafts is conducted in a school for three years. Some enterprises run their own schools. There are about 8,000 apprentices in the manual trades and about 2,000 in office occupations. In the former the accent is on printing, automotive repair and building trades crafts. The annual number of craftsmen certifi-

cates issued is about 1,100 to 1,200. A number of graduates do not follow the regular craft route and take other jobs.

An important source of training is the workshop school which provides basic one-year courses, with possibilities for a second year in some fields and a third year in others. The three years workshop school is completed by a test for a craftsman's certificate. It combines both theoretical instruction and practical training. There are about 100 such schools with 21,000 pupils who come to them after completing the nine years of primary schooling and represent one-quarter of the latter graduates. These schools are supervised locally by special committees for each school and by the County School Boards and nationally by special committees under the Division of Vocational Training in the Ministry of Church and Education and the Advisory Council on Vocational Education.

Three types of technical schools exist for training in the metal, mechanical, building trades, chemical and electrical engineering fields. The elementary technical schools supply a one-year course with an enrolment of less than 1,000; 19 technical trade schools offer a two-year course with less than 600 pupils, a provision which is being expanded to 2,000; and 13 technical schools offer a three-year course for some 7,000 pupils. Private technical schools are also being established in some areas and there are schools for arts and crafts, training in handicrafts and housekeeping. Training in commercial subjects is offered by commercial schools or commercial secondary schools with some 20,000 pupils. A series of schools are provided for the maritime trades and agriculture. A number of Ministries operate schools for training personnel for their services. Teacher training institutions at the secondary level serve the different types of schools. These institutions are supervised by the Ministry of Church and Education or the appropriate Ministry involved in the specific service.

C. *Adult Education*

Educational and industrial leaders have perceived the need to improve the competence of skilled workers and middle-management and to enable them to keep their knowledge abreast of the times. General educational programmes are needed to assist this group and the adult population to become acquainted with current developments in different fields. In response to these convictions, the Government established in 1967 a Department of Adult Education in the Ministry of Church and Education and organised an advisory council for Adult Education on which the Ministry of Local Government and Labour is represented. This Council has called upon the national employer organisation and trade-unions to make joint proposals on the types of activities which should be developed. The Government helps to finance the cost of correspondence courses to students.

In the more technical fields, the State Technological Institute offers extension courses in technical subjects and programmes in general business and economic subjects. The Ministry of Manufacturing Industries is sponsoring the further expansion of this work. The Labour Directorate is also arranging additional extension courses where needs are not being met.

D. *Adult Vocational Training*

Manpower authorities responded to the depression of 1958-59 by organising an emergency programme for training the unemployed, particularly people in the primary industries. This innovation which had its roots in earlier municipal relief programmes for the unemployed extended the Labour Directorate's basic responsibility to develop programmes for the unemployed. While unemployment was widespread, the needs for labour were growing in some sectors. A training programme would help to fill existing gaps. Starting with this effort for 1,300 persons in the winter of 1958, the programme has grown in 1968-69 to provide retraining for 8,000 and further expansion is envisaged. Primarily directed to men transferring out of agriculture, forestry and fishing, in recent years and particularly currently, the emphasis is being increasingly placed on other groups such as women, older persons, the handicapped and youths over 20 years unable to qualify under the regular vocational training system. It is not only the unemployed who are being trained, but also new or potential recruits to the labour force and those who seek to change their jobs. The proportion of women has risen slightly to over 25% and more efforts are being made to arrange courses and schedules to adapt the training to their special needs. Training courses are often specially designed to serve regional development plans and industrial rationalization schemes.

But the programme retains its original characteristic of organising accelerated short-term basic and often rudimentary, training courses for adults to equip them with the initial skills for immediate employment. The courses last usually between three and six months. Some 42 subjects are taught primarily in machine work, building, welding, construction and commercial and office work and seamen's tasks. The agency is disposed to extend these and diversify subjects as needs develop. Longer or supplementary advanced programmes are also being tentatively added. While originally exclusively organised for winter training, the months are being extended as groups other than the unemployed are served.

The permanence of this training effort is reflected in the multiplication of special centres for adult retraining in large communities. They are able to handle 2,500 trainees. Hostels exist in some areas for trainees who live away from home. Employer premises are used but every effort is made to maintain the quality of broad training in these courses so that the trainee would at the end of the period be qualified for a wider range of skills in a particular field and is not limited to one specific task. All trainees receive maintenance benefits for themselves and their dependants and do not pay for the training. If they are away from home, travelling, housing and rent allowances are also granted. But these grants and allowances are limited, representing generally less than 40% of the average earnings of a manual worker, an inadequate inducement to people to continue training if alternative employment is available.

The programme enjoys the fullest support of the Ministry of Local Government and Labour. It is viewed as a constructive method of cushioning the adverse effects of recessions or economic slowdowns or displacement, of assisting in adjustment and of aiding in meeting manpower needs

in expanding industries. The Labour Directorate is responsible primarily for identifying training needs, recruiting the trainees and arranging for the payment of benefits and other preliminary aspects relating to travel and residence and the Ministry of Church and Education through the vocational training school organisation is in charge of the actual instruction.

III. Individual or Group Adjustment and Development

Education and training are insufficient in themselves in a considerable number of instances to prepare people effectively for productive and efficient participation in the labour force. Many groups remain outside the labour market because society resists accepting them even though they might make a considerable contribution to the economy. Others do not try to enter the labour market because it would be too traumatic an experience, and call for constant battle against great odds with the existing society. They, therefore, resign themselves to a meagre existence on its fringe.

For human resources to be appropriately employed, individuals and groups must be prepared for their new way of life. The adaptation demands change not only by the individuals directly concerned but also by the receiving individuals and groups. The entire process must become deliberate and organised. Facilities for adjustment have often to be created; the ultimate beneficiaries have to be persuaded to use them; and the receiving groups have to be induced to accept the new groups.

In a welfare state like Norway, these lessons have been learned well for some groups but not for others. One finds a most uneven pattern of policies and services. Some are exemplary and others are non-existent. Some groups are well provided with aids and others have not been recognized. An active manpower policy demands the general acceptance of the principle that the potential members of the labour force should be deliberately prepared for entrance and their induction and their acceptance eased in the plant and the community in which they are to reside. Housing and other social facilities should be available for them. The sending communities should be organised for the outmigration and the receiving communities should be prepared to accept the newcomers.

The specific needs, programmes and facilities for each group requiring special aid will vary because of the nature of their problems. These can be grouped as follows: (a) those who need assistance in their adjustment to the new communities as in the case of rural migrants and foreign labour; (b) those who need guidance and assistance in their personal rehabilitation as in the case of the physically, mentally and socially handicapped and many groups of peripheral workers and the poor; (c) those who face prejudice or similar barriers to using community facilities, e.g. Lapps, foreigners, the isolated, released prisoners; (d) those who need assistance to assure their resocialization as would be true of poverty groups; (e) and finally, those unable to be placed in the normal labour market and for whom permanent social employment is essential or at least desirable as in the case of the severely handicapped and the aged.

A. *Rural Migrants*

Rural migrants into industry constituted a significant proportion of the new work force during the greater part of the fifties. Their significance has declined as the numbers of wage-earners in the primary industry have dropped and the age of the landowners or self-employed has risen. The process of outmigration was spontaneous. Individuals or groups left because of their search for greater opportunities in other employments as their own communities offered little to them. They left the primary industry when other jobs developed within their own or nearby communities.

Such facilities or aids for adjustment may be general ones which, in some places, were primarily dedicated to the rural population. The services offered by the Employment Offices fall into this category. They have information of alternative job opportunities and can facilitate mobility by providing grants for travelling and removal and also assist in installation in the place. Special funds are available for fishermen who change their locale. The vocational guidance counsellors and also the industrial psychology division in the Employment Office help the rural population as they do others. The adult vocational training programme conducted by the Directorate of Labour was originally inspired by the need to train people from the primary industries to move to other areas. Other Ministries and resources are available to the rural population as to others. The State Housing Bank can make loans for housing programmes which serve new rural migrants moving into cities or help to man new projects.

But there has been no organised integrated effort guided by the Government to prepare either the sending or receiving communities. The efforts were largely individual, sporadic and voluntary and incidental to general programmes. Some larger enterprises became cognizant of the high labour turnover and difficulties of the rural newcomers. They organised programmes in their own enterprises for their reception, adjustment and housing. In some instances their representative asked the recruiting areas to give potential recruits information on the new site. Others secured direct co-operation from the local trade-unions and community officials for this project. Knowing that people would find the development of a new pattern of life somewhat difficult, industrial firms arranged for special recreation, cultural, and sports programmes and instructions to wives on the ways of the community.

Probably the most significant organised nation-wide effort at facilitating adjustment is that provided by the regional friendly associations located in the large cities particularly in Oslo. Newcomers can expect assistance at these association headquarters in securing lodging and making other adjustments. They have been particularly useful for the youth for whom hostels were established.

The ultimate responsibility for initiative in aiding adjustment has fallen upon the receiving employer who might in his own interest corral the varied groups to assist the newcomers. But only a select number of larger employers, particularly in new areas, initiated such efforts. They have reported great benefits from this work both for themselves and their employees and their families.

B. *Foreign Labour*

As was made clear in the discussion of foreign labour, no formal policy exists for assistance to individuals. The new Foreign Workers' Information Office in the Oslo Employment Office now provides the needed assistance. A formal programme for providing appropriate language training and general education is being organised to supplement the established information and counselling services.

C. *Lapps*

The 25,000 Lapps present a special challenge. Many are still nomadic and have their own language and culture. They resist entrance into the general community because of the problems encountered in adjustment to modern urban and industrial conditions. Their standard of living continues low. The Ministry of Agriculture co-ordinates Government activities on their behalf. A special governmental Norwegian Lapp Council organised in 1964 advises governmental bodies on these issues. No far-reaching programme exists to develop their potential and improve their economic position.

The need for dealing with this group is manifest. Studies made of their characteristics and problems provide the basis for an organised effort to assist them in improving their condition and easing their adjustment to new communities.

D. *Mentally, Physically and Socially Handicapped*

Special facilities for adjustment and development of the physically handicapped were established in the early post-war period, when public responsibility was officially conferred on the government. Recently, this programme covered the mentally handicapped, including the retarded. Thought is also currently being directed toward reaching the socially handicapped among whom are alcoholics, drug addicts, criminals and socially maladjusted. These programmes envisage the restoration of their abilities to function in society, and become self-reliant and self-supporting to the maximum degree possible or engage in some productive effort.

1. *Rehabilitation and Training*

An extended series of educational, rehabilitative, conditioning, placement and employment services exist to promote these purposes. Those able to benefit from ordinary schooling are absorbed in them but in some cases special instructors for the handicapped are added in these schools. Special schools for handicapped are added in these schools. Special schools for handicapped children exist and cater for more than 3,000 pupils and several are vocational schools.

Most outstanding are the four rehabilitation institutes and the social medicine facilities in the State hospitals which serve as diagnostic and rehabilitative agencies. Specialists offer medical, occupation and social

counselling and assist in formulating specific rehabilitation programmes for individuals. The organisations help in the restoration of the individual's capacities and offer training and workshop opportunities to aid in the individual's progressive advance to self-reliance. The four institutes located in different areas are able to serve more than 1,000 clients per year. The staff in their field visits treat the handicapped outside of the Institute.

Vocational rehabilitation is a substantial part of these programmes. training is offered in the hospitals, or rehabilitation centres, regular vocational schools, rehabilitation schools or adult vocational training programmes or special sheltered or protected areas of employment. In 1968 the 86 rehabilitation officers of the Employment Office helped 1,686 handicapped persons of whom 400 were women, to gain admission to schools or other forms of training and 674 into Rehabilitation Institutes and 1,527 secured financial support to procure technical aids or occupational therapy. Other handicapped persons came to these programmes from other channels.

2. *Social Employment Systems*

Efforts are being made to extend the programme of protected and sheltered employment to serve as vehicles for the rehabilitation, retraining and acclimatization to the demands of the normal workplace. Finally, where necessary, it offers permanent employment of those unable to participate in regular jobs in the open market. As the numbers of disabled who find employment in industry increase, the proportion of permanent placements in the sheltered workshops rises.

The workshops are organised as distinct corporations either by the municipality or public agencies or organisations for the handicapped. They are operated independently like ordinary business ventures to contribute to the feeling of being a regular economic enterprise. They contract for the production of items needed in the commercial market. At the end of 1968 there were 37 such sheltered workshops with five branches, with places for 1,337 persons. These institutions are financially assisted by the Government. The goal for 1970 is to provide 1,700 places. The Central Ordering Agency for Establishments for Handicapped Persons offers expert advice in their establishment and operation. Temporary dwellings are now provided for 600 people at these workshops.

Clients are referred to the workshops by Rehabilitation Offices of the Employment Offices, Rehabilitation Institutes, hospitals, doctors, adult training schools or private individuals. Specific programmes are developed for each trainee, looking for their progressive improvement and ultimate graduation out of the workshop. The trainee's earnings are supplemented and he may also receive allowances for travel, housing, child care, family allowances by the Unemployment Insurance Fund, to enable him to earn the amounts currently paid to the lowest rated jobs in industry. A special commission is now considering the problems of earnings and supplements. Funds for special housing facilities have been appropriated and increased and more attention, is being directed to this aspect of the problem. There is considerable interest in improving the methods of operation of the workshops as well as making provisions for more permanent places in them for those unable to compete in the open market. In addition a system of finan-

cial grants to private employers is being introduced to induce them both to aid in acclimatizing and training individuals and in establishing permanent protected employment divisions within their enterprises.

3. *Poverty and Low Income and Peripheral Groups*

Concern about the low income group has grown in Norway as the nation realized that groups exist who have not shared in its economic prosperity and advances. These low income groups have been found among the rural population, Lapps and marginal and peripheral sectors in urban areas. Efforts to raise the minimum wages can have only a limited effect. Professor Vilhelm Aubert concluded his survey of the poor with the suggestion that "social case work, educational reforms, public investments and technical assistance should be combined in one programme", to assist in eliminating poverty. Each by itself would not effectively deal with the issues; each special group may have to have its own combination of programmes.

IV. Assessment by the Examiners

A great effort is being made to reorganise the educational and training system in Norway to enable it better to serve the nation in the preparation of its citizenry for the new more sophisticated world. In response to the basic democratic aspirations and to answer the needs of modern industry, the broad mass of people must be offered the widest opportunities for the development of their faculties and skills. Education is no longer reserved for an elite. An underdeveloped population is a burden to a nation. The vast potentials for national economic and social growth are dependent upon the optimum improvement of its human resources. It involves offering the youth or the adult broad opportunities for education and training to help him advance his position in society and broaden his capacities for participation. Such education and training is being directed to ambitious goals, for the youth in particular has to be prepared for the many changes occurring in his lifetime as well as to contribute to the nation's advances. Adequate housing, medical facilities, recreational opportunities contribute to effective education and the richness of life and to the individual's productivity.

This view of the importance of preparation is reflected in the newly evolving educational, housing, health and social programmes. The universal nine-year programme establishes a broad base of education for the total population. The new district college introduces a new tertiary educational institution which advances these opportunities. These organisations will prepare individuals for the more technically advanced occupations in society. The reorganisation of the upper secondary school system is necessary to integrate it better with the lower and tertiary stages and to allow it to serve in the preparation of people who terminate their education or training at this level. The educational system must offer greater opportunities for transfers among its branches, be more flexible in its curricula and goals and more responsive to changing needs and innovative as to

courses, programme methods and facilities to serve the student body. The Examiners are impressed with the urgency for the manpower authorities to become more intimately acquainted with the developments at the sub-professional, technical and university level professions, so that they can better account for them in their own plans and programme and be prepared for performing their advisory functions respecting educational and training programmes.

The manpower authorities should expand their occupational information and guidance services in the upper secondary schools and formulate recommendations concerning the nature of the curriculum, arrangements for transferability among divisions, and likely future requirements for technicians and sub-professionals so that the upper secondary schools and district colleges be better prepared to educate and train people for these occupational levels. Particular study should be devoted to the development of courses at the upper secondary level in the field of economics and work-life and organisational behaviour to assist students in their later adaptation to the economy.

The highly diversified system of technical and vocational training at the upper secondary levels inherited from the past needs revamping. The nine-year primary education and the increasing resort to workshop schools have made obsolete the older apprenticeship systems, particularly as training facilities in most enterprises are inadequate. Apprentice systems are playing a declining role and would shrink faster if legal requirements were removed. Existing schemes for training in elementary craft and trade skills should also be reassessed for their adequacy and appropriateness in the light of the newer industrial trends. It is not profitable to prolong such training beyond the point of significant usefulness to the trainees.

The present move for expanding adult education and training is a welcome step. It accents the importance of continuing education in a world of constant change and offers opportunities for the older population who have not had the advantages enjoyed by the youth to close this gap.

The Examiners urge their further extension to assist in upgrading the quality of the existing work force at all levels. The close co-operation of management and trade unions should be maintained. Such continuing educational programmes will not only tend to raise productivity but will also facilitate the adjustment of people to changes in the industrial and occupational structure. We urge a close relationship, between the educational and manpower programmes to enable each to use the other's facilities for upgrading and maintaining the quality of the work force.

Management must become part of the educational effort not only to offer its insights, but also so that it can better understand the changes occurring in education and training. It must also alter its own ways and the job designs within its enterprises so that they will be more satisfying and challenging to the new younger and better educated personnel. The youth may be frustrated and disappointed and their education and training wasted if industry does not capitalize on these new capabilities and interests.

The adult vocational training programme performs an indispensable function in the Norwegian society. It is not only a tool for aiding the unemployed but also the means for expanding the work population. The present programme is being all too slowly converted from a measure for

aiding the unemployed to a scheme for reaching marginal groups and non-participants and to assist in the transfer of people to more productive and better employments. It now offers a limited number of adults an accelerated road to such adjustments. It opens the way to organise emergency training programmes to satisfy sudden increases in demand for specific skills. It can reinforce broader economic programmes for schemes for economic development and growth. In case of a recession or economic slackness it can serve as a constructive countercyclical measure and a counterseasonal tool. But the expansion in the future should be toward broader functions than those which motivated its initiation.

The constant upgrading of the educational background and skills of the population and jobs in industry will bring this programme closer to the current plans for industrial and technical adult continuing education. The manpower authorities should, therefore, be closely associated with these initiatives since in time the two programmes should be closely related to one another. Besides extending its coverage, the scheme should increase the variety of courses, particularly those directed at helping people upgrade their skills and knowledge, and serve new types of clients such as women and marginal groups. The programme should be more flexible and oriented to individual growth. Modular or stage systems of curriculum construction should be added. The methods of training should be adapted to individual adults and requirements for certificates be redefined for adults. Job development efforts should complement training programmes to enable the investments in men to pay off in direct employment.

Every welfare society places a high value on the individual. In Norway there is even greater economic motivation for an orientation toward the individual since the population is small and widely scattered and the needs for manpower and active participation in social functions are most pressing, and each person should therefore contribute as much as possible to the rate of economic and social improvement. Besides addressing itself most ardently to general measures for improvement of the quality of human resources, the country should develop a series of services for individual groups of people who find adjustment and development most difficult. They need special programmes of assistance.

This view of the community's responsibility for aiding individuals and groups with special difficulties to adjust and develop is becoming a concern in advanced countries. The services for this purpose are being made available not as a special offering to the poor, but as a facility to the population who could benefit from them, irrespective of their economic position.

The Examiners would urge the manpower, in collaboration with social welfare, authorities to consider establishing formal social and individual adjustment machinery to counsel the rural population on their outmigration and their problems of adjustment in their new communities, and encourage the establishment of formal programmes including services for adjustment for newcomers in all larger enterprises and receiving communities.

Probably no group among those needing special assistance has received so much attention as the handicapped. Consideration was focused upon the physically handicapped. The services are now being extended to the mentally and socially handicapped. These persons aroused special sym-

pathy and interest in part because of their obvious disability and the availability of the resources of the social insurance programme.

The Examiners were impressed with the varied programmes and the high degree of integration being effected through the Labour Directorate and the national dedication to the rehabilitation of handicapped persons. They endorse the current moves to extend these facilities to the mentally and socially handicapped. These call for new techniques and, possibly, new facilities.

But other disabilities exist. Many are more subtle. In highly homogeneous societies, the latter problems may be overlooked because it is assumed that the people would be able to take care of themselves. The minority groups are also too small or outside the pale of general concern. The social service system has, moreover, been built upon the assumptions that financial aid and other services might suffice. Only in recent years, as vocational guidance and psychological testing and various types of medical, family and individual case work have developed, is the recognition taking hold that social counselling may be necessary. But there is no such organised programme in Norway and reliance is being placed on voluntary groups for personal adjustment to new circumstances on the part of the internal migrants, immigrants, special groups such as the Lapps, the poor, and or isolated. This great void should be carefully studied and programmes developed to deal with them. The manpower authorities should strongly support these initiatives for upon them will depend the success of their efforts to "reach out" to non-participants and help to smooth the transfer of others from one community to another and the recruitment of many persons from among the marginal groups.

The Examiners are impressed with the intensive interest in and elaboration of the programme for social employment. It certainly ranks among the most developed. The commercial atmosphere, competitive position and attention paid to production problems speak of the deliberate desire to use it as a transitional stage for the client's improvement. The high rate of placement in the open market, reported as being 50% suggests that the efforts are highly effective. The current plans for increasing the number of people served and expanding the facilities for permanent placement are constructive steps. More provision should be made for non-manual projects and occupations to permit people with such backgrounds to adapt and find a constructive outlet. The reports to be filed by various study groups make it unnecessary for the Examiners to elaborate on the detailed improvements needed in the operation of the workshops. But, we should emphasize that the programmes should provide supportive services to persons graduated from these workshops to the open market and to employers who engage them.

A special investigation initiated by the Ministry of Wages and Prices and the Ministry of Local Government and Labour is considering different phases of the low income group problem. Starting out with an emphasis on low wage wage-earners, it should broaden its scope to include all low income receivers and more importantly, the marginally employed and peripheral groups within society. Efforts to improve the level of wage rates or earnings, should be supplemented by programmes to extend job opportunities and services to them.

Chapter IV

**STABILIZING
AND EXPANDING EMPLOYMENT OPPORTUNITIES**

I. Introduction

The previous two chapters defined the direction for manpower policy and activities in periods of continuing labour scarcity in a changing society. The emphasis was on the manpower agency's responsibility for overseeing the recruitment of an adequate work force and its preparation to serve the evolving industrial structure. These duties will probably dominate the scene during the decades ahead of us, except in short periods of economic slackness.

An equally significant challenge for a manpower authority is to refine the ways in which it can help to realize the nation's economic objectives in periods of rising or declining activity. What are the appropriate policies and measures for maintaining a stable full employment economy? The manpower authority cannot merely concentrate upon providing employment opportunities during recessions and assisting the unemployed. It has an equal responsibility for instituting and favouring and implementing policies and programmes for correcting an unbalanced rate of growth which may cause undue price rises and excessive strains on domestic resources plus foreign loans. It should relate its activities and programmes to the long-term goals, a high rate of economic growth, a balance among the regions, an equalized income and benefit structure for the population and a favourable complex of industries.

The manpower policy system, with its measures and tools, is not only an efficient instrument for promoting its own specific objectives, but also serves to reinforce the efforts of other policy systems, including economic ones. It can assist these other policy systems with its analytical appraisal of their proposals and activities from the vantage point of the labour market.

This Chapter will consider the present and prospective roles of manpower policy in the selection and design of economic and other instruments and measures for the achievement of the nation's economic objectives. It will help define the role of the manpower agency in the administration of policies and programmes.

II. Economic Policy for Short-Run Goals (Conjunctural and Price Stability and Full Employment)

Norway has chosen detailed Government guidance of and intervention in the economy to promote its economic objectives. The market mechanism alone could not achieve the desired goals. Policies have had to be devised and instruments and measures chosen for implementing them which will constrain or encourage private economic behaviour to contribute to the achievement of national goals. The Norwegian Government chose the central national budget as the mechanism for co-ordinating and harmonizing individual policy systems and guiding private behaviour in such a way that individual programmes reinforce one another in the total programme.

The responsibility for ensuring collaboration and formulating final proposals for the cabinet rests with the two planning departments in the Ministry of Finance. One works on the short-term and medium-term economic budget, and the other on the long term four year programmes and economic planning over longer periods. They reconcile goals, resources and needs, get guidance on priorities from the Government, appraise future economic developments and adapt the volume and types of activities to the requirements for stimulating or dampening the total economy. Increasingly, they are also integrating sectoral and regional plans into their own national macro-economic projections. The final proposals spell out policies, measures and programmes for a wide variety of fields, including credit, foreign transactions, money, income, investment, production and manpower. The Labour Directorate supplies data on manpower developments, problems and proposed policies and programmes.

The occasion of the preparation of drafts of policies and programmes offers the manpower authority a real opportunity for presenting its own point of view on the budget so as to make the latter consistent with its own objectives. It can then offer its evaluations of trends and bring to bear its own special knowledge based on the individual labour markets. These can be differentiated according to areas, industries, types of employees and even types of employers, such as by size. They can complement and at times correct macro-economic judgements with micro-economic, sectoral and regional insights. Where are the labour surpluses or underutilized labour force? How large are these groups? Where are the manpower bottlenecks? To what extent can existing spontaneous mobility "help to correct distortions in the distribution of labour force"? What are the likely effects of these tensions or slackness in the labour market on wage and price trends? To what extent can the tensions or slackness be corrected through special programmes to be administered by the Employment Offices? How long would it take to make such changes and how strong would their impact be? What would the situation be after these changes were made? Would there still be a shortage or a surplus of manpower, whichever the case may be? What economic measures should be proposed to counteract these conditions either by offering additional job opportunities or constraints on their expansion? Which measures would be most effective and most desirable? Should direct controls or indirect restraints be preferred? Would

they be equally effective? What would be their impact and over what period of time? Would their influence be realized? What changes in economic policies, measures and tools would be most appropriate to reconcile economic objectives and the specific manpower goals of minimizing adverse effects upon the labour force?

These and other data are vital to the manpower agency's review of proposed economic policies and measures. The central labour market authorities should be equipped adequately to discharge these functions. At present they depend on *ad hoc* judgements if they offer advice and take positions, and in most instances do not actively examine the proposed economic policies and measures. Moreover, the Ministry of Local Government and Labour has no special group of economists performing this function for the manpower agency or the Minister. There is no special group of economists technically conversant with the operation and effects of the individual economic instruments and measures who can project their impact on the labour force, and translate the Labour Directorate's desire to minimize the adverse effects of specific technical proposals into recommendations modifications or alternative programmes to be submitted to other technical staffs or policy-making agencies in such fields as credit, money taxes, expenditures, investment, production income allocation, etc. There is no professional economic liaison group to argue for these suggestions with their counterparts.

Though these sophisticated functions are not being discharged by the Labour Directorate and the Ministry, they are not foreign to them. In past periods of unemployment or economic slackness, when Government operations were much simpler and less ramified, they responded to this challenge. In fact, the 1947 mandate instructed the directorate to "ensure that State institutions, counties and municipalities prepared detailed plans for employment schemes which can be put into operation at short notice and on an adequate scale in the various parts of the country... to take steps to have beneficial employment schemes put into operation during periods of unemployment and to have employment schemes postponed during periods of manpower shortage, where postponement is possible without serious prejudice to the economy". The call is for it to adjust to the needs of the new era and acquire an expertise adequate to serve manpower policy as an economic instrument and independent tool in a period of labour scarcity.

Considerable reliance was placed in the past upon compensatory employment projects to combat recessions and achieve price stability. During periods of inflationary pressures, investment quotas and ceilings were reduced; in periods of recession or economic slackness the Governments followed the opposite policy of increasing public investment and relaxing controls. During the Korean boom, public expenditures were cut. In the subsequent recessions of 1952-53, controls were relaxed. Restraints were again imposed on investments and Government expenditures in the inflationary period of 1954-57. The Government appropriated 123 million Kroner for an extraordinary public works programme to combat the depression of 1958-59 and to fight unemployment. To moderate the rate of improvement in 1961, the Government ordered part of the above fund to be spent more slowly and limited new grants. More use was made in the sixties

of the constraints on public and private construction, credit, fiscal and tax policy to combat inflationary pressures. The absence of serious slow-downs in the sixties eliminated the need for the major use of public works to stimulate the economy and combat unemployment.

The narrowing of the range of conjunctural fluctuations and the persistence of inflationary pressures, moderated the attention given to the problems of fighting unemployment and led to interest in subtler and more indirect measures of stabilizing the level of activity of the economy. Resort to direct employment measures occurred primarily when the Government tried to deal with seasonal unemployment or the needs of specific disadvantaged groups.

A further reason for the declining preoccupation with these compensatory employment programmes is the multiplication of new tools for influencing economic behaviour such as tax measures, providing corporations with incentives for the accumulation of reserves in periods of high activity to be spent in times of slackness. The forms and volume of Government expenditures had grown impressively. Construction projects had also in the meantime become bigger and the methods of construction more mechanized employing fewer people and increasing proportions of skilled men. The unskilled could be less well absorbed in them. More unemployed came from groups who had not followed manual and outdoor occupations. They could not readily be employed on these programmes. Distinctly different projects were needed for them. The programme required considerable advanced planning which ran into shortages of engineers and planners. The increase in the size of the projects made it more difficult to stop them or even to slow down the rate of construction. Such a step might duly increase the costs. Smaller projects for local unemployed people became exceptional and less easy to develop. Moreover, the Labour Directorate has done little in co-operation with other central and local agencies to facilitate their identification and organisation.

The expansion of the forms of Government expenditures and instruments for effecting the same ends and accepting national objectives had basically changed the problem for the policy maker. It was no longer a question whether some action should be taken to promote stability. Rather the policy maker had to choose from a variety of instruments and measures and determine how existing ones should be modified and which new ones should be introduced. The Labour Directorate's interest remains the same as outlined in its basic mandate, to assist in promoting full stable employment. But the instruments and tools have become more varied. It has now to choose among instruments and measures those which would contribute to the economic objectives and have the most constructive and least disturbing effects on the labour market. It must deal with the vast range of economic policies and instruments. The Labour Directorate should not surrender its functions of being the interpreter from the point of view of the labour market of the ways of achieving and maintaining full employment. Rather, it should learn to deal with the new arsenal of counter-cyclical measures and offer its counsel on which to use and how they are to be employed in the light of the specific conditions in the labour market to contribute to manpower goals.

III. Stabilizing Seasonal Demand, Particularly in the Building and Construction Industries

One traditional area of instability which continues to call for study and action and demands new techniques of solution is seasonality of employment and production. There is concern about the human and social losses resulting therefrom. Particularly, since the recession of 1958-59 special attention has been directed to correcting these conditions. With the removal of the physical controls, the Government resorted to new techniques for compensating for seasonal slackness. Efforts at promoting stabilization are increasingly focused on private decision-making in the building and construction industry.

While the national variations in overall employment do not show marked seasonal variations, the drop in the number of salaried and wage-earners between 30th September and 1st January tends to average about 2%. In several industries the decline is sharper. The primary industries have traditionally shown such a pattern of irregular employment but in the past persons in them developed complementary employments to fill out the year. But many of these opportunities disappeared with the mechanization of operations. On the other hand, this process has made for more extended employment during the year for those remaining in the industry. Raw material processing plants have been seasonal but a number are diversifying their operations offering more stable employment. The industries catering for tourism attract many short-term employees including foreigners. But a number of operators of hotels and other resort facilities have also begun to institute year-round activities. The building and construction industry remains the locus of the most significant fluctuations. These variations tend to be sharpest in the less developed and sparsely settled districts where alternative employment does not exist, and the pressure of labour scarcity is absent. The Oslo district shows a seasonal net gain during the winter unlike all other areas which report net losses, particularly in the building and construction industry. The drops are sharpest in North Norway, Hedmark and Oppland and the Trondelag counties.

The seasonally unemployed are assisted by a number of different programmes including unemployment benefits, relief work and especially adult vocational training. The latter tends to be concentrated in the winter months when people are unemployed. The training provides relief from unemployment and prepares the trainee to move on to less seasonal employment and to migrate to areas of labour shortage. There are no special bad weather compensation schemes for construction workers. Regional redevelopment is trying to diversify employment in a number of communities.

A quota system of construction introduced in 1955 was to promote seasonal stabilization particularly in building. The Government initiated successively a number of programmes for supplementary winter employment. The simplest has been the extraordinary Government work devoted primarily to forestry and river control. The appropriations appear in the budget of the Ministry of Local Government and Labour. The second, consists of State equalization grants instituted in 1953 to economically weak

municipalities, which number 289 of the total of 454, to permit them to maintain ordinary employment during the winter months. These funds, for which 9.8 million Kroner were appropriated, in 1968-69, are for ordinary building and construction. The grants cover the additional costs involved in winter work. These funds also come from the Ministry's budget. The third, the special winter relief projects for road work begun in 1959, appear in the road budget of the directorate of Highways of the Ministry of Transportation and Communication in the administration of which the Directorate of Labour participates by providing information on the areas of need and referring the unemployed to these projects. But increasing difficulties are being encountered in the administration of road construction jobs as they are becoming more mechanized. The number of places for the unskilled and unemployed is shrinking.

Extraordinary municipal winter employment is given in two forms. The first is assistance work in municipalities with substantial unemployment, to be spent on roads, streets, water and sewage service. The funds in 1968-69 amounted to 8.0 million Kroner. The second is the fund for municipal development to aid in the building of test centres, industrial districts and other items of infrastructure to help to stimulate the local economy and its preparation for enterprises desiring to locate there. The sums appropriated for this purpose were about 10.7 million Kroner in 1968-69. The funds for this purpose also appear in the budget of the Ministry of Local Government and Labour.

These special programmes employed about 3,900 persons during the winter months of 1968-69 (average for the first three months of 1969). But they raise many serious questions concerning their high cost and the appropriateness of the locations for such expenditures. The present judgement is that the programmes do accelerate construction and, therefore, expedite development. On the other hand, they result in the erection of structures which may remain underutilized and encourage people to stay in communities with uncertain futures. The funds could in some cases be more appropriately allocated for growth centres.

Other countries and the OECD have inspired the Norwegian authorities to move more strongly to tackle the basic sources of seasonality itself. Probably, the most significant effort to date has been the initiation of planning of State construction projects so that there is a more even level of activity over the year at the site and in the manufacture of materials. Seasonal (quarterly) employment projections are made by the initiating authorities in connection with budget submissions which are discussed with the Labour Directorate. In addition, similar planning activities are being encouraged among the municipalities. Progress has been made in the Government field. But with the expansion of private construction in recent years the seasonal pattern again strongly asserted itself. A more decided effort would have to be made to regain the relative progress formerly achieved with public projects.

The most serious challenge to seasonal stabilization exists in the house building field, predominantly operated by small enterprises for the construction of one and two family houses. Some advances have been made to level out activities but much more is required. New efforts are being made to get the military building works to follow the system.

But the private building field calls for major attention. In 1968-69 the Ministry of Local Government and Labour initiated pilot operations in four counties based on the Canadian model of subsidizing small house winter construction. The programme was prolonged in the winter of 1969-1970 and extended to municipalities in three additional counties. Further assistance in the way of municipal housing plans and building site arrangements is considered necessary.

The Central Building Committee (a subcommittee of the Executive Board of the Labour Directorate) has undertaken a number of educational activities toward advancing winter construction. In 1968 it issued a manual on current winter construction methodology and knowledge prepared by the Norwegian Institute of Building Research. But this is only a first step.

IV. Economic Policy for Long-Term Goals

The manpower authority has not formally participated in the development of long-term policies. It has been concerned with special aspects such as regional balance, improvements in the distribution of income, expansion of the public services and the promotion of labour mobility within the country. But it has not therefore tackled the general problem nor formulated specific approaches to issues such as methods of promoting industry, the desirable industrial structure for the country, the impediments or the incentives for the improved allocation of resources or the appropriate population policy. It has taken only a minor interest in the redevelopment of moribund or declining industries. It left these issues to other authorities until such time as the people were displaced or became potential subjects for displacement. It considered it to be sufficient for the manpower authority to receive advance notice of such closures or mass lay-offs.

A manpower authority is not called upon to take over the responsibility in these separate areas. But it should examine them individually and define its special interests and goals in the light of the manpower policy objectives, and advise the overall policy-makers of its findings. Out of precisely such initiatives the active regional policy developed. The unemployment insurance fund investment in the "Loan Institute for Structural Rationalization" is intended to create jobs and minimize unemployment.

V. Area and Regional Economic Development

The manpower agency in Norway was among the first to recognize the importance of relieving economic and human distress in underdeveloped or declining areas following the flurry of activity attendant upon post-war reconstruction. It saw the need for building permanent sound area economies or offering assistance to those desiring to move to other areas. The Labour Directorate initiated the establishment of regional planning offices, beginning in 1949 with one in North Norway and following later with similar bodies in other counties. It was aided in this work by appropriations from the Unemployment Insurance Fund, which recognized this activity as a constructive use of its resources.

During the fifties, attention focused on the areas with employment difficulties and low income. In the sixties, with labour surpluses substantially reduced, the developed areas drew attention. Migration increased the size of their population, suburbs sprang up outside the cities and the diseconomies of the large cities began to impress many leaders. The new population movements called for high expenditures on social infrastructure and these had to be controlled. More careful use of land became a general goal. To guide public action, the Government prescribed more comprehensive regional and communal physical and economic planning to ensure a better balance within the regions. The national planning agencies moreover have also begun to evaluate and implement their programmes for investment and new structures in terms of their specific regional impacts and to relate them to local plans and to work out a balance among regions.

The conscious guidance of physical and economic development in all regions and the increasing co-ordination of national and regional and communal planning and public investment will permit a more selective programme of assistance to the less developed areas. Instead of representing specific discrete efforts for individual communes, these programmes for aid can be made part of a comprehensive physical planning and economic policy system for a region or area which in addition would include policies respecting the location of new and expanding industry and new communities, the structure and size of old communities and internal and external migration.

The goals for regional policy are only vaguely defined as yet, but some significant elements can be identified. First, there is the desire to effect a balance between the economic and personal and social advantages and disadvantages of population concentrations into larger and smaller communities. Different combinations of cities, suburbs and growth centres or areas appear to be the answer toward which Norway is moving. Second, many hold fast to the conclusion that all parts of the country should maintain a reasonable share of the population and industrial activities. Third, the incomes and benefits enjoyed in different parts should be levelled upwards with efforts being made to raise the backward areas to the rising national standards.

A. *Lagging Areas*

The areas in which the economic and personal difficulties are most apparent are those which in the past were or currently are dependent upon fishing, agriculture or forestry. The settlements are scattered along the sea coast and in the valleys. They are generally small and have been losing population to the urban communities. The income of their people is low and employment, highly seasonal, inadequate and much below the national average. The social infrastructure tends to be underutilized and the quality of service does not approximate that found in thriving communities. Many people hold on tenaciously to their residences and occupations and the communities demand the aid needed to sustain or improve the lot of people.

Besides these communities there are a few which are suffering reverses

from the decline of their basic industry. They need help to redevelop their economies and to diversify their activities.

The prevailing attitude since the end of the war has been that the Government should intervene and assist in the redevelopment of these communities. Their spokesmen have been politically vocal and have enjoyed a critical bargaining position.

B. *Aid to Lagging Areas*

The Government has agreed to aid the lagging areas to strengthen their economies. This is a broad commitment as these areas are at present defined as those with employment difficulties, low incomes and inadequate public services and infrastructure.

The present flexibility in definitions enables the Government to vary requirements for different types of benefits or assistance. On the whole, financial assistance for the construction of an adequate infrastructure is probably the most generally disbursed. Special restrictions are placed on those receiving equalization grants. Winter employment projects are limited to the communities with severe unemployment problems. Investment policy definitely considers the state of unemployment and the possibility of stimulating a backward economy. The large steel, aluminium and water power projects certainly served the purpose. Aid to the primary industries has funnelled purchasing power into some of these communities. The Government has also fostered the merger of small banks and the location of branch banks in these communities to make funds available for local business purposes. Similarly, the practice instituted in 1960 of depositing premiums from social insurance funds in local banks contributes to this end.

The specific aid programmes to lagging areas began with the ten-year development programme for North Norway which was adopted in 1952. In addition to special central Government appropriations and tax concessions for those accumulating funds for investment, it called for a North Norway Development Fund to make loans and guarantee loans on private investments and otherwise initiate studies and identify and promote projects for such development.

On the basis of this experience a special fund was set up by the Unemployment Insurance Fund in 1956 to guarantee loans in other areas. Both funds merged in 1961 to constitute the Regional Development Fund for the country as a whole. It was placed under the Ministry of Local Government and Labour.

The Regional Development Fund took over the activities of the North Norway Development Fund and extended and applied its practices to developing communities throughout the country. Its task was "to promote measures which will ensure increased permanent and profitable employment in districts with special employment problems or where developed industrial conditions prevail... (it) assists with the investigation of industrial possibilities in such districts... and shall by way of initiative, organisation, planning and co-ordination ensure that the possibilities are

utilized in full". It later gained the authority to contribute to the development of expanding growth centres and other local centres as mentioned in the first section. Besides extending and guaranteeing loans for investment in private projects, it may compensate enterprises for their removal expenses if they have transferred from developed areas, provide financial support for retraining, cover commencement costs and offer industrial consultantships to an enterprise. The Director of the Labour Directorate is a member of the Board of this Fund.

Before the merger in 1961, the two funds had extended loans or guarantees for loans to private enterprise to an amount of 274 million Kroner. By the end of 1967 the Regional Development Fund had given assistance to more than 3,000 cases, granting loans and guarantees of more than 1 billion Kroner thereby generating total private investments of some 3 billion Kroner and, it estimates, about 50,000 jobs. In 1968, the ceiling for outstanding loans or financial support was set at 810 million Kroner and in 1969, the ceiling for guarantees at 300 million Kroner.

Other agencies such as the Industrial Bank and the Funds for Handicraft and Small Enterprises and new Industrial Activities also grant funds in these areas.

The tax benefits granted in 1952 acted as a significant stimulant to the development of North Norway. They provided for special benefits to those who saved funds for later investment. A more modest programme for other parts of the country adopted in 1961 appears not to have been as helpful. These provisions were further liberalized in 1970. In 1969, the Government designated several areas for special tax incentives (North Norway and several mountain and coastal districts in South Norway).

Other agencies, including the Labour Directorate through its employment offices and special benefits for outmigration and industrial training, and the State Technological Institute with its extension training service and the consultantship services, assisted these areas.

During the last few years, five innovations supplemented the above efforts. First, the Government has sponsored the formation and construction of industrial estates in some lagging areas to rent or sell these properties to private enterprises. At the time of writing five estates were designated. Second, the Government initiated a programme of encouraging the planning and development of especially selected growth and area centres in each county to which the combined national and local resources could be directed to spur economic and social development. The results of this effort in 15 growth centres or areas begun in 1965 are still to be appraised. Third, to co-ordinate the total effort, the Ministry of Local Government and Labour set up a Department of Regional Development to co-ordinate all activities in the field. A special policy committee of the under-secretaries of the interested ministries now exists to assure further co-ordination in regional planning and development matters. This Department also oversees the Regional Development Fund and the Industrial Estates Corporation. Fourth, the Government has decided on a precise definition of areas qualifying for tax privileges. Fifth, a formal siting committee aids new enterprises in finding sites in developing areas and discourages them from siting in overdeveloped areas. Sixth, companies are now requested by law to notify the siting committee on their intentions to establish and extend plants in urban areas.

Norway does not believe that the private market forces will necessarily produce the distribution of the population and jobs considered most beneficial to the nation's development and well-being. People are not as responsive as capital to incentives to move to places where there are economic opportunities. Encouragement should, therefore, be given to move jobs to where people are, where the long-term prospects justify it. Moreover, location decisions by private decision-makers do not consider the personal and social immediate and long-term costs and benefits. To improve on the decision-making process in the private economy, the Government deliberately channels and accelerates its expenditures and investments to build up the necessary infrastructure for economic growth in lagging areas. Moreover, it also stands ready to cover some special and temporary costs incurred by movements to these less developed areas. There are a number of different special devices, such as tax privileges, to encourage additional private investments. Their purpose is to facilitate and induce location in these areas so that the economic tides may be changed. Efforts are made to remove the impediments to growth but not to underwrite uneconomic ventures.

No detailed evaluation is yet available of the overall effects of the programmes for helping lagging areas. South-eastern Norway is still the primary net gainer from internal migration. In the period from 1962 through 1968, six counties registered a loss in the number of salaried employees and wage-earners in them. (Telemark, Aust-Agder, Bergen, Sogn og Fjordane, Nord Trondelag and Nordland). Three additional counties reported a decline in the number of employed males which was offset by the greater increase in female employment. The principal claim is that there has been a narrowing in the average income differences among the counties. Actually, several counties had in the sixties the least favourable employment records.

As in other countries, programmes for redevelopment require large investment and long periods of time to mature. The test of success is usually not found in the short-run results for the threshold of growth may not be reached for a considerable time. Nevertheless, the area may be benefiting. A conclusion can only be reached through painstaking examination not only of achievements but also of the promise for the future, the benefits immediately derived by the people, balanced by the discouragement they have implanted to out-migration. Other political and social considerations are also important in the Norwegian setting in explaining the willingness of this country to divert its income to these projects. A full analysis would define the short and long-run merits, gains and losses to the economy, state and individuals.

There is obviously a need for greater refinement of the tests to determine which communities to assist. The considerable agreement on this proposition is reflected in the wide approval of promoting growth centres and areas. The broad approach was justified so long as it was considered as a transitory move and the local communities themselves initiated development programmes or invested their own funds and human energy in such a programme. There is less reason for undifferentiated aid when the development programme is dependent largely, if not entirely, on national funds

and efforts. Some differentiation and discrimination now occurs in the course of the decisions made by the Development Funds on the economic feasibility of specific projects proposed for their Regional funding. Even greater efforts should be made in concentrating resources and evaluating the desirability of supporting marginal and less profitable projects in terms of their promise for the area itself. The apparent dichotomy between broad versus concentrated investment policies is an artificial one. In practice, the more attractive proposals can be considered on their own merits and the others should be judged in terms of their contribution to the development of specific areas selected for special promotion efforts.

With a stronger emphasis on selectivity in the choice of areas and projects for assistance, the manpower authority has an important analytical role to perform. It has to be particularly helpful in evaluating the special merits of the labour force in lagging areas and the costs and benefits involved in their retraining as well as difficulties and costs of out-migration and new adjustment. These findings would become positive data to assist in reaching decisions on points of priority in the area redevelopment programmes. Manpower programmes should be implemented in the light of the actual and probable decisions by the development groups.

C. Comprehensive Regional, County and District and Communal Planning

The early emphasis on assistance to lagging areas has been complemented by a growing interest in comprehensive physical planning within the areas. The pressures for this move came from several directions. Developmental planning could not be effectively done for individual communities as the programmes and projects had to be fitted into a broader setting. Some projects required the immediate co-operation of a number of communities and often, a county. The debate on growth centres and areas strengthened the conviction that all communities could not be helped as effectively as others. A schedule of priorities had to be established. The construction of an appropriate infrastructure demanded the co-ordination of the various branches of Government and better co-operation between them and the local and higher levels of Government. Moreover, the problems of the developed areas became more demanding. They were becoming crowded. People and jobs were moving out to suburbs. The new infrastructure required for these areas is costly. Better use of the land was necessary. Optimum application of resources became a pre-eminent concern of local officials, who called for greater authority in planning their community and in zoning their land.

The new awareness of the need for better planning of land use led to the passage in 1965 of a new Building Act, which requires local communities individually and in appropriate combinations, and the county to adopt integrated plans for land use and infrastructure investments. A new Department of Regional Planning in the Ministry of Local Government and Labour took over the functions of the administrator of the older Buildings Act and co-ordinated and reviewed the work of the municipalities, districts

and county. To complete the planning effort, three *ad hoc* commissions were appointed to develop planning proposals for Eastern Norway, Western Norway and the Trondheim regions. A separate commission was organised in 1969 for the three northern counties. In laying out the new physical plans indicating the future allocation of land for different uses, the planning groups build on projections of economic development. Topping the entire effort are the long-term and annual Planning Departments in the Ministry of Finance responsible for the preparation of the annual budget and the four-year budgets in which the Government expenditures on infrastructure are incorporated. The hope is that there will be increasingly detailed co-ordination of these physical public investment plans so that their regional implications can be closely correlated with the plans initiated at the local level. The close contact between the Department of Regional Development and the Department of Regional Planning within the Ministry of Local Government and Labour will also permit close co-ordination of the two efforts. Physical and infrastructure construction can then be closely related to the needs for economic development. The latter can promote an industrial location policy which is responsive to the demands of national policy for assisting lagging areas and the goals of land use spelt out in the local physical plans.

The Labour Directorate now has an opportunity of providing both physical planners and economic developers with the information needed on the characteristics of the working population, its adaptability and its tendencies and resistances to migration and can thus help in reaching judgements better founded on knowledge of the local area. In reviewing the merits of proposals, it can help define the priorities and effect the balance between development and outmigration which will contribute to the optimum utilization of human physical and natural resources and capital. Its own activities can now be built on the long-term projections for the location of all activities and residences and enable it better to determine the types of training and movements which should be effected to conform to these plans.

VI. Sectoral Development

The Norwegian Government has developed and is engaged in formulating general and specific development policies for individual sectors. They existed for a long time for the primary industries. Later, they evolved for specific branches such as power, and the "sick" industries, such as textiles. The current rationalization programme relates primarily to the newer industries. A preliminary formulation of policy is being fashioned for the shipbuilding industry in the light of the problems of financing its loans. Tourism is receiving attention as a specific activity. Special reports have recently been submitted respecting the energy and road sectors. The Board of the Labour Directorate has interested itself in the building industry largely because of the absence of any prior claimants or attempts to achieve an organised effort in this area which calls for considerable study.

VII. Job Vacancies

One aspect of the problem of labour demand which warrants attention is the question of its reality and character. No country, Norway included, has yet developed a satisfactory way of defining actual demand. It is quite clear that vacancies registered with an employment office or advertisements, or other announcements, provide useful insights but hardly a measure of openings. They have been most valuable in revealing the degree of the tightness of the market when their numbers are studied over the course of time and related to changes in the numbers of job applicants. Employers tend to increase their requests when the market is tightest and prospective employees do not line up before their hiring offices. The individual requests besides giving an exaggerated notion of the number of available vacant jobs because of duplication, may be of a very different nature. The Canadian field canvasses for the preparation of their questionnaire on job vacancies disclosed many problems in getting at the different classes of job openings.

The employer in a tight labour market is anxious to fill the job with persons similar to those whom he has regularly hired. The period during which a vacancy will stay unfilled will depend in part upon the degree to which the employer is willing to adapt himself to the qualities of the persons in the market and their expectations as to terms and conditions of employment. If he is ready to turn to other labour markets and tap these resources he may move quickly to meet his hiring schedule. Where these steps are insufficient, he may have to resort to other alternatives such as training, new sources of labour, job redesign, upgrading, shift arrangements, part-time schedules, overtime, labour saving devices and other alternatives. It is only in the very tightest of situations that production schedules may be affected. The employer has other alternatives such as rescheduling of his work to seasons when special seasonal supplies become available. The pressure from a tight labour market may exercise a positive and salutary effect on management's own performance and lead to reorganisations which would increase efficiency considerably.

Meeting the demand for manpower is not a simple process of referring applicants to employers. It involves preparing employees for the expanding employments and having employers revamp their plans of manpower utilization and hiring so that they yield the most efficient deployment of manpower and are adapted to available supplies of manpower.

VIII. Permanent Employment

The prior discussion indicated that an increasing proportion of the people in sheltered employments are considered permanent placements. In addition, arrangements are made under handicraft and homework programmes for persons with limited capacities to engage in part-time or limited work. This programme is designed to implement the underlying philosophy of the Norwegian manpower policy, i.e. to offer all persons job opportunities within the scope of their capacity.

IX. Assessment by the Examiners

Manpower authorities, whatever institutional forms their administrative agency may assume, have always had a close interest in economic policy. In the inter-war years they administered job programmes for the unemployed. The manpower authority, when it was constituted immediately after World War II, was to be responsible for initiating and administering counter-cyclical employment programmes. The 1947 Act suggests a far-reaching mandate to introduce "measures to hinder and remedy unemployment, and thereby work for planned and organised development of industrial life and co-ordination of measures instituted for this purpose".

This broader charge has not been fully implemented. Moreover, as more specialized agencies took over the tasks of the development and operation of the special programme often initiated or inspired by the Labour Directorate, its new role in respect of the "development of industrial life" was not redefined. It withdrew increasingly to the narrowly defined manpower functions. Occasionally, it has broken ground as it is at present doing in the case of the building industry. But it is not structurally organised to maintain its continuing concern for stability, growth and maximum employment in the economy, rising living standards, and balanced rate of development within the country and a more equal level of incomes.

The conclusion to be drawn from the present analysis is that the manpower authorities have over the years taken significant steps to deal with unemployment where it existed. They have been particularly active in establishing counter-cyclical employment programmes, fighting seasonal unemployment, developing a more appropriate unemployment benefit system, stimulating employment and economic development in lagging areas and providing employment for the handicapped. These programmes and efforts flowed from the traditional concern for the unemployed. When the problem of unemployment was serious, they offered programmes for meeting this challenge; when the difficulties were more localized, they pushed measures to deal with them.

The Examiners commend the initiative, the programmes and the determination behind these efforts. They have significantly advanced the nation's economic objectives.

But these programmes have to be complemented by many others better adapted to the era of moderate fluctuations in business activity in which labour market stringencies prevail and where the accent is more on optimum utilization of resources and high rates of growth than upon the avoidance of large-scale waste through unemployment. The Labour Directorate must rededicate itself to work for planned and organised development of industrial life.

The Central Labour Market Authorities should be equipped to orient themselves to these new functions and to furnish the counsel and assistance to other agencies responsible for the development of economic policy and its administration in a way which would advance national economic objectives and the particular goals of manpower policy.

First, it calls for a staff of general and manpower economists who can integrate the meaning of the field experiences and data and relate them to

economic policy formulation, the choice of instruments and the design of measures for the most effective attainment of goals.

Second, the new orientation must recognize that older techniques may not be entirely satisfactory or the sole choices in achieving the national objectives. Compensatory employment projects, particularly public works, are only one possible tool in the total arsenal of measures for promoting conjunctural stability. The Central Labour Authorities must be clear about when they should recommend their use, particularly since more effective measures may at any one time be available. The relative merits of public works and the rise of tax-free corporate reserves as tools for effecting economic stability should be carefully evaluated in terms of the occasion, manner and the groups for whom they may be optimally employed. The technical problems arising in the use of public works cannot be waived but must be diligently tackled. The administering agencies may otherwise resist their use as has happened in other countries. Seasonal public works have also begun to be less useful.

The Examiners support the initiatives of the Ministry of Local Government and Labour and the Labour Directorate in assuring winter employment for the unemployed and stimulating further planning for greater stabilization and encouraging such winter work in the building industry. These programmes should be advanced, with greater emphasis placed on getting acceptance of winter construction by industry, the consumers and the financial institutions. The latter appear to have taken too passive an attitude to this programme. The attainment of the goal requires a more integrated effort combining education, pilot operations, financial incentives and widespread support. This country must pursue many roads for arranging complementary work, or training, alternative employment and stimulating seasonal stabilization not only in the building and construction industries but also in others such as tourism and primary product processing.

A manpower agency is responsible for assisting the nation in advancing its long-term as well as its short-term economic objectives. Therefore, the manpower authority should study each problem and develop statements of interest and policy guides in terms of its experience and judgements for the use of independent policy agencies in these fields and for the overall policy of governmental agencies. It should spell out the manpower implications of individual structural changes considered by public bodies.

Schemes of aid to lagging economic areas on the basis of the volume of unemployment may have been a sound programme. But they are too indiscriminating and wasteful of resources. The country has moved towards more concentration on economic growth centres and areas. Regional economic planning is accentuating this trend toward selectivity as does the planning of infrastructural spending and investments according to a rational disbursement pattern. These trends do not eliminate the possibility of liberal disbursements to areas other than the centres. But in such instances there must be greater discrimination. The manpower agency must place more emphasis on the local potentials for economic growth.

The Examiners recommend that the Labour Directorate strengthen its facilities for analysis of the labour force to be better able to participate in the decisions respecting priorities and investments in economic develop-

ment in all communities. The merits of maintaining integrated County Employment and Development boards should be reconsidered. With the manpower authority becoming one of the claimant interests in the decisions on priorities for development, it may be more desirable to sever the functions and constitute two separate bodies each performing distinct duties allowing, however, for close liaison between the two boards and the two departments in the Ministry of Local Government and Labour. Manpower planning should stress national goals, whereas development agencies are likely to concentrate on local interests.

The manpower authority should develop a point of view concerning each of the sectors from the vantage point of the total manpower of the country and the specific issues which each presents, and should determine whether in the light of these conclusions specific study and action groups should be urged for these individual sectors.

The manpower authority has to become more attuned to the challenges of an era in which the focus is on optimum growth and use of resources, including manpower. The efforts have to be based upon more analytical and selective consideration of alternatives. After careful analysis and evaluation, from the point of view of national objectives and manpower policy goals and manpower implications, it should offer its counsel, its proposals, alternatives, and adjust its own activities to fit the new requirements. It cannot be solely concerned with avoiding adverse manpower conditions: it must dwell on methods of advancing an optimum growth rate and employment of manpower in the short, medium and long-run, assuring the highest level of productivity and standards of living.

In periods of tight labour markets the manpower authorities have a particularly important responsibility to press for the optimum utilization and deployment of labour in enterprises and should, therefore, be particularly prepared to assist management in developing adequate methods of utilization and deployment and job arrangements so that they correspond most appropriately to the available and potential supplies of manpower.

The Examiners, therefore, recommend that the Labour Directorate establish an appropriate division of analysis which can assist in these evaluations of economic policy from the point of view of manpower goals and developments. Second, it should vigorously push the present public planning programmes for seasonal employment stabilization in the construction and other industries and urge the institution of a programme of research, education, incentives and pilot operations to advance these goals. Third, it should adjust its aids to development so that they are fully consistent with a programme of encouragement of selective growth areas. Fourth, it should actively appraise sectoral developments so that specifically constituted action and/or study groups may aid declining ones to be restructured and rationalized and new ones to be fostered and that its own activities be adjusted to these prospects. Fifth, it should establish a specific function for assisting management to define its needs and adjust its labour demands to the realities of the labour force and secure the accommodation as quickly as possible. Finally, the opportunities for the permanent employment of those unable to meet labour market tests should be increased to afford them places for gainful participation in the economy.

Chapter V

**PRODUCTIVE ALLOCATION OF MANPOWER
RESOURCES**

I. Introduction: Optimum Levels of Mobility

The preceding chapters dealt with the policies and practices essential to the recruitment and placement of an adequately prepared labour force for a stable fully employed and regionally-balanced national economy with full employment. They identified specific groups from which additional manpower might be recruited and spelt out the manner in which programmes for general education and occupational preparation and personal adjustment might be improved to create a more productive work population. The manpower authority is responsible for providing leadership in those areas where it is absent or weak, for offering advice where it believes it to be essential and even for undertaking the administration of selected programmes directly bearing on its objectives.

Programmes for promoting the allocation and utilization of manpower cannot in this day and age rest on the assumption of a static environment, system of job patterns or economic map. Even in periods of low rates of economic growth, changes are constantly occurring, and some are major ones. It is commonplace to say that people will experience several job changes in a lifetime.

The physical and economic environments are continuously being altered. Competition both internal and particularly external and economic growth will introduce new and repress older activities. New technology and methods of production bring in their wake new materials, tools, processes and flow patterns. As management becomes better trained and more sophisticated, it introduces more specialized functions and systems of operation. The collection of information is centralized and with it comes greater integration of the organisation and centralization of decision-making in many areas.

A new atmosphere pervades the enterprise. Management and employees, often down to the lowest rungs, are beginning to scrap older autocratic methods for more autonomous decision-making practices within the limits of prescribed goals and policies. Quantitative procedures and controls take over where qualitative approaches had prevailed. Employees with longer

educational preparation and better physical well-being assume more responsibilities. Job patterns are radically transformed though they may retain older titles. The blue-and-white-collar workers are ceding importance to the "white coverall" worker, the machine minder. The shift is away from manual to intellectual and cognitive skills. Craftsmen have to become more versatile.

As jobs change in nature, some are moved from older to newer sites. Older communities sometimes absolutely and/or relatively shrink in importance; new growth areas appear. Suburbs absorb large population groups and enterprises from the cities. Entirely new communities spring up.

Everybody is expected to adjust to these demands. Adaptation spells mobility from old jobs, industries or localities. It creates problems for all, employees, dependents, employers, communities and the nation. Many people move from one job to another, though some remain on older ones which are altered slightly, though not transformed. Many have to start with new employers, or industries or go to new localities. The independent self-employed person may become an employer or salaried employee or wage-earner. Others move along different patterns. But some who desire to do so are deterred by many factors; others don't want to move at all.

The nation has become increasingly aware of the need to test the course of mobility. Are the rate, the direction, the volume, the speed and the costs of mobility to individuals, employers and sending and receiving communities excessive or appropriate? Is there an optimum distribution of the work force. The goal is no longer to attain a simple equilibrium between the supply and overt demand or the matching of people and jobs appearing on the market. It is the achievement of the optimum productive full employment of the nation's human resources, including those reserves which society wishes to include within the labour force. The open labour market is a useful but not sufficient indicator of the direction and need for mobility. It must be supplemented by positive decisions, and national policy.

The Norwegian employment office formerly primarily served the unemployed. In the thirties and particularly in the early post-war years the Labour Directorate accented job creation through public works, area redevelopment and regional redevelopment. Employment had to be created to maintain higher levels of employment. Special services were expanded to help the untrained, the youth, the handicapped, and the residents of the distressed areas. They concentrated on the unskilled and sought out jobs in, and trained them for, semi-skilled employments.

The employment service has only recently perceived its responsibility for effecting a total balance in the national labour market. It came only after the central Government took over the system in 1960. But even then it for a long time retained the older view. Applicants were treated as individual clients, not as members of a national labour force. The new outlook brought about an increased emphasis on services to the unemployed in the way of information, counselling, adequate preparation, aids for mobility and advice to employers to improve their methods of recruitment. But there was no effort to test the direction, volume, speed of placement and their cost from the point of view of the total community. With the centralization of controls of the local offices in the national Government the same attitudes persisted but a distinct effort was made to indoctrinate the staff in the

national approach. The older personnel had to be upgraded and redirected to the larger view.

A broader concept began to evolve with the study of the implications of the active manpower approach. The employment office was increasingly defined as an instrument of the manpower agency. The manpower allocation function became one of a series of key services. The offices had also responsibilities for collecting and disseminating information on the labour market, developing insights for recommending policy changes and measures for implementation to achieve the optimum allocation of manpower.

The overall manpower agency embracing both the Labour Department and the Labour Directorate became responsible for evaluating the role and functions and performance of the employment offices. What contributions do they and could they make to the optimum employment of the manpower resources? Is labour turnover in the enterprise excessive? Is too much time being lost in movement or were these shifts inadequate in volume? Does the country have to speed up or slow down the processes? What are the impediments and the aids to achieving the desired results? Was the employment service inadequately serving the nation in attaining the optimum allocation of human resources for the economy?

This manpower orientation introduces a distinctly new departure in approach. The crucial test of labour market performance is not whether a balance exists between the overt demands and supply of manpower as reflected in the local or county office records of job applicants and vacancies. It is whether the rate of recruitment for, and withdrawal from, and the movements within the labour market are, in the correct direction at an optimum level, effectively contributing to the attainment of the nation's, short, medium and long-term economic and social objectives with a minimum loss to the individual and society. The performance of the labour market is now evaluated not in terms of the services to select clients but with reference to its contribution to the total labour force and the national economic and social objectives.

The Norwegian employment service is the nation's agency for overseeing, facilitating, stimulating and dampening manpower mobility. It is the organisation which is responsible for organising the nation's labour market within a free society.

II. Employment Service

The Norwegian employment system traditionally limited itself to the external, rather than the entire, labour market, omitting surveillance or reporting on conditions and developments in the internal enterprise labour market. Within the external market it has a nominal monopoly as private employment offices were in 1947 prohibited by law. But in recent years several new private manpower services developed to serve management in the periods of labour scarcity. New regulations look toward the disappearance of these services for the public offices will be furnishing them.

Private employment exchanges appeared at the end of the last century. In 1896, the Government began to regulate them. In reaction to the complaints directed against these private offices the large municipalities estab-

lished public agencies beginning first in Bergen in 1897 and then in Oslo in 1898. In 1906, the Government authorized municipalities to set them up and their numbers subsequently increased. There were 16 offices in 1910, 26 in 1915, 48 in 1920, 49 in 1930, 49 in 1940, 60 in 1955 and 68 in 1960. There are now 120. The Ministry of Social Affairs in 1916 established a supervisory agency for these offices.

Before the German invasion in 1940 the Norwegian authorities introduced a bill for more intimate national control. The main features were adopted and extended by the occupation authorities. After the war the Norwegian Government issued provisional orders implementing the main features of the 1940 bill and finally enacted the Organic Act of 1947 which controls the present system. The municipal system continued but the central Government provided guidance and co-ordination and substantially increased its financial aid. County offices became the agents of the central government to oversee local offices. In 1948, the Directorate was shifted to the Ministry of Local Government and Labour.

The June 1960 Act transferred control of the entire system to the national office. The Labour Directorate was required to direct "the employment service so as to provide stable employment and suitable workers for all vacancies; (and) undertake vocational guidance with the aim of assisting young people and others when choosing a career, training for it and adjusting themselves to working life and co-ordinating all official activity connected with vocational guidance". By 1963, the transition was completed. The Labour Directorate has since sought to rationalize and integrate the local offices into a national organisation, a goal which has not as yet been fully realized.

The Labour Directorate charged with the administration of the Employment offices is a semi-independent agency linked to the Ministry of Local Government and Labour through the Labour Department. The Director and his deputy are appointed by the Government. It is "managed" by a board consisting of seven members, two of whom represent workers and two, employers. The Government designates the public members and defines the respective authorities of the Executive Board and Directorate.

The central office of the Labour Directorate issues policy statements and instructions, co-ordinates, organises training programmes, and provides leadership and supervision for the local agencies. The work in the central office is divided among eleven sections.

The present system includes 18 county employment offices with a director and a small secretariat in each to supervise the district and field offices and agents. It, like the national Labour Directorate, has an advisory board (County Employment and Development board) consisting of representatives of the workers, employers and public members appointed by the County Executive Council, chaired by the County governor. The county employment director also serves as secretary to the board for employment and development which reviews many issues affecting unemployment insurance. There are usually subcommittees for vocational guidance, manpower questions in the building industry and unemployment insurance.

The field organisation still bears the heavy imprint of the former system of municipal control which produced a highly uneven structure in terms of responsibilities, quality of services and interests. There are three types of

local agencies. First, there are 104 district permanent offices each of which has an advisory committee comparable to that for the county. The Director is appointed by the Ministry. There are also 85 local placement officers in smaller communities working out of the district offices, most of whom work on a part-time basis. Third, there are 100 itinerant consulting placement officers. The central Labour Directorate is empowered to shift personnel to a limited degree among offices and to determine within each county the location and type of agency to be provided. This total represents a considerable reduction from that which formerly obtained.

The offices vary in size and functions beginning with the largest in Oslo. Their duties include the direct administration of the unemployment insurance system such as registering the unemployed, checking qualifications for benefits and referring such information to the insurance funds; receipt of information on curtailment of operations and vacancies; administration of the employment office functions, vocational guidance and services for the handicapped and resettlement, arrangements for adult vocational training, organisation and arrangement of public works, collection of selected items of labour market statistics and planning for the military use of manpower. The placement sections in the larger offices are arranged by industry or type of work, with the division into sexes being recently abandoned. The family assistance service for people unable to work for reasons of illness was transferred in 1966 to the Ministry of Family and Consumers Affairs.

In sixteen offices there are special sections for the registration placement, engagement and signing-on of seamen. A group of 41 ordinary offices assist in the placement and signing-on functions. Six institutes for industrial psychology operate in the principal cities with the director appointed by the Minister.

In January 1970 there were 117 jobs in the Directorate of Labour and 999 in the field organisation and 150 part-time placing officers and registering personnel.

Over the last few years a number of modern offices have been built. A decided effort has been made to collect the various services in each community into a single building for more interchange, and referral of clients and improved administration. In the county centres the regional local and seamen's offices are integrated. This trend was endorsed by a special rationalization report issued in December 1967. Another recommendation was that the Directorate be permitted to use the personnel more flexibly, by giving it authority to transfer personnel among the services as requirements change, and special demands arise. The present system fosters uneven loads and services among the officers and emphasizes the local, rather than the national orientation.

There are considerable possibilities for the further concentration of offices and services, particularly as some routine functions, especially those relating to the administration of unemployment insurance, are mechanized or simplified. The higher level of education of the total population should facilitate this trend. The use of the post-card for making unemployment insurance claims marks one step in this direction. A more sweeping revision of methods would be appropriate for this and other functions. Services should be adapted to the clients' needs rather than uniformly offered to all.

III. External Labour Market

The above organisation will now be examined for its performance as a manpower agency interested in and dedicated to the optimum allocation and productive employment of manpower. But we must limit ourselves primarily to its activities rather than test its contribution to the operation of the total labour market, as we do not have data for such an appraisal.

There are two basic labour markets, the internal and the external. In the former the great mass of people are deployed. The Employment Office performs few direct services for it and intervenes only tangentially in its performance either in regard to its personnel practices, or the results in the enterprise or its operation in the external market. The employment office is traditionally absorbed with the external labour market which includes the unemployed, the potentially unemployed, those employed who might be interested in job changes and those non-participants in the labour force who might be recruited, as well as the job vacancies for which employers are seeking or might be interested in obtaining external recruits from the offices. Its traditional function has been to monitor the status of the unemployed, to help them find a place, but not necessarily the most productive or remunerative one, in the economy.

The Employment Service was primarily the intermediary between those who apply for jobs and those who register job vacancies. At times it responded to specific requests for the recruitment of personnel for special needs such as the seasonal demands in the primary industries or the manning requirements of a new plant in a labour scarce locality.

But the Employment Service has not developed a test of the adequacy of establishment labour turnover, job changes or overall labour mobility. The only information of this type at its command is the one-time study of 1962 of terminations of employees covered by the unemployment insurance fund. The data was not converted into a significant source of information for testing market behaviour. It throws no light on the degree to which employees complement one job with another. It records no turnover data by establishments.

The central office cannot at present define guides for mobility patterns to improve the performance of enterprises and individuals. It is unable to distinguish, as one scholar has done, between movements for different occupational systems or job changes required for skill development, and wasteful futile changes. It is limited in the possibilities of making objective tests because it lacks the reference profiles for this purpose.

As an employment office, the agency may have been quite satisfied with placing people in jobs. But as a manpower agency concerned with the qualitative in addition to the quantitative effects of placement, it is essential to appraise the consequence of specific moves upon the nation's final allocation of manpower. It has not done so in the past.

IV. Extending Placement Coverage and Increasing Information

Because of the absence of the above data, we cannot adequately evaluate the effectiveness of the present employment service in absolute terms. The

ultimate test of free service is the efficiency and economy of all manpower movements from, and to, the enterprise and within the external markets and their contribution to the individual's development and national productivity. These answers must be set alongside the utilization patterns of manpower within the enterprise and participation rates for actual and potential members of the labour force. The decisions on the degree of intermediation into the market required of an employment agency can only be objectively built on such information. One would have to learn about the deficiencies or the excesses in the flow of manpower before final answers are given.

In face of the difficulties of getting data to answer to the basic questions, we shall approach the issue more pragmatically. The Norwegian employment office system from its start emphasized its aid to the particularly weak segments in the market, those who could not take care of themselves easily, the unskilled, unemployed or casual worker. Moreover, private employment agencies took advantage of these persons. The public system also helped employers in periods of urgency to recruit manpower for high priority projects since they could not turn to private agencies which were banned by law.

The pressures for extending the coverage have been slow in mounting. The major demands have been for services to the disadvantaged and hard-to-place groups. Only recently have claims been made for services for the highly qualified. This proposal flows from the need for a service for this group of people whose labour market is national in scope. The schools of higher learning are reluctant to make the investments in their own placement service.

Implicit in the absence of a demand for the extension of the service to other occupational groups is also the prevailing belief that most other persons possess the skills and know-how for finding employment. In small communities, information, it would appear, is not hard to come by. Alternative employments are limited and information is disseminated quickly. Even in larger communities, members of the labour force appear to find the present channels at least tolerable. They usually turn to friends, call on their trade-unions, employers or trade association recruitment offices or look to advertisements for information. There is little pressure or desire to seek new sources of employment information or to cut down on the time or cost of search. No survey exists on the relative importance or effectiveness of each means of securing a job. Our own inquiries corroborate the impression that employees seeking advanced semi-skilled or skilled jobs are not likely to turn to the employment offices for assistance. Employers and trade-union officials who sit on the boards and committees attached to the employment services agree that most employees and employers do not use them. They are said to have a "poor image". They concentrate on the unemployed and unskilled; employers do not register good jobs with them; and they were used by the occupation authorities during the war for directing people to jobs. The efforts to change this image by establishing better and modern quarters have not noticeably increased the number who use the offices.

Existing evidence confirms the conclusion that the placement activities of the employment offices cover only a limited part of the market (Table I). The absolute level of placements at about 195,000 has not grown since 1950,

Table I. PLACEMENT ACTIVITIES

Item	1950	1955	1960	1965	1966	1967	1968	1969
Posts filled (1000s)								
Agriculture, forestry, fisheries, whaling and sealing	35.4	16.2	20.2	9.6	8.2	7.5	8.1	7.7
Salariated employes in commerce, offices, technical posts, etc.	8.1	9.1	9.3	13.1	18.0	19.1	19.6	21.3
Seamen, including officers	39.7	45.6	56.9	68.9	56.0	52.4	50.0	44.0
Other transport workers	16.1	11.7	11.7	11.4	6.9	6.8	6.7	7.1
Manufacturing workers	19.9	19.7	22.1	26.8	31.6	32.4	31.6	35.3
Building and construction workers	22.1	25.2	32.2	18.5	18.7	16.3	18.0	19.1
Persons employed in services ¹	32.8	34.0	29.5	26.8	34.9	35.4	34.8	33.4
Mining and quarrying	?	?	?	?	?	.4	.4	.6
Other workers, off-job men, unskilled workers and new entrants	16.2	14.7	14.7	17.1	26.7	23.6	24.9	25.8
Total	190.3	176.2	196.5	192.1	201.6	198.9	194.2	194.3
Joint placement by two or more employment offices (1000s)	8.8	9.3	10.5	13.3	13.2	12.9	?	?
Temporary work ²	?	?	?	38.1	40.1	34.2	36.2	36.6
Applicants for employment (1000s)	219.6	266.6	326.9	314.2	305.6	305.4	328.1	319.0
Vacancies registered with offices (1000s)	190.3	221.0	237.6	268.6	280.5	262.2	250.9	249.1

1. Service in hotels and cafés, health care, domestic servants, persons employed in cleaning services.

2. Less than 5 working days duration.

despite the increase in the size of the labour force. The number of applicants rose during the fifties from about 220,000 to 325,000 but has not expanded since then. The number of vacancies registered with the Service during the fifties increased but they remained stationary at this higher level during the sixties. The nationalization of the Service and the extension of services has not as yet produced a change in the volume of users of the employment system. If one subtracts the placements for the seafaring industry, which constitutes about one quarter of the total placements, and are required and enforced by law and collective agreements and made through the special seamen's unit, one arrives at a total for 1969 of 150,000 placements. These are concentrated in the service industries (33,400); warehousing (25,800); construction (19,100) and food industries (8,400). Moreover, twenty-three per cent of these placements outside the maritime transport industry are for temporary jobs providing a maximum of 5 days' employment. This emphasis persists even though dock work placements are usually made by the longshoremen's own offices.

The penetration rate is the percentage of total job hirings represented by the public office placements. If one makes rough adjustments of the placements to make them comparable to the coverage of the unemployment insurance fund, which would exclude all temporary jobs and other categories and takes into account the finding of the 1962 termination study that there were 81 separations per 100 employees, one is led to an estimate of a penetration rate less than ten per cent, markedly below the levels of other advanced nations.

This low rate is particularly striking because of a number of factors. First, employers are required by law to register with the Employment Offices vacancies which they cannot immediately fill. If they resort to advertising they are expected to provide the office with an explanation. But these legal provisions are not enforced.

Second, employers are required to inform the Employment Offices of curtailments affecting ten or more employees two months prior to their taking place. And this practice is not new as a similar provision calling for two week's notice for manual workers and one month's notice for salaried workers was in the 1936 Worker's Protection Act. Moreover, the 1966 basic agreement between the Norwegian Employers Confederation and the Confederation of Trade Unions of Norway required employers to give employees advance notice and to make severance payments. In 1968, 308 establishments reported on curtailments affecting 10,000 persons: in 1969, the curtailments dropped to 178 plants affecting 5,184 persons.

Third, the employment office system extended its services to the handicapped, increased the number for whom it provided training courses, expanded the mobility payments, and offered more counselling services both inside and outside the school system. Moreover, it also maintains a clearance system on job vacancies among the offices within the county and among the counties. Lists of vacancies by occupations are circulated. The annual number of placements made under this system is about 3,000 showing a slight improvement over the past years. The office reviews all foreigners' requests for the renewal of work permits and is responsible for the administration of the Nordic Labour Market Agreement.

One must draw the conclusion from these developments and like findings in other countries that the formal organisation of the labour market is not likely to be achieved by routine methods. The Norwegian experience provides us with a more pragmatic approach to the question of needs for services. As indicated, the special seamen's service does all placements other than for officers in that industry. It maintains a registry of seaman of all ranks and records all engagements and the signing-up of the men for the maritime service as required by law. Placements are made according to specific laws and provisions in the collective contract which establish priorities to job claims. The date of registration controls the selection of men for jobs when other qualifications are equal. In periods of job shortages, preferences are given to men with the longest service record. A formal complaint system is provided under the law wherein an appeal may be taken from the local committees to the central seamen's committee attached to the Executive Board of the Labour Directorate. This labour market is fully organised.

Other countries have followed a similar system as regards casual employment labour markets such as those on the docks. Similar efforts in this field in Norway would be helpful contributions to labour market organisations.

Discussions were initiated recently with the Federation of Urban and Rural authorities and the State Directorate of Personnel to have all vacancies in these areas filed with the employment offices so that they can become the primary channel for information in this field. The Employment Service has worked out agreements with several large construction firms to become the principal recruitment agency for them. Further advances in these areas would open up new individual fields. Specific negotiations with the trade associations and unions could co-ordinate their hiring activities with those of the public Employment Service.

An agreement has also been reached with the United Kingdom Employment Agents Federation for systemizing the engagement of *au pair* placements in that country; the number of placements in 1969 was 125. A special committee is currently considering methods for improving the operations of the musician's offices in Oslo, Bergen and Trondheim and developing a more formal set of rules concerning the employment of foreign musicians.

The most novel area for the Employment Service is that of the highly qualified personnel. A special committee examined this field and offered in 1968 a number of recommendations to formalize and improve the services for this group. Among the suggestions were those for better information and the publication of a national job review for this group, vocational guidance in the secondary and higher schools of learning, the collection of applications and references and the publication of lists of applicants. The Labour Directorate is initiating such a job review to be distributed through educational institutions and the public. The Employment Service is experimenting with organising a placement office at Trondheim for student trainees. A consultant has been appointed in the Labour Directorate to supervise all activities for this group. A more permanent placement service for University graduates is getting its initial try-out at the Technical High School at Trondheim.

A number of special offices began in 1969 to serve people seeking part-time or short-time jobs.

Further exploration of the needs of specific occupational and industrial segments of the labour market may open up new types of services to be offered by the employment offices. Most of these will require a form of assistance short of the placement work currently being performed. In many cases they can build upon the concept of the employment office as an "intelligence agency" which provides data to job seekers for them to make their own decisions. The most important element is the dissemination of information concerning openings and applicants; it would formalize the major benefit of the current system of informal contacts by offering a specific list of openings and candidates. The base for this work already exists; it is the weekly list of unfilled jobs distributed from the county offices and cumulated and released by the national office, and the releases and publications on employment and labour market conditions issued by the local, county and national offices.

Currently, the offices are increasing their use of other media for disseminating information. They employ radio, addresses at meetings, advertisements and conferences for the purpose. The law permits charges to be made for advertisements and the offices could well employ this procedure in agreement with the inquiring employee or employer.

V. Aids to Individuals

Many job seekers require only information on vacancies and many job givers, only the names and qualifications of persons available to effect a satisfying and even optimum match. These people are quite capable of pursuing for themselves the remaining functions performed by the offices.

Nevertheless, many other groups, and precisely the ones to which the Employment Service has hitherto devoted its greatest resources, require extended and varied services to achieve self-reliance, high productivity and appropriate placements. They have to be identified, stimulated and prepared for active participation in the labour market and in some cases offered supporting services after getting a job. Previous sections described the services for the handicapped and those for women, foreigners and older employees. Chapter III defined training programmes. This section discusses three additional services, namely, reach-out, vocational guidance and industrial psychological services and aids to migration or relocation and settlement. Norway devotes a much higher proportion of its total outlay to the latter two aids than do most other countries.

A. "Reach out"

The Employment Service has not developed a formal system for searching out potential manpower resources and preparing and enlisting them for service in the economy. The most advanced effort is made for the handicapped. The Equal Pay Council advocated adjustments for the employment of women, but the Employment Service only recently took the initiative in this field.

There is no programme for regularly and systematically identifying possible new recruits. We have already commented on this gap.

B. *Vocational Guidance and Industrial Psychological Services*

The basic Employment Act entrusted the Labour Directorate with administering a vocational guidance and industrial psychological service. Its beginning formally dates back to 1947. It has at present a national office with a chief of section and nine persons overseeing a field staff of 85 vocational guidance officers and 10 psychologists located in the county and district offices and 6 institutes of industrial psychology. A national co-ordinating committee on vocational guidance is attached to the Labour Directorate consisting of representatives of the school system, the Labour Directorate and professionals. It has its counterpart in each county.

The basic functions are to serve the schools, the other services in the Employment Office, individuals and employers. The school systems provide vocational orientation to the young in the last three years of the nine year educational programme. It is given by the regular teachers of Norwegian and sociology who are assisted by school advising teachers and county career officers. The Labour Directorate prepares pamphlets, teaching manuals, directories of occupations, schools and films and other relevant materials. It reviews items made available by other sources for their propriety and usefulness in the school system. It also conducts courses for teachers. Eight courses were held in 1969. Individual officers give talks to pupils, parents, military recruits and others interested in the information, reaching over 130,000 persons in 1968. Moreover, they also give radio talks and take part in television programmes. With the adoption of the co-operative vocational programme which permits students to work in commerce and industry, the placement officers have gained a new responsibility, to assist school authorities to find and schedule one and two week jobs for these young persons. In 1968/69, 39,200 youths were placed and the number is likely to grow significantly as the programme graduates out of the experimental stage. Visits to industry are also organised. Similar programmes are being developed on an experimental basis with secondary schools and those of higher learning.

The guidance officers counsel and provide vocational guidance to individuals, young and older adults and special cases are referred to them by the school authorities, and general placement and rehabilitation officers. They assist the rest of the Employment Service in dealing with more hard-to-place cases. The regular placement staff does the job placement for a considerable proportion of those interviewed by the guidance officers except in some special instances and small offices. About 40,000 people are advised each year, mainly in the schools. The especially difficult cases are referred to the Institute of Industrial Psychology for intensive interviewing, case work and testing. In 1968, there were 2,000 referred to them from inside the Service, and another 1,000 came on their own initiative or from management. The institutes conducted selection tests for schools and employers in 700 cases. The total expenditure including payroll and supplies, but not capital investment, amounted to 5.5 million Kroner in 1968.

C. Migration

With the vast changes in the geography of job opportunities and the decline of the number of small isolated communities, Norway is particularly aware of the importance of promoting migration to assure continued high employment. The accent on concentrating settlements and enlarging farm holdings for economic operation strengthened this interest in emigration from declining areas. It has been recognized that the potential emigrants were held back by the lack of means or holdings. Many programmes now exist to facilitate these moves. They form a realistic complement to the efforts to concentrate redevelopment programmes in growth centres and areas.

The unemployment insurance act administered by the Employment Service is the most important programme in the area. But the benefits are paid to the unemployed or those expected to become unemployed in the near future, for whom there is no work in the area of residence and who have obtained a job in another labour market in a defined list of sectors or for whom more suitable work becomes available. There are benefits for travel (costing more than 15 Kroner) for seeking and taking up a job, family visits by a worker or his wife; and removal; maintenance of households in two places; installation to assist in meeting early difficulties. All are paid out of the Unemployment Insurance Fund. But no organised aid is currently offered for housing except as larger employers or municipalities take advantage of existing government programmes for financing housing. Travelling allowances are also paid to persons who undertake vocational training, vocational guidance or rehabilitation. Decisions on these allowances and grants are made by the district employment committees and must be approved by county offices. To be eligible for this assistance persons need not be covered by the unemployment insurance fund. It is estimated that the number of cases of benefits payments was 28,000 in 1969 which included some duplication; the exact amount is not known but the Labour Department supposes "that the number counted more than once is quite small". Of the number about 18,000 were for workers travelling to take up jobs, 5,000 for trips to adult training courses, 600 for removal grants and the remainder, for visits to home and return. The total benefits paid to workers and dependents in connection with relocation, resettlement and travel for training and other approved reasons amounted to 10.4 million Kroner.

The housing problem for the incoming workers has roused considerable concern and various proposals are under discussion to remedy the situation. One is to allow the costs of such housing in all development areas to be included in the cost of the project; another is to authorize the Housing Bank to grant 100% loans for no deposit houses to be used as temporary homes for employees placed by the Employment Service. In the latter case, it is suggested that if municipalities will not sponsor them the Labour Directorate should take the initiative.

There are provisions for other groups. The Ministry of Fisheries assists with payment of costs of resettlement for fishing communities. The Funds which amounted to 1,200,000 Kroner in 1969 are used primarily for financing housing in the immigration localities. The beneficiaries consisted of 49 households with 190 persons. In 1970, the entire programme was trans-

ferred to the Ministry of Local Government and Labour. In 1967, a modest beginning was made toward granting migration benefits to other groups affected by structural change including the self-employed. This programme was officially approved in 1969.

VI. Aids to Management

The stamp of older concepts of the Employment Service as an institution catering for the unemployed and hard-to-place is most visible in the absence of formal services for management. Placement officers will visit plants as observers; they will contact employers to promote the placement of the handicapped or other social cases or in the instance of large scale curtailments or provide information on employment conditions. The Institutes of Industrial Psychology often test and aid employers in the selection of individuals. But there is no formal organisation for serving management comparable to that for job seekers. The relationship with the Employment Office where it exists is built up on the basis of personal confidence rather than organisational ties.

In a full programme the manpower agency has four basic responsibilities in relation to employers. The first is to promote internal personnel practices which advance national economic and social objectives. Management ultimately has to be stimulated to make the optimum productive internal use of manpower so that there is little hoarding and employees are upgraded in line with their capacity.

Individual managements and employees should know about community teaching and training facilities and the possibilities for requesting new services where necessary. Similarly, local managements should be helped to master the skills of job redesign to aid in the better placement of individual employees with special problems. Neither the Labour Directorate nor the Executive Board has developed a code for such performance by which the labour office might evaluate practices in individual enterprises.

The second is to assist the employers to understand the conditions in the external market and to make their requests in the light of them. The Labour Directorate releases regular reports on conditions in the labour market and individual office managers address their local communities on their findings. But that is hardly the full job. Employers or hiring officers have then to translate or apply this information to their own needs. If they are seeking new employees, they must be able to judge the possibilities of employing the potential supply. General capacities must be related to specific needs. Employer requirements have to be evaluated for their practicality and costs. Alternative sources and patterns have to be considered and rated. Few employers are prepared for such careful examinations of the external labour market. The office expert can effectively tutor them in the procedure and in the manner in which requests should be made on the external market. The skill of recruiting manpower in a labour scarce economy is not widely shared and the Employment Office has the responsibility of improving management's expertise in this field. There is an urgent need for literature addressed to employers on this phase of the problem.

The third is the administration of the advanced warning system. In 1968, the Employment Office received 308 such notices.

The fourth is the encouragement of programmes for the stabilization of operations and employment throughout the year. Reference has already been made to the need to promote seasonal stabilization. Equally important are efforts directed towards decasualization of labour markets. Systems of complementary employment either in the same community or in related ones have to be developed with the aid of employers. The existence of such complementary employment systems is widely known. But it is essential that a formal system be developed for linking jobs to reduce costs and the time lost in finding them and maintaining the circuits.

VII. Aids to the Community

The Employment Offices have been quite alert to their responsibilities for co-operating with communities in their economic development programmes, vocational training and general educational schemes, aids to the disabled and school systems. In fact, they have often been the leaders in this field. These activities are a real prototype for other countries.

Currently, interest is growing in housing provisions. The managers of the county and district offices are generally in close touch with their communities and their leaders and have devoted considerable attention to their local plans and prospects. But no overall guide exists for the type of work and efforts which a manager should develop to attain a full system of co-operation.

VIII. Staff and Operations

The nature of the work of the field staff has changed over the years. A number of services such as the social family help services and area planning and development, are now in other departments or ministries. Many other responsibilities have appeared such as the programmes for the handicapped, vocational training of adults, vocational guidance and aids for mobility. A new service was organised for foreigners. Exploratory work is going on with new groups such as highly qualified personnel, and efforts are being initiated for women and highly qualified manpower and older persons. The interest in housing for migrants is also growing. High employment kept low the number of applicants for unemployment benefits and the level of public works activity. But the upturn in unemployment in 1968, in the winter months, significantly taxed the staff so that few performed other duties.

The rationalization committee made a number of recommendations to achieve a more effective allocation of responsibilities and a better deployment of the staff. Small areas should be served by itinerant officers rather than full-time personnel. The costs of travelling to the district offices should

be paid for by the system. Uneven work loads should be levelled out. Some procedures should be streamlined, as in the case of the unemployment insurance benefit programmes, so that they are less taxing and handled more mechanically.

It is obvious that the field staff is quite inadequate in number and in part also in quality. A comparison between the Swedish and Norwegian organisations indicates that the latter has a relatively smaller staff *per capita* of members in the labour force but the personnel on rehabilitation and vocational guidance is proportionately much larger.

The improvement of the competence and versatility of the staff is as important as an increase in numbers. The Employment Office System is handicapped by the fact that the present field employees were largely recruited by the municipalities without adequate national standards or review by a central agency. There are no co-ordinated recruitment procedures for candidates. Local influences in recruitment still predominate, except in the case of the specialized personnel for vocational guidance and vocational rehabilitation and psychologists. The only school preparing people for the Service is the one for Social Work which has a programme for vocational guidance officers. In selecting specialized personnel preference is given to those trained to be teachers, psychologists, or social workers. But there is no rigid requirement for such training. The Labour Directorate is now working on the establishment of a system of recruiting persons and of giving them an intensive training programme looking to their appointment as permanent officials. Further suggestions for standardizing and improving the recruitment process will, no doubt, result from the findings of a special committee working on this problem.

The primary method for improving staff qualifications is, therefore, likely to be internal training programmes. These were instituted in 1948 and have been considerably elaborated. Essentially, they provide for a four weeks course for newly recruited employment offices' staff and an advanced four weeks course. Special training programmes are offered for district employment managers (two weeks) vocational guidance officers (four weeks) rehabilitation officers (four weeks) and industrial psychologists (four weeks) and county secretarial officials (four weeks). A probationary programme has been introduced in 1970 for the persons eligible for university entrance inducted into the system. Correspondence courses are being offered to help people to prepare for advancement from positions of general placement officers to specialized functions. The need for correspondence courses further illustrates one basic difficulty in upgrading the quality of the service, namely, the great physical distance. Many offices are isolated and are not easily reached nor closely supervised. A personnel training officer was appointed in 1970 to help improve and co-ordinate training efforts.

The most significant method of improving the competence of the staff is through routine reviews and regular conferences.

Special conferences are held on specific subjects such as regional development, rehabilitation or vocational guidance. The county regional officers also participate in regular national conferences.

One essential prerequisite for an effective staff is for salaries and emoluments for this group to correspond to the existing rates for this work.

IX. Assessment by the Examiners

The Norwegian employment office system now offers an impressive series of services to persons with placement difficulties including counselling, vocational guidance and testing, retraining, rehabilitation and re-settlement though the number being reached is limited. It supplies the communities with considerable information on the labour market and has been a significant stimulant to their economic development. Because of its persistent emphasis on pressing current problem areas, the system did not develop its skills for the evaluation and guidance of the total labour market and the contribution which a more effectively organised system of labour mobility would make to the more productive allocation of the nation's manpower and the achievement of its economic and social goals. It gave priority to the service which commanded public support and has not built up the informational resources and capacity for analysis to check on its priorities and allocation of its resources. A careful test of the quality of its own performance is lacking.

The active manpower policy introduces the possibility for a more disciplined approach to the evaluation of the needs for services and the definition of priorities. The point of departure is the achievement of an optimum allocation and productive employment of the total manpower resources among the different areas, industries and occupations. These are not static. Moreover, they are in part determined by the availability of manpower. To attain the high level of efficiency which this economy requires, the potential work-force should be available to respond to the newer needs; otherwise, it may not be possible to introduce some new activities or the manning patterns may be less than optimum.

The basic tool is the guidance offered to achieve an effective and low cost system of labour mobility toward the national and local objectives. The various services which we have considered such as counselling, training and others are truly auxiliary aids to the realization of the above ends. Many important questions have to be raised and answered concerning the present and desired rates, volume, direction, speed and costs of manpower mobility to develop a full programme of guidance and services for improving the movements. The first challenge to the nation is for it to accept the need for a staff in the Labour Directorate which shall consciously seek to identify and define the problems and alternative answers to them for achieving the underlying objectives. This group must be able constantly to test the effectiveness of the total movement of manpower and the specific measures adopted by the Labour Directorate.

The Examiners urge the Labour Directorate immediately to establish and therefore maintain a staff for formulating proposals on informational needs and methods of obtaining the data, and for measuring and analysing turnover rates for establishments, job change rates for individuals and mobility trends for specific industry, local, occupational and national markets. It should thereafter evaluate current measures and periodically submit alternative proposals for improving the mobility patterns in the labour market.

The Employment Offices in the past concentrated on select groups of people with special difficulties in being placed or those who sought out the

offices for assistance. Their facilities and personnel necessarily reflected the needs of these people and those employers who engaged them. The service dealt primarily with the unskilled, seasonal and casual employments, except where special divisions served groups like seamen and musicians. The result was that the system covered only a small segment of the total labour force.

The limitations of the services, it is generally agreed, must be lifted. The Employment Office system must be related to the needs of the total labour market embracing all groups. It is customary to speak of increasing the penetration rate but, as we have seen, this approach toward broadening the influence of the Employment Offices and improving the operation of the labour market is unlikely to be rewarding. The crucial demand is that the Employment Office system should improve the flow of manpower so that the volume is adequate, the direction is correct; that it is speedy and low in its cost for employees, employers and the community and nation. To achieve these goals it must maintain contacts with a substantial segment of the work population and enterprises. But the test of contact does not have to be whether a person is registered or is being placed in a new job by the office or whether an employer is filing his job vacancies through the office. These are only select types of relationship with the offices. They may be necessary in some cases but they are not universally essential. The fact is that the greater number of job moves now occur without the intermediation of the Employment Service. The question is rather which steps are critical to obtain a well organised and efficient labour market with an effective and low cost movement of manpower, i.e., to achieve optimum allocation and productive employment. Spontaneous movements, we are agreed, are not sufficient to attain the optimum goals.

The preceding discussion underscored many different impediments to the efficient operation of the labour market. Some can be removed without establishing physical contact between the employee and the employer and members of the staff of the employment office. The concept of "contact" with the Employment Office must therefore be enlarged. It must be related to the service offered to individuals or employers by which the mobility of manpower may be made more effective. Some individuals will find that the information in published lists of job vacancies or of candidates for jobs would be sufficient to improve operations substantially. In other instances, information disseminated through other means may be more effective. The removal of specific deterrents may, in other cases, require administrative or legislative action. The highest priority should be assigned to the elaboration of the information services. The data should be widely and freely disseminated in a form which is communicated easily and inspires confidence among users and readers and permits the latter to take all of the requisite initiatives without the further mediation of the Employment Service.

The difficulties standing in the way of groups may vary considerably as they have for the traditional clients of the employment offices. In these instances, there is room for separate packages of tools and aids to assist the individuals or employers. The Examiners, therefore, recommend that the Labour Directorate pursue this special labour market or group approach to gain access to larger segments of the labour market, seeking in each instance to define and establish the services needed to improve the system

of labour mobility, always trying to use the combination which would be of lowest cost. The forms and package of intermediation by the employment offices must be adapted to the individual groups and markets. Each measure should be administered so that it is employed when it is needed rather than automatically required in all programmes. The field of the highly qualified personnel should command a high priority in the application of this occupational group approach. The Labour Directorate should lay out a schedule for the further exploration of individual occupational and labour market needs.

The system of aids to individuals with special difficulties is highly developed. The programmes for vocational guidance and psychological counselling and testing enjoy widespread support. The Examiners endorse proposals for larger staffs and funds for these services which would also improve the public's view of the service. It is essential particularly to increase the assistance to the schools and industry as well as to the hard-to-place cases. Without such a service the less self-reliant in society may find it more difficult to adjust and find a productive place for themselves, and may therefore become dependent.

The close collaboration between the schools and placements officers has built a sound relationship which provides a pattern for the secondary and higher schools and industry. The basic information for occupational guidance must be extended and widely disseminated to increase its effectiveness and to provide pertinent and correct information to the great numbers who need it. The new techniques being developed in the psychological institutes can do much to improve the placement procedures and counselling process.

The aid given to the individuals for resettlement is of considerable utility as a part of the larger programme for the geographical redistribution of people and jobs as stimulants to the improved allocation of manpower or local redevelopment. The Examiners approve of the extension of these aids to persons not covered by unemployment insurance funds. They support the proposal to bring the housing programmes in harmony with manpower needs and the special plans being considered for providing emergency housing of good quality for migrants. The Labour Directorate should actively promote increased flexibility and planning in the housing field so that projects are closely related to manpower developments. Resettlement programmes are often frustrated by inadequate provisions for housing and Norway has an opportunity of correcting this impediment to sound manpower planning. These programmes would also discourage investments in infrastructure in areas likely to be ultimately abandoned.

One of the weakest links in the system of aids is the programme of services to managements to improve internal enterprise performance and aid them to appraise the external labour markets and to recruit people for them. The Examiners, therefore, recommend the establishment of a special service for management and the formulation by the Executive Board of the Labour Directorate of a series of guides for internal enterprise personnel policies and practices which would advance national objectives in this area. Employers should be urged to record their policies in writing and communicate them to employees and public manpower agencies. Pilot schemes may

serve to introduce these plans and provide the experience for designing programmes best suited to Norwegian needs.

While managers of district employment offices have traditionally been most helpful to local communities and have through their own initiative established an exemplary model of performance, the Examiners urge that a manual be provided for current and future managers to guide them in these activities in line with the precise objectives of an active manpower policy and to assure a more complete service to these communities.

The employment office system must be operated more efficiently and the quality of each individual's performance must be upgraded. Major steps have already been taken in both directions. The Examiners endorse the recommendations of the rationalization committees toward these ends particularly relating to the modernization of offices, the concentration of services in single structures within a community and the delegation of authorization to the director to permit the more flexible use of staffs and the further simplification and mechanization of procedures and data collection and recall. Small isolated offices should be limited in number, and itinerant representatives should replace them. While these physical and administrative changes are being made, the training of the existing staff and improvements in recruitment are vital. Education and new staffing are prolonged continuing processes. There is a considerable tendency for local officers to concentrate on the aspect of the work in which they have a particular personal interest. The problem is particularly troublesome in distressed or difficult areas where they tend to devote an undue proportion of their energies to the development activities and may become parochial and neglect aids to out-migration. Other agencies are taking over the development activities; the established functions are being surrendered most reluctantly with resulting difficulties to the newly designated bodies. The Examiners urge that the Labour Directorate should intensify the processes of review and supervision of local offices and provide them with more formal precise policy guides and manuals of operation for their guidance. They are in need of more information on the meaning and the implications of the new approaches toward manpower being developed in the organisation.

The Examiners conclude their review by recommending a further increase in the staff of the Labour Directorate to enable it to operate more effectively and to implement the programmes approved by the Ministry and the recommendations offered in this analysis. The 1970 increase represents a positive step toward this end.

Chapter VI

SOCIAL PROTECTION AND SERVICES

I. Introduction

The emphasis on the economic objectives of an active manpower policy in no way minimizes the latter's concurrent dependence upon an active social policy to which it makes a substantial contribution. A fully employed, growing and stable economy increases society's ability to finance cash benefits and services for the dependent population and to employ productively many who need special adjustments on the job or particular work arrangements. Active manpower and social policies are complementary policy systems and are closely related to others such as education, housing, general community organisation and services and environment. They should each reinforce the other's efforts to foster the nation's overall objectives.

An active social policy, unlike the active manpower policy, is directed at both the dependent and the active population. Its assistance covers, to use the term popularized by the Beveridge Plan, human requirements for security and social services from the cradle to the grave. While the early emphasis was upon financial protection to people during periods of adversity more resources are now being devoted to building up the social services to maintain human capacities. The goal is to assist individuals to achieve the optimum development and participation in the community and self-reliance. Particularly important in terms of the manpower objectives is the belief that each individual should make an appropriate economic contribution to society even if it involves employment in a protected work environment. Medical and social care and counselling are to assist individuals in becoming as far as possible, independent individuals who lead lives suitable to their own conditions. This programme stresses appropriate child care and upbringing and physical emotional and mental reconditioning, rehabilitation and re-adaptation for the adult. Concurrently, it promotes overall social and environmental conditions and facilities to enable people to attain and enforce their individual goals.

An adequate and effective active social policy makes significant and indispensable contributions to the realization of an active manpower policy, being concerned with the raising and maintenance of a physically, mentally and emotionally competent population. Through provisions for adequate financial benefits, individuals buffeted by the changing economic tides are relieved of their economic anxieties which formerly drained them of their energies and injured their capacities and will.

Through the varied services, rehabilitation and restoration can be assisted to the maximum extent possible in the light of the person's maladies and handicaps and current knowledge. These positive aids serve to increase man's adaptability in an ever-changing world. And most significant from the point of view of the objectives of manpower policy, the display of social concern, positive assistance and services build up a person's identification with the community, a necessary prerequisite to greater co-operation and productivity. The result may well be a greater inclination to accept change and acquiesce in an innovation even when it may immediately adversely affect the individual.

The Examiner's responsibility is limited to a review of the system of social protection and services in terms of the adequacy of its coverage and the benefits and services offered primarily from the point of view of the objectives of manpower policy.

II. Norwegian System of Social Benefits and Services

The Norwegian social system has undergone considerable revamping in recent years and is currently in the process of implementing several major innovations to establish integrated local and communal social care alongside of cohesive social insurance and medical care systems. As in other countries, the public social welfare programme supplanted a large part of the voluntary and philanthropic programme of aids and government controls by an elaborate social insurance programme supplemented by regulations of private employment conditions and complemented by a wide range of voluntary agencies. In its current form the social insurance plan relates benefits to past earnings.

Since the early post-war years more emphasis is being placed on rehabilitation looking toward individuals assuming the responsibility for their own destiny and gaining maximum economic independence. Social case work and counselling to an increasing degree now supplement other therapeutic techniques. New trends focus on aiding the handicapped not absorbed in the labour market through permanent sheltered employment and arrangements for living to permit them to participate to the fullest extent possible in normal life settings. There is also considerable acceptance of the conclusion that the services for aiding individuals in meeting life's problems and reverses are useful to all groups in the population and should be made available to them, with charges being levied in accordance with each person's capacity for payment. A start has been made at integrating and co-ordinating local communal public social welfare services and stimulating long range planning in this field. But, as will be made evident, this step is only a modest beginning in the process of evolving a mature social philosophy and active policy.

III. National Insurance System

The national insurance system is pervasive and symbolic of the changes being made in the system of social protection and rehabilitation. It now

embraces old age benefits, disability benefits, rehabilitation assistance, widows and mothers benefits and survivor benefits for children. In January 1971 the scope was extended to include health insurance, workmen's compensation and unemployment insurance. These date back to programmes begun at the beginning of the century, but most particularly in 1936, with the adoption of the flat national old age pension system financed through taxation to which were added laws passed in 1960 covering disability insurance and rehabilitation assistance, in 1963, for survivor benefits and in 1964 for widow's and mother's insurance. These benefits were integrated into one scheme in the national insurance law of 1966 which became effective in 1967.

Flat benefits supplemented by earnings-related benefits are paid to the aged at 70 years, disabled, surviving spouse and children under 18 who have lost both parents. Contributions to the fund are earnings-related. A lump sum death benefit is paid in lieu of a funeral grant. Rehabilitation assistance is paid for accommodation, examination, training and treatment in a medical ward of a hospital or in a recognized rehabilitation institution; grants are made for study, training or adaptation to work, at schools, courses, factories; and grants or loans are available for travelling, moving, starting work or for other objectives important to restore a person to work. A disabled person may also be paid allowances during the rehabilitation period to replace lost earnings from work. The final disability pension is related to the loss of work capacity, where it is 50% or more. As in the case of the disabled, the assistance to widows and widowers is directed at restoring or creating their earning capacity. Younger widows with children are not required to work outside the home if they do not want to. An assistance grant is also paid for the care of the children where the surviving guardian must work or get training outside the home. Educational grants and transitional benefits are available for such purposes. The entire programme is financed by premiums paid by the insured and employers, supplemented by grants from the central government and the municipalities.

In 1968, there were 319,775 old age pensioners, 102,973 disability pensioners with an additional 15,002 receiving the supplementary allowances, 35,743 widows or widowers receiving pensions or benefits or allowances; 25,996 children receiving pensions and, 2,859 housebound unmarried people and 8,129 unmarried mothers receiving benefits.

Of particular importance are the provisions for determining benefits for old age pensioners, disabled and surviving spouses as respects their continued employment after becoming eligible for pensions or benefits. Old age pensions are paid to all reaching the age of 70 years, irrespective of whether they are employed or not. Disability pensions are only paid to those with an incapacity of 50% of work due to illness, injury or defect following on a course of treatment and rehabilitation. The actual benefits are fixed locally in terms of the available earning opportunities in an occupation which is suitable to the person as compared with the opportunities existing for him prior to the disablement. In both instances, the high rate of recipients in the older age groups, particularly in the rural and less developed areas, indicates that the programmes make it possible for people to withdraw from the labour market and lose interest in rehabilitation re-

training, and relocation. Similar principles govern the determination of benefits to widows and widowers.

Some desire exists to change the regulations and administrative attitudes to encourage broader employment among these groups. There are people who would like to facilitate the continuance of old age pensioners in employment. It has been proposed that private and public pension systems which make retirement a condition for the receipt of benefits be modified to remove this requirement. Employers engaging such persons would be relieved of the obligation to make contributions on their behalf. These and other issues are now being studied by special commissions considering the feasibility of lowering the age of retirement.

In the case of the disabled, it is argued that the limited amounts of supplementary earnings permitted these beneficiaries discourage them from engaging in any work, and the limited amounts of services available for rehabilitation have reduced recruitment possibilities among these groups for the labour market. There is an obvious need for further discussions and reviews of the operations of the insurance, pension and benefit programmes to determine the precise change needed to give these people a free choice.

The recent advances in benefits and improvements in the administrative organisation greatly increased the number of recipients and benefits. The government's programme now calls for a regular increase in the basic pensions in line with the changes in the cost of living and also for bi-annual reviews by the Storting of the basic amount to permit pensioners to share in the general national rise in the economic well-being. Universal coverage and adequate cash benefits and services for restorative and developmental services are essential to enable this insurance system to make its contribution.

IV. Unemployment Insurance Scheme

The unemployment insurance system, as it is administered by the Labour Directorate, even more than the national insurance system is oriented toward the preparation and guidance of the unemployed to active employment. Cash benefits are considered payments of last resort, reflecting the temporary inability of the employment offices to find employment for individuals though they hold themselves available for suitable jobs. The payments are inducements for the unemployed to register to meet the law's legal requirements for benefits and to offer themselves for interviewing by the employment office. The latter's staff bears the responsibility for counselling, offering opportunities for retraining, rehabilitation, reconditioning and, if necessary, resettlement and then placement either on regular or relief jobs. The goal is to find employment for the unemployed rather than to maintain them.

There is, however, a distinct tendency for the people in communities dominated by highly seasonal industries and those dealing with workers in these industries in other communities to accept current conditions and look upon the unemployment insurance allowance as regularized supplements to the person's ordinary income.

Two standards, therefore, dominate the administration of the unemployment insurance plan. On the one hand, in some areas, there is a strict enforcement of the principles that benefits are to be paid as a last resort. This attitude is reflected in the experience for 1964-68 when 14% of the applicants were rejected and 14% of those rejected were turned down because they refused jobs considered suitable for them by the local employment committee.

On the other hand, the liberality shown to the workers in the seasonal industries is exhibited by the overwhelming number of beneficiaries in the building and construction, agriculture, forestry, foodstuffs and garment industries.

The compulsory unemployment insurance system had its origin in the trade-union unemployment funds which beginning in 1906 received subsidies from the central government and communities to finance the benefits they paid. In 1938, a formal national public unemployment insurance system became law. It was substantially modified in 1959. The scheme covers salaried employees and wage-earners whose annual earnings are 2,000 Kroner per year or more or with six or more days of regular employment. It excludes some classes of persons in the primary industries, public employees and the self-employed. There is a special fund for seamen. The programme, therefore, insures about 80% of the salaried and wage-earners and about 60% of the gainfully employed. The unemployed holding themselves available for rehabilitation or work who have contributed for a minimum of 45 premium weeks during the last 3 completed benefit years, or for 30 (premium) weeks during the last benefit year are entitled to cash allowances after the third day of unemployment up to a maximum of 21 weeks; for those over 50 years a maximum period of 30 weeks and for those of 65 to 70 years an indefinite period until they find employment or become entitled to a permanent insurance benefit. The actual benefits are related to past earnings and the beneficiary receives an additional daily benefit for dependants including children under 18 years of age. The unemployed are required to register or send in the appropriate card to attest to their availability for the labour market.

The emphasis on re-orientation, retraining and resettlement is confirmed by the very manner in which the resources are spent. The premiums paid originally by employees and employers, and since 1970 exclusively by the latter, are supplemented by contributions from the municipalities. During the years 1964-68 daily cash allowances constituted about two-thirds of the total benefits paid. The remainder was allocated to payments for vocational training courses, scholarships schemes, travel, removal, family, and installation grants and assistance to people earning an independent livelihood and similar expenditures (Table I). The beneficiaries of these latter grants are not required to qualify for unemployment benefits. The fund also pays premiums to other social insurance plans for the beneficiaries of the unemployment cash allowances. It makes wage grants to municipalities to finance winter extraordinary relief projects. The fund also defrays a major part of the cost of the operation of the placement system. The premiums provide funds to finance manpower and regional development programmes. The fund's assets are also used to underwrite job projects and the re-development of the lagging economic areas, further attesting to its emphasis upon promoting jobs and permanent solutions.

Table 1. EXPENDITURES OF UNEMPLOYMENT INSURANCE FUNDS, 1964-1968, BY ITEMS OF EXPENDITURE

Item of expenditure	Millions of Kroner					Average for the period
	1964	1965	1966	1967	1968	
Total	139.2	147.0	151.2	151.0	171.9	152.1
Daily allowance and insurance contributions	58.1	50.7	51.6	47.9	78.0	57.3
Benefits during vocational training course	10.9	14.7	13.0	16.2	18.6	14.7
Wage subsidy during training1		.0
Unemployment insurance scholarship schemes	10.0	10.0	10.0	10.0	10.0	10.0
Travel grants, removal grants, family grants and installation grants	0.2	0.3	0.6	2.3	2.9	1.3
Assistance in earning livelihood and other (Handicapped workers wage subsidy)				1.7	3.0	1.0
<i>Administrative allocations</i>						
Total	57.6	68.2	72.4	68.6	54.6	64.2
Grants to placement system	19.2	20.7	22.6	25.3	27.5	23.0
Administrative costs of insurance funds	10.2	11.3	12.3	13.9	15.1	12.6
Surplus	28.2	36.2	37.5	29.4	12.0	28.6

V. Health Programmes and Health Insurance

The public health services are built around local, district and county medical officers and associated committees or Boards of Health to stimulate and interest all groups in advancing the individual's and community's health. The medical officers supervise all preventive and curative measures, medical personnel, institutions and pharmacies as well as mental patients under public care. The Dental Health Officer and dentists are engaged in and supervise public dental treatment. Special provisions are made for the care and rehabilitation of the tubercular, the epileptics, mentally defective and ill and maladjusted children. Self-employed persons and their dependants are also covered as regards benefits in kind.

The Health Insurance System, which began in 1909 and is currently administered under an Act of 1956, covers the entire population, both employees and their dependants. It provides medical treatment, and other benefits in kind, including hospital services. Daily sickness benefits are paid to insured employees during illness if they are unable to work. Benefits are scaled according to earnings, and include allowances for dependants and may also include grants for domestic help. They begin after the third day of each separate illness and may last up to 104 weeks. Maternity benefits for employees are paid for 12 weeks. For other family members there is a lump sum of 350 Kroner. A supplementary system of benefits is provided under the joint labour management contract. The self-employed may also join the system at rates corresponding to those applicable to employees with the same annual earned income.

The programme is administered nationally by the National Insurance Institution and locally, by Health Insurance offices in the municipalities. Each local office is a legally independent self-governed insurance organisation directed by the National Insurance Institution with considerable authority for adjustment to local conditions.

In 1967, 2,040,083 persons were covered with 347,411 persons receiving cash benefits and 154,995 persons receiving services and 197,412 receiving both types of benefits. The average expenditure per member was 750 Kroner. Cash benefits represented 21 % of all benefits.

VI. Social Security Expenditures

Social security expenditures rose by more than seven times during the last quarter of a century (1948-1966) five times on an inhabitant basis and tripled on a real *per capita* basis (Table II).^{*} The rise in real per inhabitant expenditures was higher in Norway than in other Scandinavian countries

^{*} Statistical Reports of the Nordic Countries No. 13, *Social Security in the Nordic Countries* Expenditure on and Scope of Certain Social Security Measures 1964 (1964/65) Stockholm: Esselte AB 1968.

The above report included unemployment activities as part of social security expenditures. In all discussions and tables, the unemployment activities including insurance, employment services, retraining of unemployed and public work for unemployed are excluded.

except for Finland. Actually, the percentage of social security expenditures of gross national income has risen from about 5.8% in 1948 to 11.5% in 1966. Its outlay on social security as a per cent of gross national income was in the last year only slightly below that of Sweden and Denmark. All three of course stand out among the countries with the highest investments in social security. Norway allows for tax rebates for children in addition to family allowances which constitute fifteen per cent of its expenditures. More recent moves toward liberalization both in coverage and benefits no doubt substantially increased the total cost and proportion of the expenditures in the total gross national income.

The present tendencies toward integration of the insurance system will ultimately create a parallel programme to that for health and not only simplify administration but also standardize rules and enable the nation to close the gaps.

Table II. SOCIAL SECURITY EXPENDITURES PER INHABITANT AND PERCENTAGE OF GROSS NATIONAL INCOME

Year	Amount ¹ (000,000 Kroner)	Per inhabitant (Kroner)	Percentage of gross national income
1950	961	294	6.2
1952	1,386	417	6.7
1954	1,726	508	7.5
1956	2,133	616	7.7
1958	2,595	736	8.8
1960	3,123	871	9.4
1962	3,989	1,096	10.4
1964	5,064	1,371	11.2
1965	5,709	1,540	11.3
1966	6,500		

1. Social Security Expenditures except for Unemployment.

Source: Statistical Reports of the Nordic Countries No. 13 *Social Security in the Nordic Countries* Expenditures on and Scope of Certain Social Security Measures 1964 (1964/65) AB Stockholm 1968.

VII. Integrated Social Service System

Norway is making another significant move toward creating an integrated active social policy. It is taking the first step towards organising a unified social welfare programme. Ultimately, this complex will stand alongside the social insurance and medical and health structures to form a co-ordinated comprehensive social programme adaptable to the diverse needs of individuals. The social welfare programmes, like the other complements, would be client rather than institutionally-oriented. Therefore, they would in theory bring together the varied community or national resources to assist individuals in their adjustment, normalization and productive placement within the economy and general society.

The Social Welfare Act of 1964 modestly advanced the nation in this direction. It calls for counselling services and the use of case work, thereby

broadening the types of aids being offered to individuals beyond those traditionally provided by insurance, medical and relief systems. The municipalities are now to offer information, counselling and guidance to the individuals with social welfare problems. These services complement their current authority. They may also arrange for loans, guarantees for loans or make contributions and grants to the client to assist him in reaching a state of self-support and self-reliance within the community.

The municipal social welfare boards and the social welfare bureaux are the new central local institution for co-ordinating and integrating the local public municipal welfare services. Fragmentation is to be superseded by co-ordination and ultimately integration. While individual agencies continue to offer services, the central welfare bureau will be able to take over cases where several agencies must serve. The aim is to help effect a multi-disciplinary team approach to problem cases so that therapeutic programmes will do more than correct individual symptoms. They will try to effect complete rehabilitation and adjustment for the individual. The total pattern of social, family and personal difficulties will be considered in devising a case programme. But for the time being of course the authority vested in the social welfare office is limited to the services offered by the municipality itself.

The Act entrusts the social welfare board with the responsibility for social welfare planning and the preparation of an integrated budget for the varied municipal social welfare services. The final determinations on priorities and allocations are made by the municipal councils, governed by rules and directives issued by the central government. The social welfare manager is concerned with both short and long-run planning and the identification of gaps and imbalances among the services.

Progress has been made toward the establishment of municipal social welfare committees and organising the bureaux and appointing managers. The process of integrating budgets has proceeded. But the desired level of co-ordination among municipal services has only been slowly attained. More than 400 municipalities now have social welfare offices. A county social welfare officer, it is contemplated, will be added to the county governor's office to supervise the development of these special welfare programmes. Financial assistance is being given to very small municipalities to induce them to organise social welfare offices.

VIII. Assessment by Examiners

The Examiners are persuaded that Norway is evolving the essential elements of a total integrated system of insurance, health care and promotion and social services, which are joined with improvements in municipal organisation and facilities for social life to constitute a modern social programme. They urge that these efforts be made to serve manpower objectives as well as personal ones, through adequate contributions to rehabilitation, retraining, relocation.

The approach to this end should not be by way of meagre benefits but through aggressive and imaginative services which open up these oppor-

tunities to the unemployed and non-participants. "Employment assurance", rather than conservative daily allowances, should be a guide for the system. Occupational, industrial and geographical mobility and self-reliance, rather than dependence, should be fostered.

The Examiners urge the social security and manpower authorities systematically to review the current operations, laws and regulations to bring them in harmony with these objectives.

The Examiners would raise two questions relative to this programme. The first is concerned with the relationship between the employment offices and the administration of the unemployment insurance system. All claims are currently made and processed and benefits are calculated at the employment office. The routine work required for this purpose tends, particularly during the winter months, to swamp the offices leaving the staff little time for other functions. Moreover, the resentments accumulated by beneficiaries against the final benefits are directed at the office. The Examiners are persuaded that these functions should, as in other countries, be transferred to the National Insurance offices which already deal with similar problems. It is entirely practical to maintain the communications required between the employment and the insurance offices and to provide the requisite information and certification of eligibility. This procedure, would in no way deprive the employment office of its opportunities or responsibilities for initiating constructive rehabilitative procedures or job placements or insisting that applicants take up training and other aids or even resettlement in preference to maintaining them in idleness. Through the separation of these administrative responsibilities the employment office can truly become the "employment assurance" division of the "unemployment insurance programme", a role to which it aspires. The Examiners look with favour on the accelerated incorporation of the unemployment insurance programme into the national insurance plan providing that the detailed policies and programmes maintain and expand the use of these funds for promoting the goals of the active manpower policy. The authority of the Labour Directorate to disburse funds for constructive manpower functions should not be curbed.

The second question relates to coverages. The Examiners endorse the proposal for extending the coverage of the insurance programme to the self-employed. Since the emphasis is upon aid for the reconversion of persons who may lose their jobs, the coverage and the cash benefits are intended to assist this process. The exclusions should be limited.

The benefits paid at the time of the field study were inadequate. The improvements in allowances and maintenance supplements made as of January 1st, 1970 were essential. The level of benefits should be periodically raised and sufficient to induce people to undergo the rehabilitation and other upgrading programmes to enable them to become active members of the economy.

The Examiners are impressed with the steps taken to overhaul the social service structure but believe that a more extensive effort is essential to develop an integrated social welfare policy for the attainment of active manpower policy goals. It is desirable to extend the social welfare functions beyond the services offered currently by the social insurance programmes. Social case work and counselling are essential elements of the broad

programme. The initiation of family counselling and child health and guidance centres are positive steps but they do not fill the major gaps in the present system of services. Presumably, the social planning welfare officers in time will define them for each municipality in terms of local needs on the basis of a standard profile. The point of view of an active manpower policy should be clearly developed. It should include provisions for identifying problem cases in the community and their individual cultivation to inspire in them a willingness to secure assistance and a positive attitude toward a therapeutic and restorative programme.

Second, there should be provisions for counselling, guidance, and information. These services have to be very broad and help citizens in many ways, including information on matters of practical importance to clients.

Third, the fullest range of services should be available to meet the needs of the different individuals. Therefore, the local communities have to have access to the appropriate district, county, regional, and national agencies.

Fourth, these services and facilities should be accessible to the clients. Discrimination or financial or other barriers should not stand in the way of their use.

Fifth, provision has to be made for the maintenance of the client and his dependants during his treatment or training. This need is basically covered by the insurance plans but they could be made more universal and their benefits improved to serve even more effectively. Sixth, provision must be made for effective job placement. Finally, some clients and their employers need follow-up and continuing supportive services to maintain their independence and self-reliance.

A social welfare programme for an effective manpower policy cannot rest merely upon a preoccupation with individual adjustment. The community and its services and facilities must also be adequate. This requirement is dramatically illustrated in the case of migrants who should be freely accepted in the receiving community and for whom adequate housing and social facilities should be available. A social welfare programme must be concerned with the adequacy of the community provisions, for individual and family problems cannot easily be solved in an inappropriate and unsavoury community environment or in one lacking appropriate housing, recreational, and other provisions. Community attitudes are important in determining individual judgment and behaviour, and ultimately, adjustment. The Social Guidance plans of other countries may offer important lessons for further work in this field.

Co-ordination has to be extended beyond the municipal public level to all public and private social services. This principle may be difficult to implement, but it is essential to the realization of the ideas underlying the social welfare programme. A significant part of the present social welfare services are now administered by voluntary organisations. Their assistance is important but their efforts are fragmented and specialized. Co-ordination, integration and greater complementarity of services are vital in this country with limited resources.

There should be a continuous inter-relationship between municipalities and larger and higher geographical constituencies. Steps have been taken to endow the county with broader responsibilities. Finally, the central government should undertake deliberate national social welfare planning.

The present programmes are fragmented. The personnel are not always professionally prepared for the job. Lay co-operation, identification, services and investments were indispensable in earlier years. Their assistance and funds will continue to be necessary for the future, but they have to be deliberately joined with the knowledge, studies and expertise of the professional in planning a rounded, integrated, adequate social welfare system relating local with national efforts. Present plans for upgrading the current staff are welcome, but must be complemented by recruiting people specially trained for this work.

The shift in emphasis from institutional to client orientation is sound. The Examiners urge that a parallel effort be made to emphasize the preventive goals and services as we are now dealing with therapeutic and restorative problems.

Social goals have for too long been pursued independently of those of other policy systems. This attitude is both uneconomic and unrewarding. As resources are truly limited and public efforts are closely inter-related, the maximum benefits for the fullest range of objectives must be obtained through each expenditure. Indifference to diverse objectives creates conflicts and blinds other policy administrators to the possibility of reinforcing social policy objectives. Policy makers in each policy area must not only keep in close touch with others for the pursuit of their own ends but they must be equally disposed to serve other objectives. These observations are particularly germane to the relationships between manpower and social policy makers. Each must serve the other because he will thereby better fulfil his own needs.

Chapter VII

**INFORMATION,
FORECASTING AND RESEARCH TOOLS
FOR CAREFUL RATIONAL DECISION-MAKING**

I. Introduction

The national manpower agency faces two continuing challenges. The first is an administrative one. Are the prevailing manpower policies and programmes realizing their purposes? Are the institutions operating effectively? Have the lowest cost and most effective methods been chosen? What are their inadequacies and failings? What are the causes of these deficiencies? Finally what are the appropriate remedies?

The second is basically an adaptive one. The physical, economic and social environment is constantly changing. The qualities and expectations of the work force and the participants in the economy are also being modified. Society's positive objectives are being increased in number and broadened in scope; older aims are being refined. What changes are required to measure up to these new conditions? What innovations are needed in policies, programmes, organisations, measures and services to assure the continuing optimum employment pattern for the nation's human resources?

Answers to these questions were in the past obtained from administrators of labour market institutions and practitioners in associated areas. These people relied for their judgments on experience, field visits and discussions. At times, they supplemented these findings with the careful study of the statistics collected by administrative agencies for their own use. New ideas and evaluations had to come from the same people. Rarely could they turn for assistance to staffs dedicated to the continuing study of these questions. Occasionally, special investigations produced incisive analysis of limited aspects of the total problem. Few parliamentary inquiries led to objective independent investigations; they relied primarily on the views and recommendations of diverse groups of practitioners and administrators.

The limitations of this personal empirical approach toward the study and understanding of complex social problems and institutions are well known. Personal conclusions are necessarily circumscribed by the individual's experience and ideology. Few persons are likely on their own initiative to analyse problems in depth; full understanding may, therefore, be lacking. Essential details may be overlooked. Basic relationships among

factors, and established behaviour patterns will at best be vaguely perceived and remain unformulated. The benefits of cumulating individual insights will often be lacking. The personal empirical approach is particularly inadequate during periods of rapid change. The expert is likely to build his conclusions on past experience. A consensus of judgments on a given subject may in fact be no more than a reflection of the prevailing fashions of popular or expert opinion. Complex social problems involving diverse factors are particularly difficult to unravel by this method of analysis. The result may be an inappropriate simplification of the issues.

The limitations in the above methods of analysis are now widely perceived. More attention is being devoted to the organisation of adequate systems of data collection, analysis, forecasting and research. Staffs are assigned the tasks of data collection and analysis. Outside research bodies are enlisted to develop appropriate concepts, techniques of reporting and measurement and to prepare analyses.

Diverse academic disciplines are invited to serve the manpower administrator and policy-maker. These professionals often share intimately in the responsibilities of developing understanding and knowledge, measuring the operations and impact and evaluating the consequences. At times they may assist in finding new solutions to problems. These are not new duties for these persons; but their prior work in this area was limited, and most often dealt with problems at the lower policy levels. In the past they, therefore, failed to conceive of the manpower field as an integrated system of policies and programmes with clear functions and objectives. Now they are being called to design this system and its components and bring their skills to bear on building an effective integrated structure together with tools for monitoring its operation and defining needs for changes, innovations, additions and shifts in emphasis.

Organised and formal procedures and organisations for data collection, forecasting, evaluation and research are recognized as essential to a modern administrative system. This conclusion is also gaining international acceptance. The Nordic countries in 1969 through the Nordic Labour Market Committee agreed on a formal system of co-operation in their research efforts. The results of these investigations, studies and search for new tools and concepts are to be exchanged among these countries. They will ultimately have a fundamental impact on the nature of manpower policy and programmes.

This Chapter will consider the present state of the collection of manpower information, forecasting and research and propose new initiatives in this field. The Examiners came at a most fortunate time as this country has currently taken important new steps in this field.

II. Labour Market Data

A. Introduction

Current manpower data are derived either from external sources which collect information to serve other users or the administration of the Em-

ployment Service. In the former category belong four types of data; one, the household census; the decennial population survey and the prospective labour force reports; second, the establishment surveys; the censuses of agriculture, fishing, forestry, electricity and gas, industry and wholesale and retail trade; the decennial censuses of establishments; the reports of the Norwegian Employers' Confederation on hours worked and earnings by workers in member establishments and several other organisations such as the Directorate of Seamen, insurance companies, banking associations and local government organisation; returns based on an annual Employment Service survey of non-covered manpower requirements in mining, manufacturing and building industries; third, administrative statistics published by government agencies; and fourth, population registers maintained by municipalities. In the second category are the data on registered unemployed, applications for work, vacancies and unemployment benefits, and establishment curtailments; and the monthly information on employment furnished by the health insurance authorities.

B. Observations Respecting Selected Types of Data

Each of the above types of data present distinct difficulties as sources of information for assessing the operations of the labour market. These will become evident from the subsequent analysis.

1. Manpower Resources of the Labour Force

There is no direct source of information on total manpower resources of the labour force defined as consisting of those employed and actively looking for work. The decennial census of population provides data on the gainfully employed i.e., those reporting an occupation as the main source of income. But it is a different group from those considered currently active in the labour force. There is no information on the types of attachment of the gainfully employed to the labour force or their effect on the degrees of participation of various groups during different seasons of the year. An annual figure on the labour force, supplied to the OECD, is calculated by adding together the number of employed salaried employees and wage-earners, the self-employed and the registered unemployed. But this total is of limited value as participation rates are lacking.

Estimates on the size of the active labour force and the potential labour supply are especially needed in this country in view of the 1954 constitutional commitment to assure job opportunities to all persons able to earn their living by their work. There is currently no precise estimate of the size of the gap to be closed to realize the above goal. A further reason for knowing these numbers is that the country has faced and will be confronted in the future with severe labour stringencies in many areas and particularly its large urban centres.

An important effort to secure the needed information was initiated in October 1969. A pilot labour force survey was made and the Central Statis-

Table 1. MANPOWER

Subject	Name	Periodicity	Publication	Remarks
A. Population	Population Census CBS	decennial	NOS	
	Vital statistics and Migration statistics CBS	annual, provisional totals: quarterly	MB NOS: Vital statistics and Migration statistics NOS: Population in Municipalities	Census data adjusted for births, deaths and migration in the following years
B. Migration	Vital statistics and Migration statistics CBS	annual provisional totals: quarterly	MB NOS: Vital statistics and Migration statistics NOS: Migration statistics NOS: Population in Municipalities	Internal migration Emigration and Immigration
C. Labour Force	Population Census CBS	decennial	NOS	"Economically active population"
	Answers to questionnaire of the OECD Manpower Committee LD	annual	OECD: Labour Force statistics	Derived from wage earners employment and unemployment data as described below. For employers and persons working on own account in non-agriculture: population census 1960 and changes according to figures registered every February and August based on compulsory health insurance. For employers and unpaid family workers in agriculture: Census of agriculture 1959, sample survey 1962 and 1966. For fishermen: Special statistics of participation in the different fisheries.
D. Employment				
1. Wage and salary earners	Employed Wage earners and Salaried Employees CBS	monthly	WB MB NOS: Labour Market Statistics	Derived from compulsory health insurance. All Norwegian and foreign wage earners and salaried employees at work or temporarily absent, with a yearly income of at least 2000 kroner, except persons on temporary or

STATISTICS OF NORWAY

Classifications							
Sex	Age	Area	Industry	Occupation	Education	Marital status	Other
X	X	X	X	X	X	X	Social status Birth place, religion, etc.
X	X	X				X	Births, marriages, divorces, deaths, migration
X	X	X					
X	X	X				X	
X	X	X	X	X	X	X	
X			X				Armed Forces Unemployed
X		X	X				

Table 1

Subject	Name	Periodicity	Publication	Remarks
2. Self-employed	Self-employed and own-account workers CBS	semi-annual	WB NOS: Labour Market Statistics	indefinite lay-off without pay. Persons in jobs of less than 6 days duration are not included Employed principal persons not insured as wage earners under the health insurance scheme. In addition are covered some family workers particular in agriculture, fishermen working on boats up to 100 gross registered tons having fishing as their sole or main occupation, and persons taking jobs of less than 6 days' duration, who are not insured as wage earners
3. Employment in Agriculture	Census of agriculture CBS	decennial last 1959	NOS	
	Sample surveys CBS	1962 and 1966	WB: provisional NOS: Agricultural Statistics	
4. Employment in Forestry	Census of forestry	decennial last 1967	NOS: (last published 1957) WB (provisional)	Man-days in the year 1.9.56 — 31.8.57 Man-days in the year 1.9.66 — 31.8.67
5. Employment in Fishery	Fishery Census 1960 Census of fishermen 1966	Intervals of several years Intervals of several years	NOS NOS: Fishery Statistics 1966	
6. Employment in mining and manufacturing	Annual Industry Survey CBS	annual	NOS: Industrial Statistics	Establishments with average employment of 5 or more (for certain industries 3 or more) plus sample of smaller establishments. All persons working in the establishments, excluding home workers. Temporary absence due to illness, vacation, work stoppage etc., is included while absence due to military service is excluded

ontinued)

Classifications							
Sex	Age	Area	Industry	Occupation	Education	Marital status	Other
X		X	X				
X	X	X			X	X	Main, supplementary occupation. Self-employed, family members, wage earners
X		X					
		X					Summer, winter employment. Self-employed, wage earners
	X	X					Sole, main, supplementary occupation
	X	X					" "
		X	X				Man-hours worked by wage earners

Table.

Subject	Name	Periodicity	Publication	Remarks
7. Employment in Electricity and Gas supply	Electricity supply Gas Supply CBS	annual	NOS: Electricity Statistics	
8. Employment in whole-sale and retail trade	Annual Distribution Survey CBS	annual	WB NOS	Establishments with total sales of 5 million Kroner or more in wholesale trade and 2 million Kroner or more in retail trade plus smaller establishments
9. Employment in the merchant fleet	Directorate for seamen	monthly	Annual Report from Directorate for Seamen. Also as DI NOS: Transport and Communication statistics	Officers and crew aboard Norwegian merchant vessels; seamen signed on and off such vessels — " —
10. Employment in mining and manufacturing, construction, trade, financial institutions, coastal water transport, land transport, business services, hotel and restaurant services, laundry, cleaning and other personal services	Census of establishments CBS	decennial latest 1963	NOS	All establishments except single person units in mining and manufacturing and construction
11. Foreign Labour	Aliens working in Norway CBS	annual	WB NOS: Labour Market Statistics	
12. Employment in terms of National Accounts	Employment in industry	annual	NOS: National Accounts	Expressed in full-time equivalent man-years. One man-year in an industry is defined as the number of working hours performed during one year by a full-time employed person. Part-time

Continued)

Classifications							
Sex	Age	Area	Industry	Occupation	Education	Marital status	Other
			X				
		X	X				
X	X annual	X		X annual			Foreigners by home-country
		X	X				
X	X	X	X	X			Nationality
			X				Self-employed, employed

Table

Subject	Name	Periodicity	Publication	Remarks
				work is converted into man-years on the basis of the number of working hours
E. <i>Unemployed, applicants for work and vacancies</i>	Registered Unemployed DL	monthly	DL: Monthly Report, MB NOS: Labour Market Statistics	Applicants for work and wholly unemployed as registered on the last working day of the month at the employment offices
	Unemployed trade unionists CBS	monthly	NOS: Statistical Yearbook	Unemployed in 9 trade unions
	Special census of unemployed at the Employment and Seamens' Offices DL	November and January	DL: Monthly Report. NOS: Labour Market Statistics	
	— " —	Irregular	DL: Special Issues	
	Registered Applicants for work, vacancies and placements DL	monthly	DL: Monthly Report NOS: Labour Market Statistics	Monthly returns from the local employment office
	Sample surveys of manpower requirements, not covered, in mining, manufacturing, building, DL	October each year	DL: Monthly Report NOS: Labour Market Statistics	No-random sample
F. <i>Curtailments of operations</i>	Information from the establishments to the employment offices DL	monthly	DL: Monthly Report	
G. <i>Benefits of the Unemployment Insurance</i>	Information from the Employment Offices DL	monthly and quarterly (not published) annual	DL: Annual Report NOS: Labour Market Statistics	

(continued)

Classifications							
Sex	Age	Area	Industry	Occupation	Education	Marital status	Other
X		X		X			
X	X	X		X			
X	X	X		X	X	X	Duration, family, responsibilities, etc.
X		X		X			
		X		X			
X		X	X				Discharge, temporary dismissals, reduction of hours, Reasons. Number of persons concerned. Duration.
X		X	X				Number of persons and payments Daily allowance. Insurance premium for unemployed. Travel and removal-assistance. Installation assistance. Family allowance. Subsidies towards vocational training

Table

Subject	Name	Periodicity	Publication	Remarks
H. <i>Hours of work</i>	Actual weekly hours for workers in mining and manufacturing CBS	quarterly	MB NOS: Wage statistics	Actual weekly hours in establishments belonging to the Norwegian Employers' Confederation

Abbreviations: CBS : Central Bureau of Statistics
DL : Directorate of Labour
MB : Monthly Bulletin of Statistics
NOS : Norway's Official Statistics
WB : Weekly Bulletin of Statistics

Continued)

Classifications							
Sex	Age	Area	Industry	Occupation	Education	Marital status	Other
X			X				

tical Board is expected to conduct it regularly beginning in 1971; first on a quarterly basis and later possibly, on a monthly basis. It would be most useful if one of the first trials was made in connection with the 1970 general population census to establish a broad benchmark for these data.

The labour force survey will produce information on those currently employed or those seeking work during a given week. Over a year, data would become available on those who worked or sought work during part of the year. It, of course, will omit those who had not worked and had not actively sought employment but who could possibly be enlisted under special circumstances if special inquiries are addressed to these groups. For the time being it is not planned to collect information on the conditions and inducements required to attract them into the labour force.

2. *Employed Population*

The information on the employed population is derived from the administrative statistics collected by the health insurance system. It consists of one series of data relating to salaried employees and wage-earners and a second, to the self-employed. The first category includes all persons in this group except those earning annually less than two thousand Kroner, foreign sailors on Norwegian seagoing vessels and persons on temporary or indefinite lay-off without pay and those with jobs of less than 6 days' duration. The data cover people temporarily absent from work because of (a) illness, injury, industrial dispute, vacation or other leaves of absence; (b) absences without leave; or (c) temporary disorganisation of work due to bad weather or mechanical breakdowns. Data for Norwegian seamen in ocean transport are obtained from the Directorate of Seamen. The State railways supply information on their permanent staff.

The health insurance data are obtained from an annual count of the files of the local insurance offices at the end of each October, noting those for whom contributions are being currently paid. Monthly employment data are derived from adjustments of these figures based on employer notifications, within five days of the occurrence, of job-entering and job-leaving persons. The discrepancies created by this procedure are corrected at the time of the annual count. In October 1968 the difference between the two numbers, resulting from under-reporting, required a downward adjustment of 1.5 per thousand (1,763), and in October 1969 1.1 per thousand (1,344).

Estimates for the self-employed are less reliable. They cover many persons not usually belonging to this category. The total includes the self-employed workers working on their own account insured under the health insurance programme, and persons whose main occupation is fishing and are eligible because of the special provisions in the Health Insurance Act, plus wage-earners earning annually less than two thousand Kroner. The data are drawn out of the files of the insurance office twice per year, February and August. These figures are certainly not sensitive to changing business conditions.

The data obtained from the annual establishment censuses are not correlated with these figures. The coverage in the former is more limited, excluding very small establishments.

3. Unemployed

The data on aggregate unemployment, it is generally agreed, are woefully deficient. The labour force survey should correct many of these gaps. The present information relates solely to the registered unemployed and the number and characteristics are determined by the factors which induce unemployed people to register.

The number of unemployed is derived from the roster of applicants for work at the end of the month. Actually, the employment office staff then clears out of its file all applicants who had not re-registered during the month or registered for a job during the last week. This clearance procedure eliminates five to eleven thousand applicants depending on the month, with the highest number reported during the Spring when applicants presumably can find their own jobs. To determine the number of unemployed, applicants for jobs who are fully or partly employed are deducted from this total. During the year 1968, the fully or partly employed registering for new jobs reached their lowest proportion of the total registered for jobs in April, representing 13% and their highest point in June, representing slightly less than 50% of all registered unemployed (Table II).

Table II. REGISTERED JOB SEEKERS, AT END OF EACH MONTH 1968

Month	Total	Fully employed	Partly employed	Wholly unemployed
January	31,476	3,095	2,002	26,379
February	29,974	3,899	1,694	24,381
March	27,375	3,863	1,665	21,847
April	21,275	1,274	1,752	18,249
May	15,819	3,852	1,053	10,914
June	14,352	5,946	1,051	7,355
July	10,682	3,020	814	6,848
August	11,481	1,110	759	9,612
September	13,001	1,255	903	10,843
October	16,036	1,163	1,128	14,015
November	22,449	1,315	1,498	19,636
December	29,988	1,118	1,401	27,469

The number of registered unemployed does not include those engaged on public emergency programmes who are counted separately. People register to obtain a job, either in regular or emergency employments or to obtain benefits. Among the unemployed not likely to register are those who are not entitled to benefits, those who have exhausted them, the young and women who have not formally entered the market and those who do not feel that the Employment Office will find them a suitable job. While the Offices serve primarily marginal, seasonal employments and the building industry, many persons in these categories do not register. The highly seasonal character of many jobs lends a decided seasonal cast to all figures. The recent liberalization of benefits and extension of the period of payment for older persons is increasing the number of these registrants.

The shortcomings of the present measure of unemployment are particularly troublesome. They eliminate the possibilities of developing a consistent measure of labour market stringency. Labour market policies and programmes have no doubt been conditioned by the nature of these data, which may explain some of the complacency prevailing in the matter of developing an adequate active manpower policy.

The detailed counts of the registered unemployed made twice a year and the special survey in six hard-pressed counties in February 1969, offer only a partial picture of the characteristics of the unemployed. They omit significant groups suffering from the severest and long-term unemployment and the discouraged who do not feel it is worth while to look for a job. Oral inquiries by the Examiners in three large cities among Employment Service Offices disclosed that the peripheral and marginal male workers who are unemployed or non-participants in that market may number several times the registered unemployed. But some central officials feel these estimates to be excessive. The data on women unemployed of course are truly inadequate. The degree of understatement among them would be even more difficult to gauge without a careful definition of concepts and an actual survey.

Some current judgments concerning the characteristics and the problems of unemployment in Norway need careful examination. These include conclusions concerning the overwhelming seasonality of the employment pattern in the light of the stabilization efforts in many industries and large firms; the unevenness in the rates of unemployment by regions, size of city, age groups and duration of unemployment and its incidence among various self-employed groups.

The present estimates of the rates of unemployment understate the general level in terms of the prevailing international concepts of labour force. Both the numerator and denominator need careful re-assessment.

4. *Underemployment*

Underemployment in any of the four senses in which the condition may be measured: namely, under-utilization of man's capacities in the enterprise, part-time work for those wanting regular full-time employment, irregular work or low earnings, has not been studied in depth. The present inquiry on low income groups may establish one such base but its emphasis would have to be broadened considerably to enable it to cover the entire problem. It is essential that Norway fully explore this condition to gain a deeper understanding of its many manpower problems. Such a study would open up opportunities for considering improved practices in the enterprise and programmes for achieving adequate participation by the peripheral work groups and non-participants in the market. The identification of these groups would provide a base for constructing a useful programme of labour mobility.

5. *Vacancies*

An important measure of labour market stringency is offered by data on vacancies. The most important source for such information is the Employ-

ment Service. But, as in other countries, the number registered with the offices is a small proportion of the jobs actually available. On the basis of the regular survey of "manpower requirements not covered" which examines the mining, manufacturing and building industries, one may estimate that these registered vacancies probably represent less than one-third of those in the market. Little effort is made to enforce the legal obligations on employers to report their vacancies or even their advertisements.

Since the above data are of limited value, the Labour Directorate sought another method for getting better insights into actual demand. Since 1966 it distributed a special questionnaire to a constant sample of employers asking them for the number of current job openings and the number which will be available within four months. No tests have been made of the scientific validity of the inquiry and the results.

The Labour Directorate now calculates a "tightness indicator" based on the relation of vacancies to the number of applicants for work; it is of questionable value. The meaning of the results is not entirely certain. It offers a suggestive, though not consistent or reliable, index of the direction of the movement of labour stringency. It is not truly useful to measure year to year or regional changes in periods of rapid change or areas of diverse nature.

6. *Earnings and Hours of Work*

The government relies upon the surveys of the Norwegian Employers Confederation and several additional independent sources for the data on hourly and monthly earnings and average hours worked. The results are published by the Central Bureau of Statistics. No detailed examination was made of this series to define the nature of its representativeness of different parts of the labour market. But it would appear that little use is made of the information for examining the impact of labour market conditions upon the movement of wages and working hours or the effect of rates and earnings on labour mobility, among jobs, industries and regions. A number of studies have been made of the size and nature of the wage drift but no detailed analysis exists of its implications for manpower policy.

7. *Other Available Data*

The information on foreign workers results from the system of issuing residential and work permits to non-Scandinavian immigrants. Family and household income data come largely from income tax returns; regular projections on the income of the total population are not available. Data on vocational education are a by-product of the administrative needs of educational agencies and do not provide an overall view of developments in this area. Information about training in enterprises is woefully lacking. Figures on migration result from reports on residence furnished by the municipalities.

Each series suffers from specific limitations in its use to the manpower authorities. The inadequacies in their coverage and the special biases introduced by the administrative regulations should as a minimum be carefully spelt out and adjustments developed for use of policy makers.

C. *Gaps in the Collection of Data*

The Examiners in the course of the review of the specific areas, indicated the essential types of manpower data required for the continuing evaluation of developments in the labour market and the formulation of policy. At this point, it would be desirable to stress two major areas. One relates to mobility. The most important information currently available on this subject relates to geographic mobility. It is contained in the reports of the Central Bureau of Statistics on the residence and place of work of salaried employees and wage-earners. But it is hardly a sufficient measure of developments, since labour mobility has additional dimensions, namely occupational and employment status. The above is a cross section report of one point in time. Moreover, mobility must also be viewed from the point of view of the enterprise; therefore, a series on plant labour turnover figures should also be available. Over the long run these should be supplemented with information on the longitudinal patterns of mobility for individual occupations which would improve the insights of the vocational guidance and placement officers.

The second area requiring special attention is the measurement of the impact and incidence of the economic policy instruments on manpower. This task is crucial if manpower policy is to become a real instrument of economic policy. Little has hitherto been done in this field.

In addition to the major gaps in information on the labour market, there is considerable incongruity in the data which makes it difficult and often impossible to relate the results from one source to another. Administrative statistics reflect special legal, legislative and bureaucratic requirements in the individual fields in which they are assembled. They display little concern for other users, which leads to a considerable waste of information.

III. Forecasting

Two types of manpower forecasts are being currently prepared. One relates to the national economic budget and the second to individual occupations. As regards the former, the Directorate of Labour estimates changes in employment in terms of the projections of production and productivity prepared by the planning authorities and adds information on labour force migration to and from the country and levels of unemployment. These national data are supplemented by county forecasts by the county employment offices. They serve primarily as a check on the projected manpower needs rather than as an original determinant of the volume of production. They are not included in the basic econometric models. Cruder methods are used for the four-year and long-term projections. The usefulness of the estimates is limited by the inherent shortcomings of the underlying data.

Estimates of the supply and demand of manpower for individual occupations, primarily the professions, and projections of cohort survival rates through the different levels of occupational advancement are being sponsored by the Norwegian Research Council for Science and Humanities, Department of Research. A special committee on manpower forecasts

organised in March 1963 by the Labour Directorate of the major governmental bodies interested in these problems is sponsoring the development of the techniques for forecasting occupational demand and supply. It particularly focuses on forecasts of labour demand and supply in terms of levels of education and the regional distribution of employment by industry.

IV. Research

Research in manpower problems is relatively new in this country. Individual studies have been made but no organised programme existed for initiating or sponsoring studies in connection with the development of new manpower policies. A formal step was recently taken to establish a research programme. The Ministry has held meetings with the research institutes and universities to obtain their suggestions on projects and the appropriate priorities for individual inquiries. The Nordic Labour Committee also initiated a programme for the co-ordination of the research resources of the Member countries to develop a pattern of specialization in their respective inquiries.

V. Assessment by Examiners

An active manpower policy seeks to promote specific objectives in an ever-changing environment. The policy makers and administrators are required to raise questions about the effectiveness of their programmes, measures and tools. Are they achieving the goals for which they were designed? Are they the least expensive effective means for achieving these results? These men must anticipate changes and their effects and monitor current developments. The Examiners underscore that, to achieve these objectives these persons must remain in constant contact with the labour markets. To do so effectively they must also have efficient systems of data collection. They will need formal organisations within their agencies for designing the most appropriate inquiries and assembling the information either regularly or on an *ad hoc* basis. They must be competent to engage in data collection and analysis, forecasting and research. Their efforts should be supplemented by the external professional research programmes.

The Norwegian manpower authority is making an initial effort to assure the production of a labour market survey. The Examiners urge that it be pressed forward and expanded and correlated closely with the 1970 census. The preceding discussion made evident that the labour market survey will represent a critical advance in this field. Hopefully, it will throw light upon the size of the group willing to work who are not now being reached. The survey should be supplemented by investigations of the number and characteristics of those who are not in the labour market, non-participants who might be recruited and the requirements for securing their enlistment in the labour force.

All relevant data should be carefully reviewed so that they are made more useful for the development and determination of policy. One impor-

tant result to be sought through the data is a careful periodic allocation of the total population among the non-participants in the labour force by cause and circumstance; the employed participants, classified by employment in full and part-time jobs, and hours worked, and the unemployed, with the latter clearly separated among those receiving unemployment benefits, undergoing training or employed on publicly-sponsored employment and those receiving special allowances for mobility. The Examiners recommend that the manpower authorities install an integrated data processing system embracing all types of quantitative information which they now collect or which they may require for analytical purposes.

Underemployment is widespread in this country and its extent and nature should be carefully studied. Present surveys of job opportunities (vacancies) should be improved. The data of interest to the manpower authority published by other governmental and private agencies should be reviewed and possibly replaced by more adequate measures such as are used in other countries, and the findings made available for the analysis of manpower problems. The Central Bureau of Statistics should undertake a long term programme for increasing the consistency and representativeness and the degree of integration among the various individual series of data obtained either from households, establishments, registers or administrative agencies. These individual series should be analysed and the users should be provided with guides for reconciling the results with one another.

The Labour Directorate should develop several model analyses of the wage, earnings and hours of work data to increase its understanding of the labour market and to test some prevailing hypotheses concerning the impact of different levels of labour market stringency on wage and hours movements in different areas and industries, and to offer guides to the county and district offices for the use of these wage data as indicators of labour market developments.

The Examiners urge that the manpower authority undertake a careful review of the present system of statistics, looking toward the definition of the major gaps and establishment of adequate sources of information and techniques of analysis for these fields. Special attention should be directed in this survey to the measurement of the different types of labour mobility and the impact of economic measures on the labour market. A greater effort should be made to relate all administrative data to central reference series and maintain them in a consistent form with adequate historical continuity to permit the study of past trends and the projection of future developments and the reconciliation of the different reports. The results should be published frequently enough to be useful for current analysis.

The Examiners urge the continued support of the pioneering efforts in the development of new methodology for forecasting.

The Examiners endorse the research programmes and Norway's participation in the research efforts of the Nordic Labour Market Committee. We support the position of the Central Committee on Norwegian Research that each Ministry should appoint "scientifically educated persons who can participate in formulating research tasks, make priorities and make use of the results in practice". These persons should have the further responsibility of meeting the administrative and policy making personnel to assist them

in defining their needs for improving their supervision and methods of monitoring their organisations and also their knowledge of developments in the field and the relationships of the principal factors determining behaviour in the labour market. Special attention should be given to the measurement of the relative costs and benefits of the individual programmes and their cost effectiveness in attaining specific objectives.

The manpower authority should maintain a special service within its organisation to define the research and informational needs and maintain an on-going programme of study of the labour market and to aid the manpower policy and administrative organisation to discharge their responsibilities. This service should be responsible for interpreting these needs to the governmental and academic research and data collection groups so that they may more adequately serve the manpower authority.

Chapter VIII

THE ENTERPRISE AND MANPOWER POLICY

I. Introduction

The discussion up to this point has focussed upon the external labour market. This emphasis reflects the traditional view that government policy and programmes should compensate for the inadequacies in the operations of the private sector and the action of individuals. Abuses, deficiencies and inefficiency in the latter sector are to be corrected by public policy, directives, services, incentives, penalties or charges. Only in the last quarter century has the realization grown that public policy may be expected to guide and co-ordinate the total economy and its individual components. In Norway this view obtains as regards the total economy. But the government has still to recognize the same responsibility for guiding manpower policies and practices of the enterprises, be they public or private, which have been largely free to work out their own destinies in the light of the pressures exerted upon them.

The enterprise is the major theatre of action in the manpower field. Economic, industrial and technical changes of all types and of different time significance occur within it. It is within the operating plant that these events express themselves and have their impact and through it they are incorporated into the economy. The adjustments and adaptations in the labour force are made within it so that it may be characterized as the internal labour market.

The external labour market supplies labour to the internal market, furnishes services to facilitate adaptation within it, and absorbs the displaced from it. The pressures at work within the plant cause shifts in production schedules, expansion or contraction of the volume of production, alterations in products, redesign of management methods, and introduction of new technology or job design and new physical and environmental conditions. These force management to revamp the nature of the work and increase or decrease specific types of jobs. Employees are then asked to adapt to these demands. But employers also have to weigh these forces against other considerations. What is the supply of different types of manpower, their qualifications, ease and condition for recruitment, productivity, adaptability and location? Management has to reach decisions on what to do and how to do it. Its choices then affect the external market.

Chapter I enumerated several major industrial changes in Norway. The success with which the enterprise handles the manpower problems will in part also determine the fate of the individual plant and industry in the future. National economic well-being will necessarily be affected by these decisions. The country as a whole is interested in the individual enterprise's ability to handle these issues and the policies they pursue, and ultimately also in the assistance and guidance each requires, and the state will finally have to determine the degree to which it should provide these aids.

II. The Setting for Current Policies and Practices

The individual enterprise does not operate in these areas in a vacuum. It is affected by external guidance and even controls which are often most exacting and precise. There are basically six sources of pressures. First and foremost is the collective bargaining system and then follow the employee-employer relations, the law, management codes or attitudes and prevailing mores and culture; and finally, the consummate result is the personnel policy and administration in the enterprise.

The collective bargaining system in Norway has evolved a very extended code of regulations. The first agreement was signed in 1873 for the Oslo printing industry; the first industry-wide agreement was entered into in 1907. Formal relations between the Norwegian Federation of Labour (LO) and the Norwegian Employers' Confederation date back to 1902, shortly after each was constituted. The basic agreement of 1935 sets down precise regulations, determining the relations of employers and unions and employees. It has been elaborated and many supplements have been added but it basically continues to operate to this very day. Both parties are not only assured the right to organise but also assume the obligation to negotiate. Relations at the shop level are maintained through a grievance structure in which shop stewards are the principal functionaries. These union representatives are expected to be kept informed by management about conditions immediately connected with their place of work and daily operations and intended expansions, reductions of output or changes in operations affecting employees and their working conditions, and to meet with the board of directors at least once a month. Specific controls regulate leaves of absence and the issue of work certificates for those who leave. Unsettled grievances are referred for resolution to the national unions or the national federations or the Labour Court. The latter's jurisdiction extends only to legal disputes arising under collective agreements. The agreement prescribes the manner in which established production committees or works councils are to be constituted and operate and how they are to be encouraged and assisted by the parent bodies. Supplementary agreements cover the application of time studies, the introduction of job evaluation, the operation of supplementary sickness and retirement benefits and severance pay plans and the means for implementing a programme for assuring equal pay for equal work to women. Collective agreements under law govern the terms of the pay for vacations. National agreements govern the reduction in hours of work to 45 and then to 42.5 hours per week, and the establishment of a 40 hour week for shift workers. These provisions are extended by law to the country.

Individual industry contracts regulate such matters as the payments schedule, rates of pay, apprenticeship ratios, seniority, pay for work clothes, sick leave and other matters.

This elaborate code is supplemented by the understanding reached at the plant between the union shop committee and the local management on work rules. The former is an important body as the national basic agreement provides specifically that members be informed "of the position and development of the undertaking, financially and in regard to production". Moreover, the management is required to "confer with the shop-stewards (negotiations committee) regarding intended expansions, reduction of output or changes in operation of substantial importance to the employees and their working conditions". Employees shall be "given an opportunity to express their viewpoint before the decisions of management are put into effect. If the management finds that it must disregard the comments of the shop-stewards, it shall give the reasons for its standpoint. If the undertaking, in connection with the reduction of the number of employees, finds that it must deviate from the seniority rule and the shop-stewards are of the opinion that the fact does not justify this, the questions may be brought in for negotiation between the organisations".

In all concerns with at least 100 employees, a works council is required to be organised. This is an advisory and informative body. Its responsibilities are to promote the most efficient methods of production and advance the employee's well-being. It deals with problems of employee safety and health, social measures, and vocational training and the introduction and orientation of new employees.

The third influence is the law. Probably the most significant single legislative enactment in this area is the Labour Protection Act. It covers night, Sunday and holiday work and overtime, rest periods, notice of termination of employment, and working rules on specific hour schedules, smoking, hygienic conditions. A special hygiene and safety committee is required to be organised in establishments with more than 100 employees, which is composed of both employers and employees. In smaller establishments the union representative elected by employees acts as hygiene and safety delegate.

As for the management codes, the most important influence is the Norwegian Employers Confederation (NAF) representing in 1968, 8,484 establishments employing 255,456. The other employer associations, including those for public authorities and shipping, cover about 240,000 additional employees, with the greater number in these aforementioned two organisations. The rules and practices developed by the NAF provide the basic pattern for all. The employers are individually bound by the agreements signed by their associations and use their services to handle their industrial relations problems. Large individual firms may maintain individual contractual relations with unions but are considerably affected by the prevailing industrial codes.

These constraints restrict the discretion of the individual firm in the field of personnel and industrial relations. Nevertheless, its role is significant for upon it rest the responsibilities for developing operational rules and procedures and actually implementing the general policies to which it is committed. Personnel administration as a separate management

function developed only slowly and in a limited manner in Norway. Even today, it is estimated that there are only about 250 personnel managers. Their functions and authorities range from that of the welfare officer to that of the technician and professional, with a few attaining the position of the company executive. One impediment has been the smallness of the plants which favours less formal, *ad hoc* and practical procedures attuned to specific immediate needs. Moreover, knowledge about these techniques and their value is not widespread. The transfer of industrial relations functions to the associations limits the potential area of responsibility for a personnel man.

This state of affairs is apparently changing under the impact of many forces. Industrial expansion, structural changes, and labour scarcity of a general character and among key personnel are compelling managements to proceed more deliberately in this field and require more information, policy determination, planning and carefully formulated procedures. Recruitment has become an acute problem particularly as the proportion of skilled and highly educated persons increases in the enterprise. The high cost of operational overhead demands that management anticipate its manpower needs and manning system to eliminate delays in production. The production officials who previously dealt with problems of manpower planning are proving inadequate as procedures for handling these issues have become more varied and recruitment and internal adjustment to the new personnel, more complex. More reliance is being placed upon existing personnel to fill new spots and meet new demands as the labour market has no ready supply of people. Personnel development, first of the top level personnel and then of the trained workers, particularly the skilled, has gained new prominence in recent years. Schemes for upgrading and training and re-training demand direct attention of an expert in these fields. Manpower planning is taking on an increasing importance in these enterprises.

Economic and industrial change demand careful preparation of employees and elaborate programmes for transfer, training, indoctrination and the co-ordination of personnel, and physical change. Manpower planning is, therefore, assuming an increasingly critical position in these enterprises. The impact of these trends is being further reinforced by the educational and promotional efforts of the Norwegian Productivity Centre and the Institute of Personnel Administration both of which are encouraging managements to establish professional personnel systems, and to develop the appropriate resources for manpower planning, policies for handling the diverse problems and their own facilities or regularized contacts with external sources to deal with the personnel problems. The increased sophistication of general management and the introduction of electronic data processing are also reinforcing these moves. Aside from these internal management requirements, another consideration accelerating these trends towards the use of more formal, organised, systematized and sophisticated techniques closely co-ordinated with other planning functions within the enterprise, is the growing recognition among unions and the community that enterprise policies and programmes should support and be consistent with public manpower policies and programmes.

The surveys initiated by the Examiners concentrated upon the development of personnel management planning so that it was not possible to make

an inventory of the actual personnel practices followed by Norwegian enterprises. Such a survey would assist in defining the precise gaps and areas requiring further elaboration and also the needs for facilities and greater expertise including that relating to the organisation and administration of the personnel function, methods of manpower planning and co-ordination with other planning functions, the goals of personnel management in a full employment highly-changing economy, with a working population whose education is improving and expectations broadening. More knowledge has to be disseminated on such subjects as selection, job redesign and development, varying terms of employment to adapt to the changing characteristics of the labour force, retraining, human resources development, and methods of handling transfers, upgrading and downgradings. Labour turnover is extremely costly as are the high rates of absenteeism, tardiness and accident. There are also the significant issues in handling the problem of contraction of specific or general job opportunities. Finally, much has been learned about methods of introducing changes within the enterprise which would facilitate the process and stimulate acceptance or even active co-operation among employees. These findings have to be broadcast.

The country has developed an advanced industrial relations system which arouses the admiration of other countries. It is characterized by a high level of stability, rationality, and co-operativeness. A pressing search is being carried on to find effective ways of relating the individual employee to the enterprise. Management is only in the very initial stages in its design of an appropriate system of personnel management and practices adapted to the needs of this country. Few managers are technically equipped to discharge these responsibilities and information is scarce about approaches and procedures conforming to the Norwegian industrial relations pattern.

III. Relation to National Manpower Policy

The relationships of the internal and external labour markets are close, and they are ultimately interdependent. Therefore, public manpower policies will in time be compelled to view the two as a unit. To date, the spokesmen for the internal labour market have shown varying degrees of interest in the public manpower policy and operational system and look to it for limited individual forms of assistance. There is a growing recognition of the need to interweave the programmes and practices so that they are complementary and support each other.

Leaders of management and trade unions have played important roles in the development and administration of public manpower policy. They have been the protagonists or the critics of new innovations. It is largely on the initiative of public and trade union groups that the manpower agencies and instruments developed. Political leaders consulted with men from all groups about the proposed legislation. Moreover, they are closely associated with the administrative bodies. The governing board of the Labour Directorate includes representatives of these organisations. Similarly, they are to be found in the County and District Employment and Development Boards, on the various permanent and *ad hoc* committees and study commissions. Their influence is strongly felt. They actually condition the operation of

the agency. But it is equally true that they look upon the system as external to their own systems of industrial relations and personnel decision-making and administration. Few feel any compulsion by reason of this participation routinely to inject or exploit these instruments in their own operations.

Nevertheless, the public system impacts upon the conduct and developments in the internal labour market system. It aims to facilitate the former's performance in the light of the nation's objectives. Some services automatically flow from the very conduct of the institutions. Information is furnished on operations of the labour market; the representatives of the public agency in different degrees ask management and trade unions to explain and to highlight their import and possible meaning for them. The placement function requires contacts with employers. But what is even more significant is that the employment service has taken on such functions as recruitment for large companies with special hiring problems, dissemination of information on openings for public administrative agencies and job development for the handicapped, women, older persons and other special groups. The latter services call for a formidable expertise in determining needs and advising and at times aiding employers to prepare and design their jobs and production organisations for these individual classes. The psychological institutes offer testing services for employees which some employers have utilized. Most outstanding of course is the aid provided to employees to find new jobs in the case of major large-scale layoffs. The Employment Service is then likely to assign experts to assist the affected employee. The manpower authorities also intervene in the actual operations in the building and construction industries to stabilize employment in them.

In recent years, the manpower agency has been in close touch with the Productivity Centre and the National Institute of Personnel Administration to familiarize them with its services and to secure their assistance in promoting wider use of these services by management. On the other hand, the agency has developed little expertise in the personnel field so that its ability to counsel and provide technical assistance to employees is limited. This gap in its services is particularly felt since most enterprises are small and are unable to acquire the expertise called for in modern industrial society. They have to be assisted by external groups and the manpower institutions have to help to compensate for the inherent limitations of such small enterprises.

The growing trend to form personnel departments and develop the appropriate organisations and skills is broadening the practice of modern personnel methodology. One consequence is increasing recognition of the need for a close relationship between the internal and external labour market systems. The people responsible for the former know of their dependence upon the latter for many types of information. The employment offices are also the places of last resort when personnel people are truly confounded with problems in a full employment economy. There is a frank avowal of the need for co-ordinating the information and data systems of the two agencies to make them compatible. As Mr. Nils Schjander, Secretary General of the Norwegian Institute of Personnel Management recently declared: "Even (manpower) supply planning of the crudest type calls for a stack of up-to-date information in the personnel departments which is still missing

in many Norwegian enterprises. This seems to be one of the greatest obstacles to a more rapid extension of efficient continuous manpower planning over new enterprises/establishments ... More adequate demand and supply forecasts furnished by the public manpower authorities would be most important". He complains that "neither the Labour Directorate nor the educational authorities can supply this information (on labour supply and competitor's demands for the scarce supply) with sufficient detail and specifications for those groups which mainly matter for the enterprises (higher qualifications levels)". He ends his paper with a plea "for the integration of the macro-approach with the micro-approach in the consideration of manpower problems and policies".

But this stress on co-ordination need not be limited to the interlocking of the information systems. The two areas have been and can be more helpful to one another. Already, public authorities have called upon private enterprises to assist in training different types of employees and the induction of handicapped or marginal groups and have utilized training facilities in private enterprises for public programmes. Private sheltered work departments are assisted. Similar use could be made of other facilities within the enterprise with benefit to both parties.

IV. Assessment by the Examiners

The Examiners view the development of formal organised and sophisticated personnel programmes and departments in enterprises as an essential preliminary step to the implementation of an active manpower policy. As these institutions mature, they can become significant contributors to the public data system and provide more reliable sources of information to them. The counsel from experts to their own managements and the public bodies which they may serve will assist both groups. More carefully evaluated, selected and matured policies and programmes will follow. Both management and trade unions would benefit from the contributions which such increased sophistication and professionalism will make to their deliberations. Careful manpower planning can then take its place as part of the total system of management planning and substitute studies and careful programmes for improvisation and *ad hoc* decisions. Greater use can then be made of the resources, facilities and expertise which can be found in the respective areas for the mutual benefit of each group.

The Examiners, therefore, recommend that the manpower authorities support and assist in the furtherance of this development. They also urge that an immediate inventory and survey be made of internal manpower policies and practices in the areas encompassed by this field. The absence of this information now constitutes a barrier for careful policy planning.

The manpower agencies are instituting a number of changes to create an active manpower organisation. They cannot neglect the policies and practices of the individual establishment, be it public or private. Collective bargaining and laws now prescribe specific standards of performance. They are not adequate as they suffer from great vagueness as to objectives and criteria for sound enterprise practices and tests of performance. There are a large number of enterprises which are unlikely to be equipped with

personnel departments or command the resources for acquiring the expertise or even engaging it when needed.

The Examiners, therefore, recommend that the manpower agencies carefully review the current services offered to the enterprises, indicate the gaps to be closed, in order of priority, and establish a service to employers to enable them to relate to the public manpower system and to develop appropriate policies and practices in harmony with these goals. The Board of the Labour Directorate should develop guide-lines for personnel policies and practices and should, in co-operation with other agencies, disseminate information on appropriate techniques and procedures which conform with the objectives of manpower policy.

The discrepancies between national and enterprise manpower policies and practices are not likely to be wholly eliminated but they can be considerably narrowed by having the parties take the above steps. The ultimate ambition is to have them complement and supplement one another. Management has to become acquainted not only with the detailed services and facilities offered by the public agencies but also to learn more about the direct and indirect, short and long-term costs of its own practices. In a state of high employment, labour market tension and in a dynamic economy the pursuit of extreme short-term self-interest is obviously self-defeating. It is also of questionable wisdom in other periods. Managements can be most easily reoriented in periods of labour scarcity to the broader perspectives and induced to work together with the public manpower officials to create this intimate co-ordination to which we have pointed and facilities in the common interest.

The Examiners, therefore, urge that the parties make special efforts to become more familiar with each other's problems, and resources and make deliberate efforts at creating co-operative operating relations. Out of these programmes can come a more intimate knowledge of the type of new programmes which may be needed and the methods of handling the differences in interests with minimum injury to the national objectives (see Chapter V).

Similarly, the Examiners note that there may well be times when the individual employee's short-term interests may be at variance with national objectives. The present system of aids for guidance, training and rehabilitation and support should be made sufficient to induce the individual to work out a course of action which would in the long-run be most productive and fulfilling for him and in harmony with national goals.

Chapter IX

THE ADMINISTRATION OF AN ACTIVE MANPOWER POLICY

I. Introduction

During the post-war years, Norway experienced an impressive rate of economic growth, improvements in the people's standard of living and high employment and maintained its competitive position in the world economy. Through the greater part of the period, it faced labour market tensions. Economic expansion depended upon the reallocation of manpower and the tapping of new human resources. The preceding discussion has defined the manner in which the country handled its specific problems and its past effectiveness in doing so. In each instance, the adequacy of present efforts is also evaluated in terms of future needs.

The present Chapter will first consider the basic philosophy underlying its past, current and prospective programmes and evaluate its adequacy for promoting national economic and social objectives. The administrative structure will then be assessed in the light of these policies and requirements and the concept of an active manpower policy arising from the Examiners' view of OECD declarations on this subject. The following chapter will analyse, as far as possible, the expenditure patterns for the total system.

II. Norwegian Concept of Manpower Policy

The Norwegian concepts of manpower policy have undergone considerable change and are currently being reformulated. They had their origin in the experience of the thirties in meeting the problems of widespread unemployment and in the preoccupation with the achievement of full employment. During the last 25 years, the manpower agency developed new services, underwent structural changes and yielded major activities to other agencies. It has been sensitive to developments at the international level which produced the companion philosophies of "full productive and freely chosen employment policy" (ILO) and an "active manpower policy" (OECD) and sought deliberately to bring its own views more in line with

these concepts. Practical needs and evident desires to reconsider its own efforts produced a series of studies and committee reports on individual problems and an overall reassessment of its programme. Practical changes are being introduced in administration, the staff is being increased, new legislation is under consideration and a restatement of fundamental objectives has been recommended to the Storting. Any statement of Norwegian concepts, therefore, should take into account the present determination to modernize the agency, extend its powers and resources and restate its goals in a more precise and timely manner.

The most complete early statement of the Norwegian concept of manpower policy is to be found in the preamble to the Employment Act of 1947 to which repeated reference has been made. Because of its critical importance we are reproducing it and will consider it as a point of departure for further discussion. "The Labour Directorate shall keep a close watch on the development of employment in the country, strive to achieve a steady and adequate level of employment and advise the Ministry in matters relating to employment and unemployment. It shall:

- a) collect information regarding employment, unemployment and opportunities for employment, seek to establish the causes of fluctuations in employment and produce at regular intervals surveys of employment and unemployment;
- b) encourage the preparation by State institutions, counties and municipalities of such detailed plans for public works as can be put into operation at short notice to the extent required in the various parts of the country. The Labour Directorate shall assemble and keep a summary of the plans. It shall, likewise, endeavour to obtain the fullest possible information concerning private plans of work where their execution will have a bearing on the level of employment;
- c) arrange for useful works to be undertaken in times of unemployment and for works to be postponed in times of manpower shortage where they can be deferred without great detriment;
- d) promote measures to prevent or alleviate unemployment and work for planned and organised development of industrial life and the co-ordination of measures instituted for this purpose;
- e) direct the employment service so as to provide suitable employment and suitable workers for all vacancies;
- f) undertake vocational guidance with the aim of assisting young people and others when choosing a career, training for it and adjusting themselves to working life, and co-ordinate all official activity connected with vocational guidance."

This emphasis on full employment was further reinforced by the amendment to the constitution of November 1954 which declares that "it shall be the duty of the State authorities to create conditions which ensure that every able-bodied person can earn a living by his labour."

The Labour Directorate, is, therefore, charged with the prevention and alleviation of unemployment. Its responsibilities are to prepare for the initiation of job activities to absorb the unemployed in periods of unemployment and to reduce or stop these activities when they are no longer needed. The other complementary preoccupations are to assist young people

in choosing careers, training and adjusting to work life and to mediate between job and employee needs to secure re-employment of the unemployed.

This fundamental objective is further reinforced by a second group of responsibilities assigned to the Labour Directorate; namely, to administer the operative sections of the Unemployment Insurance Act. The latter's underlying philosophy is that benefits are payments of last resort and compensation to persons for being at the disposal of the labour market. The onus for payments is, therefore, with the manpower agency. Its primary task is to arrange for retraining, rehabilitation, resettlement or alternative employments, usually through local relief projects. Unemployment insurance funds could be earmarked for the latter activities. The claim procedure brings the available unemployed to the attention of the manpower authority to allow it to design individual adaptation-to-job programmes, hoping thereby to eliminate all forms of overt unemployment and to utilise the payment of benefits for constructive programmes. People who do not accept placement, services or relief work can be denied benefits.

The cornerstone of the Norwegian manpower policy is the elimination of unemployment. The Labour Directorate expanded services and coverage to pursue this end and its has not departed fundamentally from this orientation. Its interests in recruitment have been broadened beyond the unemployed to include support to continuing education and training of the adult employed, and non-participants in the labour force. But the manpower agency has not freed itself from the pre-eminent reliance upon public works as the counter-cyclical tool for balancing the expanding economy. It has done little to extend its role by formulating and proposing a wider range of measures, primarily structural in nature, to achieve seasonal stability, decasualization and secular growth. Recently, it initiated steps for becoming the organiser of the total labour force and market. But it does not reach into the internal labour market nor emphasize the achievement of the optimum allocation of the labour force.

The gaps made evident in the prior discussion are projected in the major documents produced in recent years for reassessing and improving the manpower organisation and programme. The most significant is the White Paper on Manpower Policy presented in March 1969 to the Storting by the Minister of Local Government and Labour. It rests on an earlier document submitted to the Minister at his request in April 1967 by the Board of the Labour Directorate on "Active Manpower Policy".

The White Paper shifts an earlier focus of interest on general unemployment to more specific emphasis on structural unemployment, transferring the responsibility for effecting an overall national balance between the supply and demand for manpower to broad economic measures. Manpower policy would now have the function of initiating selective measures to deal with the problems created by economic and technological changes in the size, location and ownership of production units. The two major types of selective measures to be employed by the manpower authority are assistance to the unemployed and those threatened with displacement and the creation of jobs for those not so absorbed in employment. Special attention is devoted to the recruitment of specific disadvantaged groups in the labour market, including the handicapped, older workers and women. In view of

the greater difficulties and time required by older workers in adjusting to new opportunities, recommendations were made and adopted for extending the benefit period to allow for their more adequate reconditioning and placement. Proposals were offered to modify the Government pension programme to encourage the continued employment of pensioners. The most interesting breakthrough in manpower policy is the recognition of the need to correct the insufficiencies in the income of, and the inadequacies of employment opportunities for the low income segments in the population. No specific proposals are offered for implementing this view pending the receipt of a special investigator's report on this subject.

A more explicit view of the function of the manpower authority is to be found in the report of the Board of the Labour Directorate, a tripartite agency. Its statement on "Active Manpower Policy" offers more ambitious recommendations for changes to implement the OECD Recommendation. It stresses that Norway's chronic manpower shortage is a key economic bottleneck which should command continuing attention. The untapped human potential should be converted into positive resources by providing services and benefits which would facilitate their entry into the labour market and stimulate the rate of economic growth and upgrade the quality of the work force. Educational facilities for adults should be expanded beyond the current limited facilities to assure continuing opportunities for education and training.

The relative success of the post-war Norwegian economy in dealing with the overall problems of economic stability and growth reduced the manpower authority's need to concentrate on ambitious employment programmes. The agency, therefore, shifted its interests to long-term structural improvements in regions through redevelopment and seasonal stabilization. Its initiatives in the latter field also declined with the narrowing of the range of seasonal fluctuations.

The report also indicates that the manpower services should deal with the twin problems of effecting a fine balance between the supply and demand for manpower and identifying, understanding, reducing and finally, eliminating, where possible, obstacles to personal adjustment and sources of friction in the labour market. The work force has to be kept flexible and mobile as well as responsive to economic technological and geographical changes. The labour market organisation has also to be adaptable and responsive to different needs by maintaining and operating services, facilities and benefits relevant to changing needs. The employment service should provide broad coverage, equipped with sufficient services to meet the varied needs of employees and employers and a high rate of penetration in the labour market.

To keep abreast of needs, the organisation was "nationalized". It should be adequately staffed and its units co-ordinated as well as kept flexible so that its resources may be moved to meet changing requirements. Committee and staff reports, studies and recommendations should be continuously developed to define directions and needed innovations.

The manpower organisation and policy are conceived in this report as satisfying economic, personal and social objectives. As the attainment of economic objectives automatically satisfies many social goals, the pursuit of full employment, economic expansion, fair distribution of income and

price stability should enjoy the highest priority. Social programmes would provide a protective base to compensate for the shortcomings of the economic and manpower programmes. The manpower agency has to assure itself that the educational system contributes to the goals of the labour market. In all such programmes, the aim is to support individual freedom and self-fulfilment.

III. The Examiners' Concept of Manpower Policy

The above developments reflect a national effort at adapting existing practical programmes to the concepts underlying the OECD resolution and recommendations for an active manpower policy. The Examiners are offering a statement of their views on an active manpower policy as developed by the OECD to define more explicitly and precisely the tests used in this examination and to offer an integrated description of this approach.

Individual current manpower policies, measures and tools in this country often date back to much earlier years in this century and others can be traced back to the thirties. They were intended to secure the correction and reform of unacceptable conditions in industrial society. They extended economic and social protection to the weak, provided employment, granted benefits and services for the necessitous, set minimum standards, and established fact gathering agencies to throw light on prevailing deleterious conditions. Each had a basic social motive, was discrete, focused on specific conditions, and considered independently of the other reforms. These benefits and controls called for the administration and enforcement or application of specific laws. Programmes were not co-ordinated into integrated systems of administration.

An active manpower policy demands major changes in attitudes and administrative organisation. It is positive in its purpose. It aims to advance specific economic and social objectives. These are generally defined as the attainment of a fully employed, stable expanding national economy, with a relatively stable price level, maintenance of an economic balance among the regions, the optimum utilization of resources and greater income equality among its citizens and the realization of individual self-fulfilment and self-reliance. Its objectives are not restricted to one goal. It is all-encompassing. It furthers the optimum allocation, employment and performance of all human resources and a co-operative relationship among producers in the economy. It is not solely tied to economic gains for it recognizes its intimate relations with other policy systems and the overriding need to emphasize human and individual needs and aspirations.

The principles of an active manpower policy are adaptable to periods of high and low levels of employment, to tense and relaxed labour markets and to developed and developing countries, regions and communities. The direction can be identical but the measures and tools employed in these varying conditions will be different.

The coverage of an active manpower policy is universal. It encompasses not only the external labour market with its unemployed and underemployed and the potential recruits for the economy, but also the employed in the labour market. The goal of optimum allocation and utilization of

human resources can be realized only if the total labour force is covered in the application of the policy. The guidance provided and policies developed for public bodies are applicable to other, semi-public or private, employing, placement or information agencies. The direct responsibilities for implementation and administration of these policies are dispersed.

A traditional manpower policy is primarily adaptive in its reaction, and protective in its purpose. The initiative and impulse for action originate from the outside. An active manpower administration emphasizes its role to anticipate change, prevent undesirable consequences, support and encourage innovations and take steps which positively contribute to its objectives.

Being problem-oriented, it seeks to answer challenges in the labour market rather than to advance primarily the interests of those administering the existing programme. The agencies should be resource rather than "vested-interest" oriented. They can be shifted and reorganised to assist in attaining the objectives of a manpower organisation.

The administrative agency must be flexible, and its resources should be subject to reallocation as needs change. Cognizant of the broad variety of tools, resources and approaches required to face new challenges, it can never embrace within its own competence all measures and tools needed for effective answers. Many programmes and tools will necessarily lie within the jurisdiction of independent policy systems. Therefore, the manpower agency must be able to promote its point of view and objectives among other agencies and organisations. Intent on seeking their aid, it must be equally receptive to encompassing their requirements in its own planning, programmes and administration. A co-operative rather than a competitive bureaucratic spirit must suffuse the agency in its relations with others. Conflicts as to objectives, instruments and measures, should be referred for resolution to superior authorities or the electorate.

In view of the complexity of the problems and the variety of individual and social behaviour, the activities of the manpower authority should be based on study, analysis and close observation of the actual administration and its consequences. A research orientation should prevail among the administrators and policy-makers to promote the effectiveness and economy of effort of these groups. The relation of the central manpower authorities to independent policy agencies must be built on adequate information, judgement and expertise in the fields of common interest.

The active manpower programmes constitute a system of interacting policies, instruments, institutions and measures to achieve the defined objectives. Its parts must be integrated and co-ordinated. They must be made as consistent, complementary and mutually reinforcing as possible.

The tests of performance are not only the effectiveness of the parts in contributing to the objectives but also the cumulative results of the total system. The latter is the truly overriding determinant. The behaviour of the total labour market and its contributions to the total economy and society and individual self-realization are the ultimate criteria of acceptable performance.

The major contrast in emphasis between Norwegian concepts and those presented by the Examiners is in the stress placed upon the degree of responsibility of the manpower programme for the total performance of

manpower in the economy, the amount of assistance in adjustment offered to all persons and the protection and the satisfaction generated among all parts of the present and potential labour force and all employing units, whether public, private or semi-public and self-employed. The Examiners believe it is all-embracing and universal. All should be guided by its policies and tests of achievements.

Some intermediary services are needed by most groups to remove obstructions to the flow of manpower. Aids should not be limited to the needy or those least capable of developing them for themselves. Services for promoting effective mobility among the great body of persons in the labour market will bring great economic returns.

The current tendency is to accent employment-generating projects to stabilize the economy and minimize seasonal fluctuations in activity and income. The Examiners have stressed the need for expanding the use of programmes for structural change and alternate counter-conjunctural tools.

Having reviewed the underlying concepts, we shall now systematically test the adequacy of the administrative organisation.

IV. Administrative Structure

A. *The Test: Is There a Single Manpower Agency?*

Manpower policies and guides for a nation should be developed by a single agency so that a consistent integrated statement is presented and applied. The OECD Recommendation on an Active Manpower Policy declares that "A central body, or adequate co-ordination between the different existing agencies, is essential to formulate overall policy, to determine general directives, to identify strategic activities in the light of changing needs, and to initiate and develop new programmes and services".

A single policy agency or co-ordinator does not entail one administrative agency for all matters affecting the manpower field. As a matter of fact, it would be unwieldy and impractical.

The first test is whether there is a single Government agency charged with keeping abreast of developments in the manpower field and developing policy and programmes for all agencies. It should be a continuing body with adequate staff and authorities for discharging these functions. The question should also be raised as to how well does this agency now discharge these functions?

B. *The General Government Process in Norway*

1. *Political Structure*

The relationship of the central manpower authorities, the Ministry and the Labour Directorate, to the Government is quite typical of the system prevailing in many different fields in Norway. It has a constitutional monarchy. Power is divided among the King (and his council) which in effect means the prevailing Government, the Parliament (Storting) and the Supreme

Court of Justice. The executive power is exercised by the King in Council or Cabinet consisting of the Prime Minister and 14 Ministers, who must enjoy the support of a majority of the Storting.

2. Administrative Structure — Central Level

The Cabinet decides matters of policy and political significance including the issuing of decrees and the appointment of key officials. A State Secretary, a Political Officer, usually assists in co-ordinating the Ministry's work. The remaining officers are civil servants.

The Ministry of Local Government and Labour was constituted in 1948 with the labour functions being transferred from the Ministry of Social Affairs and the Local Government functions coming from the Ministry of Justice. There are six departments which cover Labour, Local Government, General Affairs, Regional Planning (organised in 1963), Housing (organised in 1965) and Regional Development (1st September 1968). The number and responsibilities of the departments may be changed by the Minister with the Storting's consent (Table I).

The number of employees attached directly to each department is limited. The majority of employees are within the separate semi-independent bodies such as Directorates, Funds, Banks and Corporations, or local committees. The numbers as of September 1969 are as follows:

	Total	of this total:		
		Officers	Professional	Clerks and manual
Minister and his staff	5	3	1	1
Labour	29	2	17	10
Local government	33	3	20	10
General affairs	27	2	15	10
Regional planning	28	4	15	9
Regional development	12	1	7	4
Housing	29	2	17	10
Total	163	17	92	54

Each department has its own separate bureaux and sections. In addition, it is responsible for maintaining the liaison with one or more independent Directorates, Funds, Corporations or other agencies. The Department of Regional Development has responsibilities for the Regional Development Fund and the Industrial Estates Corporation.

As the administrative arm of the Minister's office, the Department's function is to convey ministerial policies and attitudes to these bodies and to report back their actions and counsels to the Minister. Moreover, all requests for legislation, finances, higher appointments, rulings and approvals by the Minister are channelled through the Department. The Minister and the Department may engage in the detailed review of administrative decisions made by independent bodies on matters not specifically delegated by legislation to them.

Table 1.

**MINISTER OF LOCAL GOVERNMENT
AND LABOUR
PARLIAMENTARY UNDER-SECRETARY
PERMANENT UNDER-SECRETARY**

Department of Labour	Department of Local Government	Department of General Affairs	Department of Regional Planning	Department of Housing	Department of Regional Development
1 Head of Department 1 Deputy Head of Department	1 Head of Department 1 Deputy Head of Department	1 Head of Department	1 Head of Department 1 Deputy Head of Department	1 Head of Department 1 Deputy Head of Department	1 Head of Department
<i>1st Division</i>	<i>1st Division</i>	<i>Administrative Division</i>	<i>Administration for Regional Planning</i>	<i>1st Division</i>	<i>1st Division</i>
1 Chief of Division	1 Chief of Division	1 Chief of Division	4 Chiefs of Division 1 Chief Architect 1 Chief Engineer	1 Chief of Division	1 Chief of Division
Labour protection (inspectors); Insitutes for Occupational Research; Council for Industrial Homeworers.	Municipal administration in eastern counties; Economy of the communes.	General Administrative Affairs of the Ministry.	Regional planning policy.	Housing policy.	Regional development policy; The Regional Development Fund.
<i>2nd Division</i>	<i>2nd Division</i>	<i>Secretariat</i>	<i>Administration for open air recreation and nature preservation</i>	<i>2nd Division</i>	<i>2nd Division</i>
1 Chief of Division	1 Chief of Division	1 Chief of Division	1 Deputy Head of Department 1 Chief of Division	1 Chief of Division	1 Chief of Division
Labour relations. Labour Court Conciliators; National Wage Committee; Labour Law Council; Holiday Fund Council; Equal Pay Council.	Municipal administration in the southern counties; Municipal boundaries, pensions and insurance	Other general affairs of the Ministry.	Open air recreation; Nature preservation.	Building industry rationalization and research.	Infrastructure investment; Advice on development to local administrations.
<i>3rd Division</i>	<i>3rd Division</i>	<i>Administration for technical building regulations and fire protection</i>		<i>3rd Division</i>	
1 Chief of Division	1 Chief of Division	1 Deputy Head of Department 2 Chiefs of Division		1 Chief of Division	1 Chief of Division
Manpower policy.	Municipal administration in the western counties;	Technical building regulations and fire protection.		Housing finance; Subsidy for house rent.	



The independent bodies must work co-operatively with the Department representing the Minister. They act within the general directives and policies laid down by the Minister and the Storting. The exchanges between the bodies and departments help maintain close relations among them.

Within the Labour Department, many major administrative responsibilities are distributed among independent agencies. The personnel of the agencies reporting to the Labour Department as of 1st January 1970 were as follows:

Agencies	Total	of this total:		
		Officers	Professionals	Clerks and manual
Labour Directorate (Central Office)	117	4	70	43
Labour Protection (Directorate) ¹	60	6	33	21
Rehabilitation Centres	150	7	50	93
Labour Mediation	10	2	8	
Labour Court	6	0	4	2
Labour Research Institutes ..	51	0	26	25
Total	394	19	191	184

1. In addition there is a field staff of 49 officers and 10 clerks.

The individual Ministers or the Government, may from time to time appoint committees composed of governmental or non-governmental experts or both to report on special problems. The special committee appointed to analyse the general labour market policy consisted of a governmental staff whose report was submitted for review to the Board of the Labour Directorate. The committee studying the handling in the Government of problems of women's employment was restricted to persons from the ministries. The group examining policies for older workers was recruited from among governmental and municipal agencies' members of the Storting and non-governmental experts. Reports are submitted to the Minister who may initiate action on some proposals and submit his own reports, including recommendations on legislation, to the Cabinet and Storting.

3. Administration Structure — County

The number of counties, including the two urban municipalities, is 20. Their principal responsibilities are to cover matters not adequately dealt with by the individual localities or small groups of them. There is a tendency to extend the functions of this level of Government. The Chief Administrative Officer is the County Governor (fylkesmann) who is appointed by the King-in-Council. The County Council consists of representatives of the municipalities. Special administrative bodies supervise operations in their respective fields and make decisions or recommendations to the central Government on policies, or applications.

4. *Administrative Structure — Local Level*

There are 404 rural and 47 urban municipalities. Each is an independent legal entity with the power to tax and secure loans. The financially weaker municipalities are assisted through equalization payments, and special appropriations by the Ministries and central Government. The responsibilities of the municipalities cover such matters as social welfare, public relief, health services, elementary schools, water supply and drains, housing, road construction, physical planning and cultural amenities.

The Government structure calls for a municipal council of elected members. One quarter of the members are constituted into a board of aldermen or executive committee. The Chairman of the Council and Executive Committee is the municipality's legal representative. The actual administrative work is usually carried out by civil servants. The municipalities are supervised by the County Governor and the Ministry of Local Government and Labour. The latter's approval is often necessary for a number of local acts, such as loans and purchases.

5. *Administrative Structure — District Level*

A group of municipalities at times create special bodies to perform specific functions such as physical planning, social welfare and education. In these cases, the governmental structure is quite similar to that common at other levels of Government.

C. *The Manpower Agency*

The administrative arm of the nation's manpower agency is the Labour Directorate. Established in 1945 through provisional decrees, it gained legal sanction and its final form in the Employment Act of 1947. It is headed by a Director General and three assistant directors, one of whom is his deputy. The Central Office consisted on 1st January 1970 of a total of 4 officials, 70 professionals and 43 clerks, total of 117 persons. It is divided into eleven bureaux and reports to the Minister through the Director of the Labour Department.

The eleven bureaux are the following:

- I. *Administration-Finance*
- II. *Administration-Personnel*: secretariat to Executive Board, legal questions, defence arrangements.
- III. *Employment*: vocational training for adults and relief.
- IV. *Statistical Analysis and Survey*: statistical collection and analysis.
- V. *Unemployment Insurance*: record keeping, administration, rulings and secretariat to the sub-committee on unemployment insurance of Executive Board, supervision.
- VI. *Employment Service*: administration of employment offices.
- VII. *Rehabilitation*: functional supervision of the rehabilitation officers in employment offices and in various other institutions like centres and sheltered employment.

VIII. *Vocational guidance*: functional supervision of all psychological and guidance services.

IX. *Employment Service for Seamen and International Employment*: functional supervision of services for seamen and the maritime industry and foreign workers.

X. *Press and Information*

XI. *Preparedness*

The personnel as of May 1968 was distributed as follows by numbers:

	Total	of this total:		
		Official	Professional	Clerical and others
Directors and Assistant Directors	4	4		
Section:				
I. Administration Finance	38		11	27
II. Administration Personnel	5		5	
III. Employment	13½		12	1½
IV. Statistical Analysis surveys	9		4	5
V. Unemployment Insurance	9½		4	5½
VI. Employment Service ...	7		6	1
VII. Rehabilitation	7		7	
VIII. Vocational Guidance ..	10		9	1
IX. Employment Service for Seamen and International Employment .	8		5	3
X. Press Information	3		3	
XI. Preparedness	3		2	1
Total	117	4	68	45

The Labour Directorate is guided by a Board of seven persons appointed by the Government. Two are appointed on the recommendation of the LO and two by the NAF but each bargaining party has only one vote. The remaining three are public members. Of the latter one is the Chairman and the second is Vice-Chairman. These members are appointed for a four-year term. The Director General of the Labour Directorate attends the meetings but has no vote, but may reserve his position on these matters. The responsibilities of the Board and its relations to the Directorate are prescribed by the Government. There are three sub-committees, one relates to the administration of the unemployment insurance system for which the Board serves as a court of appeal; a second concerns itself with the manpower problems in the building industry; and the third, with those of older workers. A special board for seamen is responsible for matters relating "to the registration, placing in employment and engagement of seamen and other matters affecting the employment or entrusted to the committee by special provision." It consists of six members, two are recommended by the seamen and two by the shipowners' organisation. The Chairman of the

Board of the Labour Directorate is Chairman of the Committee. The Ministry of Commerce's representative acts as Vice-Chairman. It is the court of last appeal from local decisions. The rules for placement and engagement of seamen are required by law to be developed through agreement by the principal organisation of shipowners and seamen. The seamen's offices are governed on matters of maritime law by the guidance offered by the Directorates of Seamen and Shipping. Two advisory boards exist; one for vocational guidance (Co-ordination Committee for Vocational Guidance) and the second for manpower reserves for national defence.

The Board reviews the administrative action initiated by the Directorate and counsels the latter. Representing employers and trade-union delegations, the operating groups in the economy, it provides direct information on the manpower needs and problems requiring the attention of the central agency. Its approval of measures and policies helps sell ideas and changes to members of management and the labour force. In 1967, the Board studied the draft proposals for changes in manpower policy offered by a working group led by the Director of the Labour Directorate. The Board discussed these suggestions and its members made major contributions to the final report.

During the years 1967 and 1968, the Board had 14 and 12 sessions respectively dealing with 134 and 180 items. Of this number, 47 and 49 items related to the material being published or cases dealing with measures on labour market, adult education and information. They passed on applications for grants and loans for special county unemployment projects and contributions to measures for promoting employment in 57 and 64 cases respectively. The remaining issues related to unemployment insurance decisions, legislation, and administrative matters. The Board's Functions contracted for a number of years. A decided effort has been made in recent years to reinvigorate it. Some members have also sought to increase its independent status and authority. The role and the rights of all directorates in relation to the Ministry were considered by a special committee (Mondalsi). Whether the future plans provide for more independence for the administrative boards or greater subservience to the Ministry, it is essential that there be greater coherence among the central manpower agencies to achieve consistent and unified policies and action, and that they should be able to act responsively to developments and anticipated events and to dispose of resources relatively freely to achieve the desired results.

The 1969 Rationalization Committee on the Labour Directorate recommended that the appropriations voted by the Storting should be made in one sum rather than be meted out in five or six allocations on its specific petitions, and that the Directorate should have the right to decide on Government grants under 100,000 Kroner to institutions for the handicapped.

The special rationalization committee for the Labour Directorate also recommended a number of changes. It proposed a realignment of the first two bureaux. The first would be a bureau for organisation and classification of employees and administrative functions such as budgets, accounts, equipment, etc. and legal matters. The second would deal with personnel management including salary negotiations, assignment of salary grades, recruitment and internal staff training. It proposed a section on manpower

planning for economic defence within the first bureau and the transfer of international placement tasks to the Division for Seamen. The Information and Press service section would be converted into a bureau. It urged a higher degree of delegation of authority from the Director to the heads of divisions and to lower officials and from the Directorate to county officers. Furthermore, to give the Labour Directorate greater flexibility in the use of personnel it recommended that the Director-General have the authority to transfer posts within the Employment Service.

D. *Examiners' Conclusions: Concerning a Single Agency*

The Examiners conclude that the present organisation consisting of the Labour Directorate, the Executive Board and the Labour Department contains the components for the single manpower agency needed for the development of policy and co-ordination of programmes and activities for the total labour market. There are, nevertheless, many gaps in the structure and uncertainties about the responsibilities of many components. Policy functions are not precisely separate from the direct operational responsibilities. No unit is adequately serviced for evaluating and analysing current functions. There is no segment dedicated to the systematic identification of problems, development of appropriate information concerning them and the formulation of alternative courses for their handling. There is no specific site for initiating policy statements on functions discharged outside the agency's present structure. There is no provision for an active formal liaison with other governmental and non-governmental agencies to advance manpower views and recommendations and to monitor the performance of these outside groups. New powers and enlarged responsibilities should be assigned to the agency for the furtherance of the overall objectives of active manpower policy. The Examiners recommend that the constitution of this body should command the highest priority in the development of an active manpower policy.

The Examiners recommend that the Directorate should be authorized to make final decisions in most administrative and executive areas. They urge that periodic meetings be held between the Director of the Labour Directorate, the Director of the Labour Department and the Minister to review manpower developments and questions. The central manpower authorities should be given sufficient resources and freedom within prescribed guide-lines to allocate resources in line with the policies they are pursuing.

V. Policy Co-ordination

A. *The Test: Is Co-ordination of Policy Practised?*

The OECD Manpower Policy Recommendation declares that "the manpower authorities should strive to ensure that the objectives of the national manpower programmes are fully recognized by all relevant sectors

of government and that the employment objectives everywhere are given the high priority they deserve from the point of view of economic, political and human interests".

The preceding review of the Norwegian policies and administrative structures made it clear that policy formulation and programmes development must be followed by an effective system of implementation. The manpower policy agency must be able to persuade the appropriate responsible bodies to accept its conclusions and follow them through. Some organisms are under its control but a greater number are and will remain independent of its direct or indirect power and will be governed by the guides and directives of other policy groups. The manpower agency's responsibility is to gain acceptance for its views and recommendations for specific application in the programmes of these outside agencies. The disparate units must be co-ordinated by a single policy and administrative system based on consensus and co-operation rather than on fiat.

The final recommendations for advances or changes in the methods of co-ordination in specific areas can be most effectively made after the detailed consideration of the present relationships of the individual governmental and non-governmental administrative agencies and the central manpower policy group. Following the presentation of the current situation in each case, the Examiners will offer their observations.

We shall preface this discussion with an enumeration and description of the specific operating goal areas to indicate their scope, and a definition of the manner in which the manpower policy agency may control or influence other policy or operating agencies in the field.

B. Operating Goal Areas

An active manpower programme embraces a wide range of policies affecting the recruitment, development, allocation, utilization, performance and co-operative relations of human resources in the economy. In the static world, one may conceive of setting up a once-for-all pattern for the implementation of a consistent mutually reinforcing system of policies and programmes. But in a dynamic society such a goal is truly difficult to attain. Older solutions and administrative systems become inadequate or obsolete and obstructive. Changes have constantly to be made; innovations are essential and existing arrangements have to be subordinated or scrapped. Individuals who at one time had been effective come to need assistance in adjustment and others require help in maintaining their levels of effectiveness. Similarly, employers or employing units find that their competence in dealing with manpower is inadequate or out of date and at times require outside aid.

A manpower policy system embraces all phases of the problem. The top agency must be sensitive to these needs and equipped to devise new policies, to shift resources to points of greatest urgency and priority to persuade independent administrative and policy bodies both inside and outside the government to follow its lead as well as to enforce its views and programmes on those which it controls and directs.

The competent major policy areas have been classified into six groupings and have been dealt with in the preceding chapters.

The first relates to the quantity of the labour force. As Chapter II indicates, it focuses on the problems of general population policy, and the recruitment of domestic and foreign labour resources and ultimately seeks to assure the availability of the requisite manpower resources.

The second is concerned with the preparation of a qualified labour force and, therefore, with the education and development of the young, the education and training of adults and the adaptation of the disadvantaged, handicapped and the other problem groups or individuals in the labour market, to advance them to their fullest potential.

The third centres on the quantity and quality of labour demand. It is directed to assuring the adequacy of general and selective direct economic policies and measures for promoting the objectives of full and stable employment, balanced regional development and a rate of growth sufficient to absorb the rising population and underwrite an increasing standard of living. For underdeveloped or declining areas or contracting or growing sectors it evaluates the adequacy of programmes for stimulating them or meeting their needs. It includes efforts to increase the contribution of manpower programmes to the realization of economic objectives.

The fourth area is the organisation of the local and national labour market to attain the optimum, direction, rate and speed and the lowest cost, of mobility. In this field, we include the public and other institutions influencing the flow of the nation's manpower to its industries and areas and the formal and informal practices for improving or facilitating the operation of these institutions, together with the special aids furnished to individuals, employers and communities to enable them to contribute to the ultimate goal of an optimum level of mobility.

Economic and social protection and assistance and income maintenance, social case work, health care and adequate community facilities, housing and environment are essential to tide members of the work force over periods of unemployment and illness, and assist their dependants during such reverses, in order to maintain or improve their competence and their qualifications, to discourage the development of negative and antagonistic attitudes to society and promote their self-reliance. They are essential supports for the operation of an active manpower programme.

The final operating area includes personnel and industrial relations, policies, practices and administration in the individual enterprises, whether public or private. They should be consistent with and support and complement the public activities in the furtherance of the national manpower goals.

C. Methods of Effecting Co-ordination

In each operating goal area there are a number of sub-areas. The objectives are reached through the use of various instruments, measures or tools. The latter may currently be administered by the manpower agency either the Directorate of Labour or Labour Department, or by an indepen-

dent agency in the Ministry of Local Government and Labour or some other public or private agency. As previously indicated, a coherent integrated active manpower policy demands that the detailed programmes, measures and tools and operating policies should be consistent with the basic guides and principles developed by the manpower agency.

It is well to distinguish among the different types of influence which the manpower agency can exercise in different circumstances. These may be grouped into the following patterns:

1. *Directive or Administrative*

The central manpower policy agency in this instance is the administrative agency for the programme. Its policy decisions are usually implemented by its own directives. In Norway, the Labour Directorate has a number of such direct administrative responsibilities including the operation of the Employment Service and the Institute of Industrial Psychology.

2. *Indirect Administrative*

The manpower agency is in a position to exercise indirect administrative authority over bodies which it regulates or to which it allocates or disburses funds. It may influence these agencies by offering to those which conform with its standards, specific incentives, the use of specific facilities or services, or by approving programmes initiated by these external agencies. These bodies would now include workshops for the handicapped and winter public works projects.

3. *Collaborative*

In some instances, the administrative power is jointly exercised by two agencies, with each performing a specific function as in the case of training for adults. The initiative is usually taken by the Labour Directorate but the teaching is done by the educational authorities.

4. *Advocacy or Advisory*

A most significant method of influencing developments in the labour market and human resources is by providing advice and maintaining a consultative relationships with independent agencies. The impact of the educational, housing, social security, industrial relations and economic policy agencies on the labour market can be most critical. The manpower group should definitely seek to influence the course and contents of their action. It must, therefore, find ways of establishing a continuing dialogue with them. In Norway, consultation is widely practised by the various ministries and there are a number of co-ordinating cabinet committees on policy.

A critical prerequisite for effective discussions with external groups is common objectives and trained staffs. Co-ordination and co-operation are

facilitated when the agencies are interdependent, have identical clients and use common resources. Therefore, the initiating body should establish a common base for its contacts and discussions with the independent group.

The actual methods of persuasion of course will vary. A very common one is to lay down a legal basis for consultation and joint approval for programmes. Short of attaining this orderly procedure for discussions, the agency should use formal communications and public literature and carry on educational activities with the general public, legislatures and the specialists to cultivate an understanding and support for its point of view. It should also monitor and evaluate the work and effectiveness of the external agencies and make its findings available to them. Where these direct efforts at persuasion are inadequate, it may use external pressures and authorities to secure changes in attitudes or greater receptivity for the manpower point of view. This latter approach is particularly appropriate for the manpower agency as management and trade-union representatives sit on its many advisory and executive boards and are also represented on similar boards in other agencies.

5. *Stimulative*

An integrated manpower policy seeks not only to influence governmental policy and programmes and practices but also those pursued by private organisations, including employers' and workers' organisations, individual enterprises and the joint agreements and administrative mechanisms which they create. They affect an important part of the total labour market and their policies and practices should be consistent with the general direction pursued by the central manpower agency. Their activities should be co-ordinated with those of public agencies. This end can be attained through consultation, co-operation, legislation, discussion and persuasion through research.

The central manpower agency should be equipped to perform this function of stimulating external non-governmental agencies to conform to national goals. A special staff is often assigned for this purpose where the agency is charged with the administration of law. But in other instances governmental agencies rely on indirect approaches and spontaneous acceptance of common objectives.

The OECD Council Recommendation on Manpower Policy declares as follows:

"Employers and workers, through the development of manpower programmes on a plant, establishment or industry basis, can make an important contribution to the promotion of economic growth. Such programmes, which will vary widely in both form and nature among industries and countries, can frequently be stimulated through appropriate labour-management-government consultation and co-operation."

Similar observations may be made about other private or semi-public agencies affecting the operation of the labour market.

Following the identification of the agency responsible for a particular measure to promote a given policy objective, the analysis will identify the authority in each instance according to the above classification.

VI. Detailed Analysis of Locus of Decision-Making, Administration and Finance

A. *Quantity of Labour Supply*

Manpower policy presently deals with the recruitment of specific types of internal labour resources. Immigration is not promoted.

1. *Assisting National Labour Resources to Enter the Labour Market*

The main lines of current policy are:

- a) Promotion of higher female participation in the labour force.
- b) Aids to the continued participation of elderly workers in the labour force.
- c) Rehabilitation and placement of the handicapped.
- d) Promotion of labour mobility from low productive to high productive activities.

There is no special legislation concerning (a) and (b). Existing tools are employed. As for (c) and (d) special programmes exist; they were discussed separately.

Direct responsibility for policy-making on (a) and (b) rests with the Ministry of Local Government and Labour, Labour Department, the Labour Directorate, Equal Pay Council, the trade-union federation (LO), the Employer's Federation (NAF) and to a limited degree, the Ministry of Family and Consumers' Affairs. The Labour Directorate sponsored two advisory committees. A public group dealt with the problems of the older workers and an inter-governmental group considered means for a more effective government effort in the promotion of the employment of women. The personnel in the Directorate acted as their secretariat. The Committee on Women Workers, Equal Pay Council and the Board of the Labour Directorate stimulate intra-governmental and government private policy co-ordination on the problem of female employment. But there is no centralized single policy authority. Policy responsibility for older worker employment has recently been put in the hands of the Labour Directorate.

The direct authority for administration concerning (a) and (b) lies with the Labour Directorate and its county and district offices, and the parties to collective agreements. The Government and private welfare agencies supervise special measures for women, such as the operation of child care centres for working mothers, the special programmes for women and older workers in training, shift arrangements and job design, etc. Some services and facilities are managed independently by private enterprises.

2. *Recruitment and Employment of Foreign Workers*

Recruitment and employment of workers from Nordic countries is not controlled. Persons from other countries need residence and work permits. Restrictions are only imposed on certain groups, e.g. musicians. Group recruitment is exceptional and limited to shortage occupations (e.g. nurses). In the merchant marine unemployed Norwegians have a priority for em-

ployment over foreigners. In the merchant marine foreigners who are permanent members of the national marine work force enjoy rights over new entrants into the working population.

The Ministries for Municipal Affairs and Labour, (Labour Department) and Justice and Police are jointly responsible for policy-making. LO and NAF act as advisors. Government private co-ordination on policy is effected in the early stages within the Board of the Labour Directorate.

The Labour Directorate and Central Aliens Office supervised by the Ministry of Justice and Police are vested with direct administrative authority. The Board of the Labour Directorate ensures government/private co-ordination.

3. *Emigration of Nationals*

Organised recruitment by foreign missions is denied. Emigration is now small and balanced by immigration.

4. *Examiners' Observations*

The respective policy and administrative functions of the Equal Pay Council and Labour Directorate need clarification. A co-ordinating body for all aspects of women's employment should be established in the Board of the Labour Directorate with the latter acting as secretariat. It should include spokesmen of management, trade-unions and women's groups. Policy development and co-ordinating responsibilities on the implementation of established principles need to be assigned to a specific group.

B. *Quality of Labour Supply*

During the sixties the country looked to the "development to its highest function of the productive and especially adaptive potential of the manpower resources".

1. *General Educational Policy*

General educational policy is increasingly based on comprehensive studies, planning and special investigations. The third five-year national plan for education is being currently implemented. The municipalities and counties retain considerable responsibilities in the field of education. The national authority, the Ministry of Church and Education and the Storting define policies respecting types of schools, curriculum and priorities for introducing changes. An increasing proportion of the funds spent on education comes from the central Government.

Under the Primary School Act of 1959, the municipalities introduced a programme of universal compulsory schooling with an opportunity for an optional tenth year. The Act of 1969 made such a programme mandatory on all municipalities.

Direct responsibility for the formulation of general educational policy rests with the Ministry of Church and Education which has many advisory

bodies and study groups and a Department of Planning Research. The Ministry of Local Government and Labour may provide comments on draft reports or white papers intended for submission to the Storting. There are Councils for Primary Education, Secondary Education, Experiments in Education and Special Education and Teacher Training in the field of General Education. The Department of Cultural Affairs has supervision of the schools of higher learning.

2. Vocational Training for Young People

The system covers both school and on-the-job training for formal certification. Young people are identified for this purpose as being under 20 years.

a) In-Plant Training

In-plant training occurs in varying degrees in industry. Public control relates primarily to apprenticeship, Government subsidized training programmes or submissions to fulfil the requirement for "practical experience" in several technical and vocational schools.

The Ministry for Church and Education (Department for Vocational Training, Apprenticeship Division) is directly responsible for training programmes. It is aided by a National Apprenticeship Council of 10 persons with 4 representing the employees and 5 the employers. The Council for Commercial and Clerical Work fulfil the same functions for its field. These bodies advise, initiate and supervise the implementation of the Act and the regulations issued in pursuance of the Act. On matters closely related to vocational training in schools, the Council for Vocational Training and Technical Education is consulted. The other ministries and the Labour Directorate may comment on drafts of reports or laws as part of the consultation procedure generally adopted in policy-making in Norway. The Labour Directorate is directly represented on the Apprenticeship and Vocational Training Council.

The administrative functions within the municipalities or in districts are performed by county school boards and apprenticeship boards.

National trade councils act as advisory bodies for the Apprenticeship Council on the various trades. Two inspectors, one representing the employers and the other the workers, supervise the operation of plans within the enterprise. A tripartite examination committee exists at local levels.

The Ministry of Church and Education makes grants to firms to encourage apprenticeship training and refunds part of the expenditure of firms which operate their own "workshop schools".

b) School Vocational and Technical Training (Secondary level)

Primary responsibility for policy-making concerning non-specialized vocational schools rests with the Ministry for Church and Education (Department for Vocational Training and Technical Education, Division for Technical Education and Vocational Education). *Ad hoc* committees such as the Committee for Training of Adolescents (16-19 years), advise on broad policy matters. The Council for Vocational Training and Technical Education consisting of nine members (one on recommendation by NAF and

two by LO, one by the Norwegian Association of Crafts and one by the Ministry of Local Government and Labour) consults with the Ministry in respect of schools and assists in intra-governmental and governmental-private co-ordination. It has two specialist committees. One deals with workshops and apprenticeship schools, and the other with technical schools. The Training Committee for Commercial and Clerical Work plays the same role for commercial schools.

All public schools are operated under special Acts. The Ministry for Church and Education supervises the schools under its competence, establishes the curricula and controls the tests and qualifications of teachers. It approves investment and determines the types of schools to be constructed by the counties. The immediate administration of the schools rests with the county school boards elected by the county councils or municipal school committees. The county school boards are assisted by advisory vocational and technical school committees at the county level. The above-mentioned committees act also as co-ordinating bodies between Government services and between Government and private interests.

3. *Technical and Vocational Training and Retraining of Adults*

Technical and Vocational Adult Training in Norway exists in a number of forms, under different sponsors and many funds contribute to financing it.

Full-time courses assisted by funds from the unemployment insurance plan are for the unemployed or potentially unemployed or potential recruits for the labour market, and are directed towards labour shortage occupations in industry and services.

The Adult Education Department of the Ministry of Church and Education and the Council on Adult Education are elaborating a formal policy for supplementary technical and vocational training. The Labour Department and the Labour Directorate are represented on this Council.

The Ministry of Church and Education (Department for Vocational Training and Technical Education) is responsible for the elaboration of policies for programmes under its direct control. It bases these policies on studies prepared by *ad hoc* committees (e.g. one bipartite group recently appointed to study the need for further training), and on advice from the Council for Vocational Training and Technical Education and from the Labour Directorate. These bodies through their membership and liaison persons ensure intragovernmental and governmental private co-ordination.

Training schemes for training centres and courses in firms are designated by the Labour Directorate (Section on Employment and Adult Training) in collaboration with the representatives of the training centre. The County Employment and Development Committee, sub-committee for vocational training, is usually consulted.

The Labour Directorate selects the trainees for adult vocational training.

4. *Financial Aid to Trainees*

Financial assistance to trainees is provided through:

- a) scholarship schemes sponsored by different agencies including municipalities, school authorities and enterprises;
- b) State Loan Bank for students grants (also to apprentices) and cheap credits at favourable terms (financed in part by the Unemployment Insurance Scheme);
- c) maintenance aids granted by the Unemployment Insurance Scheme to unemployed or potentially unemployed workers attending full-time adult training or retraining courses; and
- d) the National Insurance Fund to widows under training.

The direct responsibility for policy-making is shared by the Ministry for Church and Education, the Ministry of Local Government and Labour, the Ministry of Finance, and the sponsors of scholarship schemes. The Labour Directorate has an advisory responsibility. Its Board acts as intra-governmental and government-private co-ordinating body respecting financial aids to adult trainees and contributions from the Unemployment Insurance fund to the Students' Loan Bank.

The administrative functions are exercised by the sponsors of scholarship schemes, the State Loan Bank for Students and the Labour Directorate which decides on individual applications on the county level. The local unemployment insurance funds have an indirect responsibility (payment of grants). The Board of the Labour Directorate has the co-ordinating authority for aid to adult trainees.

5. *Rehabilitation of the Handicapped*

Rehabilitation of the handicapped occupies a central position in Norwegian social policy and manpower policy.

A number of special *ad hoc* committees have dealt or are currently dealing with special aspects of rehabilitation policy such as the *ad hoc* committee on the reorganisation of social administration of the communes under the *aegis* of the Ministry of Social Affairs and the *ad hoc* committee on sheltered workshops (under the *aegis* of the Ministry of Local Government and Labour and the Labour Directorate). Specialized private, semi-public or public institutions such as the National Rehabilitation Institute, the State Rehabilitation Centres, the Central Institute for Mental Defectives and a number of municipalities, voluntary agencies and enterprises participate in the implementation of rehabilitation policy.

The Ministry of Local Government and Labour, Labour Department, administers governmental rehabilitation institutes which provide special training courses for handicapped. It also makes loans or grants to sheltered workshops. The Labour Directorate carries out special counselling and the placement of handicapped directed either to suitable jobs or training courses.

The principal body for intragovernmental and governmental-private co-ordination is the Central Council for the Vocationally Handicapped comprising 16 persons, which is located in the Ministry of Local Government and Labour.

The Directorate for Special Schools under the Ministry for Church and Education administers the special schools directly. The Labour Department acts as direct administering agency for the State Rehabilitation

Institutes. It has also, jointly with the Labour Directorate, an indirect responsibility for the sheltered workshops (supervision, advice, subsidies). The Labour Directorate is the direct administrative agency for counselling and the placement of handicapped in rehabilitation centres, sheltered workshops, training facilities and jobs. A special section in the headquarters and the county office is competent for rehabilitation matters. The Institutes for Vocational Guidance and Industrial Psychology and the public medical officers and social workers collaborate in this work.

The direct administrative competence for sheltered workshops lies with the respective sponsors; voluntary agencies, municipalities, enterprises, etc. Also the National Insurance Institution and the local Welfare Committees have direct administrative authority in the field of rehabilitation (administration of individual applications). The same applies to the General Department of the Ministry for Social Affairs (alcoholics), the Ministry of Justice (after prison care) and local temperance committees.

A number of agencies have an indirect administrative responsibility: Directorate of Health (supervision); National Rehabilitation Institute and Central Institute for Mental Defectives (advice).

The Central Council for the Vocationally Handicapped is charged with intragovernmental and governmental-private co-ordination in the field of rehabilitation activities. However, co-ordination is said to be still inadequate.

A wide range of budgets or funds contribute to the *financing of rehabilitation*:

- a) budgets of ministries and municipalities, (public assistance, sheltered workshops, other communal rehabilitation activities such as social work, medical advice, temperance committees, supplementary benefits to insured handicapped);
- b) Unemployment Insurance Funds (grants to sheltered workshops under budget item "relief works", part of administrative costs of rehabilitation activities of Labour Directorate, grants to retrainees);
- c) Health Insurance Fund, Occupational Injuries Insurance Fund, National Fund (costs of rehabilitation and maintenance);
- d) Funds of enterprises and of voluntary agencies (the latter derived from various fund-raising activities).

6. *Social Development and Adjustment*

Social adjustment problems arising in connection with the rehabilitation of handicapped, the employment of older workers, of women with family responsibilities, of alcoholics, ex-prisoners, of long-term unemployed, etc. are dealt with as one aspect of the treatment.

Several firms employing many migrants from the North of Norway have helped these workers in their adjustment to industrial work and life.

Important activities in this field are undertaken by private organisations that arrange, particularly for young people from the country who have moved into towns, opportunities to meet other people from the same district or county.

7. *Examiners' Observations*

The development of the productive and adaptive potential of manpower resources is more or less independently approached by a number of ministries and autonomous agencies. A multiplicity of schemes, forms of qualitative adjustment, sponsors of programmes and sources for financing exist in this field. Policy-making procedures are complex. Much has still to be done to achieve adequate co-ordination.

The Ministry of Church and Education has the greatest authority in this goal area. It has established an integrated system for activities under its supervision. However, its influence over parallel public and private systems is limited.

A more careful definition is required of the policies and practices affecting the preparation of youth for service in the economy. The growing emphasis on academic goals is a healthy counter-balance to the former limited elementary and secondary education provided for the mass of the population. But having established a compulsory nine-year general education, more precise policies are needed for young people who leave school early and those who are seeking occupational preparation in the lower and upper secondary schools and district colleges.

The responsibility of the central manpower agencies, for policy-making and administration for rehabilitation is limited to the rehabilitation centres, adult vocational training and sheltered workshops. Their influence on educational and training policies is confined to the adult vocational training activities where they are the initiative of training.

The central manpower authorities are represented on a few key inter-ministerial and joint committees set up under the auspices of the Ministry for Church and Education. They should develop recommendations for a wider range of areas of education in the light of their specialized knowledge of the labour market and use all channels for promoting them. Particular emphasis should be placed on the adult field. More study should be directed to the training systems in industry to secure improvements to make them more useful to the trainees. Too little is known of the quantity, nature, quality and results of such industrial training and this gap should be closed as quickly as possible. The Council on Vocational Training should include these training systems in its area of competence.

C. *Quantity and Quality of the Labour Demand*

1. *Annual Economic Policy*

In 1946 Norway introduced an Annual Budget which consists of a review of the past year, a forecast of the following year's development, an outline of policies likely to be followed in various areas. Since full employment is one of the primary goals of a short-term economic policy (the others being stability, economic growth, fair distribution of income and balance of payment equilibrium) forecasts of manpower supply and demand broken down by branches of activity are a central part of these Annual Budgets. The basic material is worked out jointly by the Ministry of Industry (produc-

tion, productivity and sales prospects), the Central Statistics Bureau and Labour Directorate (labour force). The Economic Planning Department of the Ministry of Finance consolidates the information and integrates it into the Draft National Budget. The Labour Directorate prepares a report on the "Main Manpower Problems" which is revised by the Ministry for Local Government and Labour for submission to the Ministry of Finance. A brief account of the manpower and employment problems and policies, both past and future, is included in the National Budget.

In addition to its contribution to the National Budget the Ministry for Local Government and Labour prepares a document for the Government Budget which outlines the income and expenditure of the Labour Directorate (including the Unemployment Insurance Scheme).

2. Medium and Long-Term Policy

The Norwegian Government introduced full-scale four-year economic development plans as early as 1948. The Annual National Budgets are oriented in terms of these medium-term plans. These plans called "Long-Term Programmes" are frequently revised during the implementation period.

The Budget Department of the Ministry of Finance works out — in collaboration with the Planning and Economics Departments — a medium-term fiscal budget forecast including estimates of revenues and public investment. This budget forecast constitutes the point of reference for the Overall Four-Year Programme.

The Long-Term Planning Department is the responsible body for the elaboration of the Plan. The inter-ministerial Working Party for the National Budget collaborates in developing the Four-Year Programme as it does for the Annual National Budget. On the basis of guides fixed by the Long-Term Planning Department, the individual ministries and central government agencies prepare background documents. As far as manpower is concerned, the Labour Directorate, Section for Statistics and Analysis, forecasts the labour supply and demand by groups of branches. These projections are based on labour force forecasts provided by the Central Bureau of Statistics and forecasts of production, productivity and sales trends furnished by the Ministry of Industry. The Labour Directorate also prepares an integrated draft paper on manpower, including an account of the past and actual employment situation, the forecast of labour supply and demand, an analysis of the manpower and employment problems, drafts of policy goals and outlines of policies to meet them. This draft is discussed within the Directorate and with representatives from the employees' and employers' organisations and within the Board of the Labour Directorate.

In connection with the elaboration of the medium-term programme, 1970-73, the Government launched the elaboration of "long-term perspectives" for the period 1965-1980. A special committee of 7-8 people coordinates this work. Studies were made on specific important aspects of future economic and social development: structure and geographic distribution of the population, regional distribution of economic activities and agglomerations, technological change and occupational structure of the work force.

3. *Investment Directly Creating Employment*

In the post-war years, regional and area development policy and sector policies played a major role in Norway. In more recent years, the emphasis has been on comprehensive physical and public investment planning at the district level, regional economic planning for larger regions and control of expansion in the Oslo area.

Forestry and manufacturing industries with adaptation problems such as wood processing, textiles and shipbuilding, receive increasing attention, while promotional policies focus on new production lines in manufacturing in particular in chemical processing, and light mechanical and electrical engineering. Sector policies are increasingly co-ordinated with regional and area development policy and overall employment policy.

Area and Regional Economic Development of Lagging Areas

Many national instruments exist to advance area and regional economic development policy.

Local initiatives are also expected to contribute to area and regional development within the framework of national policies. But few communities have taken this initiative. National policies for the use of the above-mentioned tools are elaborated at the central Government level. Provisions for intragovernmental co-ordination in the policy-making stage are made under the various laws and the respective bodies attached to specific ministries or the special agencies under whose competence the implementation falls. Since area and regional development policies play a prominent role in the Four-Year Plan, the broad guide-lines for policy are determined under the overall planning procedure which ensures a degree of consistency and co-ordination in policy-making concerning special policies. Moreover, the Ministry mainly responsible for area and regional development, the Ministry for Local Government and Labour, from time to time submits overall policy reports on area and regional development to the Storting.

Inter-ministerial policy co-ordination for area and regional development is effected either in the Cabinet or through specific *ad hoc* committees such as the one studying the comprehensive system of regional tax differentials. Such joint committees serve also to effect governmental-private co-ordination in policy-making.

An important body for intragovernmental co-ordination is the standing interministerial committee for Regional Planning and Development in the Ministry of Local Government and Labour, comprising the under secretaries of the Ministries for Local Government and Labour, Finance, Defence, Transport and Communications, Church and Education Affairs, Industry, Agriculture, Fisheries and Social Affairs (mainly concerned with public investment programmes).

Administrative Framework for the Implementation of the Above-Mentioned Policies

The Regional Development Department in the Ministry of Local Government and Labour is responsible for developing and supervising the application of regional development and infrastructure policy.

The Regional Development Fund is administered by a board of ten members appointed by the Cabinet for four years. Detailed regulations for the activities and administration of the Fund have been worked out by the Ministry for Local Government and Labour, which supervises the Fund. Decisions on loans or grants exceeding 1,000,000 Kroner are taken by the Cabinet.

Direct administrative functions at the county level (examination of applications, decisions on loans or grants up to 150,000 Kroner, recommendations to the Board of the Fund) are lodged with the County Regional Planning Development Department (which is subordinated both to the Governor and to the Regional Development Department of the Ministry for Local Government and Labour) the County Employment and Development Committee; local municipal Councils consider guarantees of up to 50% and loans.

The State Banks act as independent enterprises under the regulations set up by Government. They are supervised by the Ministry of Finance.

The Ministries of Agriculture, Fisheries, Industry, Transport and Communications, Church and Education Affairs and their offices at the county level administer special programmes for aid to development areas falling under their competence. As respects public investment, the system for the co-ordination of physical planning and investment established under the Building Act will assume a growing role in the co-ordination of the activities of central agencies at local level.

The schemes for the distribution of subsidies to public works and aids to adult trainees under the competence of the Labour Directorate (financed out of the Unemployment Insurance Fund) are administered by the County Employment and Development Committee, sub-committees for public works and for training. Decisions are prepared by the district employment office and its employment committees.

A Liaison Committee for the Location of Industry of ten members, including representatives from industry and from regional development authorities, dealt with location of industry questions with special emphasis on new industrial development in lagging regions (assessment of existing measures and proposal of new measures, consultation on location of larger enterprises, preparation of new products and relocation of existing industry). It helped in co-ordinating governmental and private views. It was attached to the Ministry of Local Government and Labour, Regional Development Department. A new Siting Committee with similar functions established by law has taken over these duties.

There are also private consultant's firms, business associations and institutes sponsored by business associations which undertake or sponsor concrete locational studies.

The Regional Development Fund and the Ministry of Industry also undertake locational studies. The former promotes studies on conditions of specific areas for location of industry.

4. Area Physical and Public Investment Planning

The main instruments of communal, district and county physical planning are: (a) assistance in physical planning at county levels; (b) special

regional planning commissions (Eastern Norway, Western Norway, Southern Norway, Northern Norway and Trondelag);

The Ministry of Local Government and Labour (Department of Regional Planning) is responsible for policy development in this field (physical investment and overall economic planning at municipalities, commune, district, county and regional levels).

5. Sector Development

Special policies have been developed by Government for a number of specific sectors.

The impact of these policies on the demand for labour varies greatly. Some imply an increase of employment opportunities; others a decrease. In the aggregate they are expected to contribute both to the maintenance of full employment and economic growth.

Like area and regional development trends and policies, the development trends and policies of the different sectors are given special attention in the preparation of the Four-Year Plan. They are thus integrated into overall economic planning. (In fact a multi-sectoral programming model is used for this integration). Great efforts are now being made to achieve better co-ordination of sectoral and regional development policies.

The development of policies for new industries is the joint responsibility of the Ministry of Commerce (tourism), the Ministry for Industry and the Ministry for Local Government and Labour. The latter supervises the Regional Development Fund and the planning of infrastructure investments in the counties.

A number of central agencies have indirect responsibilities for specific industries.

Intragovernmental co-ordination is mainly achieved through the overall planning procedure.

The Tripartite Joint Branch Councils established after the war, are in most instances not actively functioning. The bodies at present fulfilling these functions are three *ad hoc* Working Parties at the Ministry of Manufacturing and Industries (ship-building, textile and general industrial problems) and an *ad hoc* study group for forestry in the Labour Directorate. A special committee of the Executive Board of the Labour Directorate is examining the manpower problems in the building and construction industries.

The *direct administrative responsibility rests with the competent departments of the above-mentioned ministries and their branch offices at the county level or with autonomous specialized bodies. There are no specific overall arrangements for permanent inter-ministerial and governmental-private co-ordination in the administration of the sector policies. The Labour Department is represented on the boards of several funds including those for the "New Industrial Enterprises and Structural Changes", "Handicraft and Small Industries". The Unemployment Insurance Fund holds 41% of the capital for the Bank for Promoting Structural Change and Industry.*

6. *Seasonal Public or Emergency Work*

The Labour Directorate, through its Section on Employment and Adult Training, operates three different employment creating programmes, namely: (a) extraordinary national public works; (b) extraordinary municipal winter employment; (c) equalization grants to municipalities.

They are designed to counteract local winter unemployment and assist in development of economically weak areas.

At the county and municipal levels, the county governor and the county Employment and Development Committee and district Public Works Committee are responsible for selecting projects and making proposals to the Labour Directorate. The district employment office will direct unemployed to the projects.

A separate programme exists for extraordinary winter employment on road construction which is administered by the Ministry of Transportation and Communication, Division of Highways.

The Labour Directorate advises on the allocation of funds among counties and the Employment Offices refer the unemployed to these jobs. A similar arrangement exists with the Ministry of Manufacturing Industries to promote stabilization in the construction of harbours.

7. *Counteracting Seasonal Fluctuations in Construction*

National ministries prepare construction schedules for maximum stability of employment. They submit quarterly employment schedules to the Directorate for Labour for discussion. Starting dates and completion dates are set in consultation with the Directorate of Labour which also receives reports on progress and supervises the implementation of the programme.

8. *Examiners' Observations*

There is a highly developed system for the formulation of short, medium and long-term economic policies and their integration into a consistent programme. Recent initiatives in regional planning may in time produce a workable system of county physical and economic planning which can co-ordinate national public expenditures and development programmes with those being elaborated at the county level. This pioneering effort may in time spell the more effective utilization of resources and a higher concentration of efforts on promising local developments. Through these mechanisms, local insights and experiences can be co-ordinated with national programmes. A focus will be evolved for the disparate programmes and the more effective promotion of national objectives.

The transfer of the responsibilities for regional planning and development to other departments within the Ministry and the elaboration of an increasing number of diverse economic instruments and measures for promoting short-term economic stability and growth, demand that the manpower authority be equipped actively to participate in the policy-making processes and offer its counsel and urge its position upon these independent policy systems. An indispensable step for the assumption of this re-

sponsibility is the establishment of a unit within the central labour market authority to monitor these programmes and experiences from the point of view of manpower policy objectives and initiate recommendations for policy statements to be reviewed by the executives in the manpower policy organisation. Ultimately, the latter must be able to offer competent appraisal and proposals to these external agencies and to the ministers and interested parties respecting the appropriate course to be taken. For the manpower agency to maintain its traditional role of promoting full employment and rising standards of living, it should be able both to advise on policies and programmes within the competence of other agencies and to initiate, where they appear to be appropriate, measures it may itself be authorized to use. It is quite apparent that the traditional employment generating programmes for counter-cyclical and counter-seasonal purposes will, in the future, occupy a more modest role. Therefore, their more precise usefulness must be better defined. Certainly, as respects the promotion of seasonal stability, more efforts must be concentrated on structural changes favouring such stability. Similar initiatives must also be taken in the fields of sectoral developments and programmes. The above analytical agency should be charged with following the experiences and results in these fields.

As regards programmes for generating the demand for manpower to implement the broader economic and manpower goals, the manpower authority must follow the initiatives taken by all branches of Government and in the private sector. It should be equipped to report on their impact on the demand for manpower not only in terms of the national goals but also for the various local areas, specific industries and occupations and specific groups of people. Following these appraisals, the policy executives within the manpower authority should appraise the effects of current programmes and consider proposals for their modification to be offered to the respective independent policy agencies to make them more effective in attaining the manpower and broad economic and social goals. These roles of analysis and advocacy within the Governmental structure, as well as stimulation of units within the private sector to follow the precepts of the manpower authority, have still to be adequately developed and raised to a level of importance required for realizing an active manpower policy. A staff adequate in numbers and competence has to be appointed to fulfil these functions.

D. Organisation of the Labour Market

The present activities and structure of the Labour Department and Labour Directorate are derived from two Acts and supplementary regulations. First, there is the 1947 Act for the Promotion of Employment. The second is the Unemployment Insurance Act of 1959 as amended in 1963. This Act charges the Labour Directorate with the management of the Unemployment Insurance Scheme and the supervision of the related activities. The funds collected by this system provide for a substantial part of the total expenditures of the Labour Directorate.

The Directorate is an independent agency under the Ministry of Local Government and Labour. The role of the Board of the Labour Directorate and its functions and performances were described in Chapter V.

The county district and local committee structure is built on the tripartite principle. The Employment and Development Committees generally have sub-committees on unemployment insurance, public works and vocational guidance. They take an active interest in the actual administration of these offices and serve as reviewing agents for appeals and recommendations to the central offices. Representation of the varied local interests also helps to keep the committees informed of developments and co-ordinates their efforts. The director of the county employment offices acts as secretary when the Committee functions on manpower matters, while the head of the county planning and development department performs similar functions respecting matters within his competence.

1. *Placement*

The local offices are continuously engaged in the process of enrolling and interviewing job applicants and receiving information on vacancies and seeking to match them. They also provide services to enable applicants and employers to promote their own placement without the traditional types of intermediation.

The main objective is to facilitate and improve the flow of people in the external labour markets to attain the optimum and most economic use of human resources. The analysis in Chapter V has already elaborated on this service.

2. *Vocational Guidance*

Vocational guidance is offered both in the schools and the employment offices. The latter concentrate on aiding young people in their selection of occupations or training and schooling programmes or in finding their first jobs. They also counsel individual adults.

The Ministry of Church and Education is responsible for general vocational orientation and group guidance in the school system. The programme is under the supervision of the respective school departments within the Ministry and the National Council for Experiments in Schools; the National Council for Elementary Schools; and at the county and local levels is controlled by the school boards.

These operations are co-ordinated at the national level by the National Co-ordinating Committee for Vocational Guidance attached to the Labour Directorate and similar bodies at the county level. The broad representation on these committees assures a high degree of co-ordination or at least a wide exchange of knowledge among all active groups.

The six Institutes for Vocational Guidance and Industrial Psychology in the Labour Directorate handle many difficult and special cases.

3. *Occupational Testing*

The Institutes for Vocational Guidance and Industrial Psychology within the Labour Directorate provide a testing service for persons with special placement problems. They also administer tests for school entrances, and employee selection by employers.

4. *Financial Aids to Movements*

The Norwegian system of Government financial aids to mobility comprises travel assistance, starting allowances, provisions for worker's hostels, family allowances for employees with households in two places, travel allowances for family visits, moving allowances and resettlement assistance. These are financed largely by the Unemployment Insurance Scheme but the beneficiaries do not have to be eligible for unemployment benefits under these systems. The Labour Department recently took over the administration of the aids to mobility formerly administered by the Ministry of Fisheries. The State Housing Bank finances loans to enterprises to construct worker hostels. The employment offices process applicants and make the decisions, subject to review by the county office and appeals to local or county committees.

5. *Housing Related to Movement*

The Labour Directorate recently introduced an experimental house purchase scheme. The representatives of the Directorates may take the initiative to persuade local housing authorities to construct housing for migrants and if necessary undertake such building itself. The responsibilities in the field are distributed among the local groups and the Labour and Housing Departments in the Ministry of Local Government and Labour.

6. *Examiners' Observations*

The discussion in Chapter V highlighted the conclusion that the employment service is basically oriented toward servicing the unemployed, special problem groups and those being recruited for the labour market. It has still to evolve a concept of its own functions which would embrace the total labour market, both internal and external, including the non-participants and the underdeveloped. It has not established a clear definition of its responsibility for guiding the direction, rate and speed of all manpower movements and reducing their total costs to society. Its pre-occupation with some problem cases responds to the high emphasis on the social rather than the economic functions of manpower policy, which have still to be merged in the operation of the service. Many essential elements for serving the total labour market are lacking. The present imbalance must be corrected by the introduction of services specially directed toward improving the aids offered to the great mass of persons and employers in the labour market. The initial steps taken in this direction are laudable but hardly sufficient. A clear blueprint for future developments is lacking and its preparation should be given a high priority.

E. *Manpower and Social Policy and Services*

Norway is evolving integrated national social insurance health and social service systems for the entire population. The social insurance programme covers many major risks. In time it will be all-embracing. Varied

services for medical care, rehabilitation, relocation and counselling are complements to this programme to assist in developing personal capacities and maintaining them among adults. The benefits are largely income related. Advances in recent years toward integrating these programmes into three comprehensive systems increased the degree of co-ordination within each and among them.

1. *Old Age Pension, Disability, Survivor, etc. Insurance*

The direct responsibility for policy-making rests with the Social Insurance Department of the Ministry for Social Affairs. Important decisions on policy are made by the Cabinet and the Storting. Special committees with broad representation of varied interests are organised to consider new policies, thereby assuring the co-ordination of the views of the interested groups. The Labour Department is represented on the Committee examining the question of lowering the normal pensionable age.

The plan is administered by the National Insurance Institution which is directed by a managing board of five persons (including the Director) who are appointed by the Cabinet. County boards deal with matters relating to disability and rehabilitation and give advice and guidance to the local insurance offices. Applicants file their claims in the local insurance office from which they can secure information and assistance.

2. *Unemployment Insurance*

This system is to be merged with the National Insurance system by 1971.

Policy-making is the direct responsibility of the Ministry of Local Government and Labour. It is advised by the Labour Directorate and its Board.

The Labour Directorate is charged with administration of the scheme. A sub-committee of its board decides on appeals and advises the Labour Directorate and the Ministry on problems in this area. One section in the Labour Directorate is responsible for the supervision and administration of the system. At the county level, Employment and Development Committees have sub-committees on unemployment insurance which supervise the operations of the Plan in co-operation with the county employment office.

The system was financed by equal contributions by employers and employees and contributions from the municipality amounting to 25 % of the above contributions. Twenty per cent of the aggregate contributions are paid into the National Reserve Fund which covers deficits of local funds. Sixty per cent of the expenses of the Reserve Fund are financed by the central Government. The latter also assumes the liabilities of the Reserve Fund should it be unable to meet them. Employee contributions ceased in 1970.

The general agreement between the LO and NAF in 1966 established redundancy compensation for displaced employees who had served a company ten or more years and were 50 years of age and over. The benefits range from 2,500 Kroner at age 50, to 7,000 Kroner at age 65 and thereafter they decline. The payments are financed by employer contributions.

3. *Sickness Insurance*

The direct responsibility for policy-making is lodged with the Ministry of Social Affairs (Social Insurance Department). Important decisions are made by the Cabinet and the Storting. Special *ad hoc* committees are recurrently constituted to advise the authorities and these usually include a representative from the different interests.

The scheme is administered by the National Insurance Institution. A management committee of five members elected by the Municipal Council supervises the funds and makes important policy decisions.

The fund is financed by premiums paid by the members which are scaled by level of earnings, and employers who contribute 75 % of the former's premium. The municipality pays an additional 25 %, and the central Government 20 %, of the employee's premium.

A special sickness insurance equalization fund administered by the National Insurance Institutions covers deficits in local insurance funds.

4. *Workmen's Compensation Fund*

It covers all employees and certain special groups such as fishermen, school pupils and students and those self-employed persons who join on a voluntary basis in case of accidents or occupational diseases causing bodily injury or illness. Benefits take the form of cash payments and services similar to those granted under the Health Insurance scheme. Its disability and survivor pensions tend to be more liberal than those in the general insurance system. Employers pay the entire premium which is set up on the basis of the accident experience at the particular occupation. The programme is administered by the National Insurance Institution.

5. *Public Assistance Benefits*

The purpose is to provide financial and other assistance to needy persons inadequately covered or not at all by formal benefits schemes including placement in sheltered workshops, homes for aged or foster homes, rehabilitative aids and retraining. The current expansion emphasizes the development of an integrated service including information, guidance and counselling on social questions to clients to meet their total needs for achieving self-support and self-reliance.

The primary responsibility for policy formulation rests with the Ministry of Social Affairs, General Department. The Ministry is assisted in policy-making by *ad hoc* committees which contribute to intra-governmental and governmental-private co-ordination.

The municipalities are charged with the organisation of public assistance for persons in need. They have to establish a social Welfare Committee to be elected by the municipal council. A local social welfare office acts as secretariat.

The Act not only stipulates the principle of decentralization and delegation in administration but also stresses the principle of self-government in respect of financing. However, the central Government makes substantial grants under the Budget of the Ministry for Social Affairs to assist

economically weaker communities to meet the requirements laid down by the law.

County social welfare committees co-ordinate the local welfare programmes.

6. Social Welfare Services

Social service activities are distributed over many public and private organs. The pattern of activities of public agencies is determined by the Social Welfare Act of 1964 and special laws such as the Child Welfare Act of 1953 (as last amended in 1965) and by guiding principles laid down by the Storting.

The Ministry for Social Affairs (General Department) is the principle policy-making body. It is advised by *ad hoc* committees and permanent bodies like the National Temperance Council, the National Child Welfare Council and the Council for the Care of the Handicapped, on which the Labour Department is represented.

At the national level, the authority for implementation of public policies lies primarily with the Ministry for Social Affairs (General Department), which issues regulations, stipulates the qualifications of personnel, etc.

The Ministry for Family Affairs and Consumers is competent for Kindergartens, crèches, etc. In some instances (e.g. matters relating to the National Centre for Child and Youth Psychiatry), the Directorate of Health is the central administering instance. A number of private bodies give advice on specific issues such as the Health Committee for the Aged, the Norwegian Institute for Gerontology, the Norwegian Social Welfare Association, the Central Council for Private Agencies and the Industrial Committee against Alcoholism. Some also have direct administrative or co-ordinating functions within the framework of private social services. The after-prison-care services under the Ministry of Justice also deserve mention.

The Child Welfare Act charges the County Governor with the duty of supervising child welfare in the county, and of providing the local child welfare committees with information, advice and guidance. He is also responsible for the psychiatric service in the county. The Governor is assisted by a child welfare assistant, and the county medical officer by a social welfare secretary (trained social workers).

The Municipal Social Welfare Committee is entrusted with the direction of the entire public-social service network in the municipality. It is assisted by the Municipal Social Welfare Office and by special committees which work under its direction. The Temperance and the Child Welfare Committees are provided for by law. There may also be old age and family welfare centres and, in bigger municipalities, psychiatric care centres. The above-mentioned committee co-ordinates public communal activities.

A number of private agencies provide social services such as the Norwegian Red Cross, agencies sponsored by the Church of Norway, and the Norwegian People's Aid. The social work of the church is co-ordinated by the Council for Church Social Work. There are also specialized agencies for the care of alcoholics, children, mothers, old aged, mental defectives, etc. There are many social welfare institutions such as old people's houses, houses for mothers, etc., where social counselling is also offered.

Considerable *financing* is provided through various public budgets. The Ministry for Social Affairs subsidizes the social services in weak communities. There are also funds raised by private agencies which may also be subsidized by the State.

7. *Examiners' Observations*

Much progress has been made toward establishing a rational social insurance system. Close co-operation between the ministries should be diligently pursued to promote manpower goals.

Less progress has been made toward integrating the social welfare system. Future innovations and changes will have to take account of the high emphasis given in the Norwegian society to local self-government and to private activities in this area. The lines for building an integrated social service and welfare system were set forth in an earlier chapter. This programme should place greater stress on preventive services. The authorities in this field should examine housing and community facilities for their adequacy to promote social well-being.

An integrated active social policy is essential for the furtherance of the active manpower policy. The manpower authorities should therefore define their own goals and proposals in the respective constituent areas and offer the benefits of their insights and experience to the administration of each system so that they can contribute more fully to the attainment of the ends of an active manpower policy.

The authorities of these systems must collaborate in their efforts and co-ordinate their policies, programmes and activities so that they are harmonized and reinforce one another.

VII. Examiners' Conclusions on Co-ordination of Manpower Policy Programmes and Implementation

The preceding discussion reviewed current organisations and procedures for co-ordination and their effectiveness in specific goal areas. The emphasis was on structure rather than on operations. The latter would have involved the Examiners in intensive field surveys and the use of a staff. Moreover, co-ordination efforts are largely informal and tenuous. Reliance is placed upon conditioning the attitudes of people rather than on effecting close inter-relationships in activities through specific agreements. There are goal areas where the co-ordination is intimate and effective and many others where it is less significant.

There is no overall formal organisation within the manpower agency for the maintenance of this relationship with outside bodies. The burden of this work is shouldered by the Labour Department of the Ministry of Local Government and Labour which in some instances delegates the responsibility to the Labour Directorate.

The conclusions deal separately with the problems of co-ordination within the Government and between government and non-governmental groups. Table II summarizes the information in the preceding discussion to facilitate the identification of agencies and types of co-ordination.

Table II. MANPOWER POLICY IN NORWAY: POLICY-MAKING
BY GOAL AREAS AND

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
I. Quantity of Labour Supply:				
1.1. Mobilization of Labour Reserves				
1.1.1. Female Labour				
a) Policy-Making	Labour Department Labour Directorate	Ministry of Family and Consumers' Affairs (Child Care Centres)	Equal Pay Council	Trade Union Federation (L Employers' Federation (NAF)
b) Administration	Labour Direc- torate and its county and district offices	Ministry of Family and Consumers' Affairs (Child care Centres)		Parties to Collective Bargaining; Private firms
1.2. Recruitment and Employment of Foreign Labour				
a) Policy-Making	Labour Department	Ministry of Justice and Police		
b) Administration	Labour Directorate	Central Aliens Office		
1.3. Emigration of Nationals				
a) Policy-Making	Labour Department Labour Directorate	Ministry of Justice and Police		
b) Administration	Labour Directorate	Ministry of Justice and Police		

ADMINISTRATION, ADVICE, CO-ORDINATION AND FINANCING
THEIR COMPONENTS

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
	<i>Ad hoc</i> Committees for Problems of Female work	Equal Pay Council; Board of Labour Directorate; <i>ad hoc</i> Committees for problems of female work	Committee on Day Child care Institutions (Ministry of Family and Consumers' Affairs)		
				Budgets of Ministry of Family Affairs (Child care Centres) Unemployment Insurance Fund (training and maintenance benefits)	
Nordic Common Market Committee		Board of Labour Directorate Board of Labour Directorate	LO and NAF	Ministerial Budgets	
		Board of Labour Directorate	LO and NAF		
		Board of Labour Directorate	Advisory Council of Ministry of Justice and Police, LO and NAF	Ministerial Budgets	

Table II

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
II. <i>Quality of Labour Supply:</i> 2.1.1. General Educational Policy		Ministry of Church and Education		
2.2. Vocational Training for Young People 2.2.1. In-Plant Training a) Policy-Making		Ministry of Church and Education for Voc. Training and Techn. Education		
b) Administration		Plant Appren- ticeship Inspection Committees District Apprenticeship Boards, local Trade Committees		

(continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
Planning Unit of Ministry of Church and Educ. <i>ad hoc</i> study Committees; National Councils for Primary Schools, Secondary Schools, etc.	National Councils for Primary Schools, Secondary Schools, etc.	National Councils for Primary Schools, Secondary Schools, etc.	National Councils for Individual areas (Primary Schools, Secondary schools; special Education, Adult Education, etc.)	Ministerial Budgets	
National Apprenticeship Council, Training Council for Commercial and Clerical Work; National Council for Maritime Schools, Agricultural Eng. and for the Hotel and Restaurant Trade; Labour Directorate		National Councils for Apprenticeship, Commercial and Clerical work Handicraft and Manufacturing industries	National Apprenticeship Council; Training Council for Commercial and clerical work; Handicraft and Manufacturing Industries; National Trade Councils		
Ministry of Church and Education		Local Advisory Councils for Apprenticeship, Commercial and clerical work		Budget of Ministry for Church and Education	Employers

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
2.2.2. School Training a) Policy-Making		Ministry for Church and Education Department for Voc. Training and Technical Education, Division for Technical and Voc. Education		
b) Administration		County School Boards		
2.3. Training and Retraining of Adults (Unemployed and Potential recruits for labour market) a) Policy-Making	Labour Department and Directorate	Ministry for Church and Education Department for Voc. Training and Technical Education		Enterprises
b) Administration	Labour Directorate	Ministry of Church and Education	Productivity Centre; Institute for Training of Foremen	Enterprises

Continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
National Council for Voc. Training and Technical Education, Training Committee for Commercial and Clerical Work	National Council for Vocational Training and Technical Education	National Council for Vocational Training and Technical Education	<i>Ad hoc</i> Committees for training of Adolescents; National Council for Voc. Training and Techn. Education; Training Committee for Commercial and Clerical Work		
			County and Local School Committees	Budget of Respective Ministries; county budgets; municipality budgets	Funds of enterprises
	National Council for Voc. Training and Technical Education; Board of Labour Directorate	Board of Labour Directorate			
	National Council for Voc. Training and Technical Education; Board of Labour Directorate; County Employment	National Council for Voc. Training and Technical Education; Board of Labour Directorate; County Employment	Bi-partite study groups (employees' and employers' organisations)	Budgets of Ministry for Church and Education; Labour Directorate; Un-employment Insurance Fund	Enterprises Participants

Table

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
2.4. Financial Aid to Trainees a) Policy-Making	Ministry for Local Government and Labour			
b) Administration	Labour Directorate	State Loan Bank		Sponsors of Scholarship Schemes
2.5. Rehabilitation of the Handicapped a) Policy-Making	Ministry for Local Government and Labour	Ministries for Social Affairs, Church and Education (Directorate for Special Schools) Justice (After-prison care service), municipalities		Voluntary agencies enterprises
b) Administration	Labour Directorate (State Rehab. Centres); Labour Directorate, Section for Rehab. and Voc. Guidance and its county service (counseling and placement) Institutes for Voc. Guidance and Industrial Psychology (testing)	Ministries for Church and Educ. (Special Schools); Justice (after-prison care); municipalities (sheltered workshops); Municipal Social Welfare Committees (applications); Local Temperance Committees (alcoholics)	National Insurance Institution (applications)	Voluntary agencies and enterprises (sheltered workshops).

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
	and Development Committee and County School Board.	and Development Committee and County School Board.			
Local Unemployment insurance funds, Local social insurance funds		Board of Labour Directorate Board of Labour Directorate		State Budget Unemployment Insurance Fund	Private funds
ad hoc Committee on local social welfare and on sheltered workshops	Central Council for Training of Vocationally Handicapped	Central Council for Training of Vocationally Handicapped	National Insurance Institution, Nat. Rehab. Institute; Central Inst. for Mentally Defectives <i>ad hoc</i> Committees; Council for the care of the handicapped		
Ministry for Social Affairs, General Dept. (Alcoholics), Direct. of Health Supervision)	Central Council for Training of Vocationally Handicapped	Central Council for Training of Vocationally Handicapped	National Rehabilitation Institute and Central Institute for Mental Defectives	Budgets of Ministries of Local Govt. and Labour, Church and Education, Municipalities; Ministry of Justice	Unemployment Insurance Fund; Health Insurance Fund, Occup. Inj. Ins. Fund, Funds of enterprises and vol. agencies

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
2.6. Social Development and adjustment a) Policy-Making	No formal policy	No formal policy		
b) Administration		Special Admin- istration for Lapps		Enterprises Oslo Fylkeslag Norges Ungsdomslag
III. <i>Quantity and Quality of Labour Demand</i> 3.1. Economic Policy 3.1.1. Annual Economic Policy		Ministry of Finance, Plan- ning Depart., Budget Depart., Economics Dept., Min. of Wages and Prices, Direc- torate for Price Control	"Contact Committee"	
3.1.2. Medium and Long- Term Policy		Ministry of Finance, Long- term Planning Department		

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
Other ministries and central agencies (including Ministry for Local Government and Labour, and Labour Directorate) with competences (prep. Annual National Budget)	Working Party for the National Budget; "Contact Committee"; Joint Price Council	Joint Economic Consultative Committee; Joint Consultation Council for Credit Policy; "Credit Agreements"; "Contact Committee"; Joint Price Council			
Other min. central agencies (incl. n. for Local Government Labour, Labour Directorate) in econ. competences (esp. of car Programme); Social Committee for	Working Party for the National Budget	Joint Economic Consultative Committee	LO, NAF: Organisations of farmers, small holders and fishermen, etc.		

Table

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
3.2. Investment Directly Creating Employment				
3.2.1. Area and Regional Development a) Policy-Making	Regional Development Department	Ministries of Finance, Church and Education, Industry Agriculture, Fisheries and Communi- cations		
b) Administration	Regional Development Department	Board of Re- gional Develop- ment Fund; Government County Em- ployment and Development Committee, District Phys- ical Planning Council, Mu- nicipal Coun- cil, municipal physical plan- ning unit and committees; Regional Plan- ning Commis- sion for Eastern Norway, West- ern Norway,	State Banks	Private Firms for locational consultation

Continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
long-term Perspective with <i>ad hoc</i> working groups of experts (long-term policy)					
<i>ad hoc</i> Committees such that on question of regional differentiation	Working Party for National Budget; Intra-Governmental Co-ordination Committee at Under-Secretary Level; inter-ministerial co-ordination committee composed of civil servants	<i>Ad hoc</i> Committees			
Ministry of Finance	Inter-Governmental Co-ordination Committee at under-secretary level; inter-ministerial co-ordination committee of civil servants regional planning advisory board at county level; district physical planning council; regional planning commissions for Eastern Norway, Western	Council of Regional Development Fund; County Employment and Development Committee; Regional Planning Commissions for Eastern Norway, Western Norway, Northern Norway, Southern Norway and Trondelag Region	Branch Associations for Industry and Service Sectors; associations of Farmers, Smallholders and Fishermen	Budget Appropriations to Regional Development Fund; Budget of Min. of Local Government and Labour, Industry, Agriculture, Fisheries, Transport and Communications, Church and Educ.; Funds of State Banks; Unemployment Insurance Fund	Funds of enterprises

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
		Northern Norway, Southern Norway and Trondelag Region; Min. of Agriculture, Fisheries, Industry, Transport and communications, Church and Education and their regional and local services		
3.2.2. Sector Development a) Policy-Making		Ministries of Agriculture, Fisheries, Industry, Commerce, Transport and Communications		
b) Administration		Ministries of Agriculture, Fisheries, Industry, Commerce, Transport and Communications and their regional and local services; Directorate for Fisheries, Forestry, Public Roads	State Banks; agricultural societies at county level, land committees at local level	

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
	Norway, Northern Norway, Southern Norway and Trondelag Region				
Ministry of Local Government and Labour, Labour Dept. Study groups in Min. of Industry and Transport and Communication, Institute of Industrial research	Working Party for National Budget	3 <i>ad hoc</i> Working Parties at Ministry of Industry (shipbuilding, textile, general industry problems); <i>ad hoc</i> study group at Labour Directorate for forestry	Branch Associations for Industry and Service Sectors; Associations of Farmers, Small holders and Fishermen		
Regional Development Fund (local study units)			Branch Associations for Industry and Service Sectors; Associations of Farmers, Small holders and fishermen	Budgets of Ministries concerned; Regional Development Fund	

Table II

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
3.3. Public or Emergency Works a) Policy-Making	Min. of Local Government and Labour			
b) Administration	Labour Directorate; County employment office and county public works committee; district public works committees			
3.4. Counteracting Seasonal Fluctuations a) Policy-Making	Min. of Local Government and Labour			
b) Administration	Labour Directorate	All public authorities engaging in public works		
IV. Organisation of the Labour Market				
4.1. Placement	Labour Directorate, Local Placement Office			
4.2. Vocational Guidance	Labour Directorate, Section for Vocational Guidance and guidance officers at county and district level	Ministry for Church and Educ. National Council for Experiments in Schools and National Council for Elementary schools; county and local school boards; teachers		

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
Labour Directorate					
				Unemployment Insurance Fund; Budgets of Ministries of Transport and Communication and Local Government and Labour	
				Budgets of respective Ministries	
Local social insurance funds				Budget of Min. of Local Government and Labour unemployment Insurance Fund	
Institutes for Vocational Guidance and Industrial Psychology	National Co-ordinating Committee for Vocational Guidance, County Co-ordinating Committee for Voc. Guidance	County Co-ordinating Committee for Vocational Guidance		Budget of Min. of Local Government and Labour and of School authorities Unemployment Insurance Fund	

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
4.3. Vocational Testing	Institutes for Vocational Guidance and Industrial Psychology			
4.4. Financial Aids to Movements	Labour Direc- torate and its county and district offices		State Housing Bank	
4.5. Housing Related to Movement	Housing De- partment, Labour Directorate			
4.6. Aid to Enterprise Manpower Programme	No formal policy		Productivity Centre; Norwegian Institute for Personnel Management	
4.7. Decasualization of Labour Market	No Policy			
<i>V. Economic and Social Protection</i>				
5.1. Unemployment Benefits a) Policy-Making	Labour Directorate			
b) Administration	Labour Direc- torate, Section for Unemploy- ment Insurance and sub-com- mittee of Exe- cutive Board for Unemploy- ment Insurance;		LO and NAF	

(continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
Labour Directorate (supervision)				Budget of Min. Local Government and Labour Unemployment Insurance Fund	
				State Housing Bank Unemployment Insurance Fund	Funds of enterprises
				State Housing Bank	Funds of enterprises
	Labour Directorate Min. of Social Affairs				
Local social insurance funds	County and district sub-committees for unemployment insurance	County and district sub-committee for unemployment insurance		Budgets of municipalities and of State Unemployment Insurance Fund	Contribution from employees and employers; premium paid by employers (redundancy pay scheme)

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
	County Employment and Development Committee, sub-committee for unemployment insurance and county employment office; District Employment and Development Committee, sub-committee for unemployment insurance and district employment office			
5.2. Sickness Benefits a) Policy-Making		Min. of Social Affairs, Social Insurance Department		LO and NAF Sickness Fund
b) Administration			National Insurance Institution; Local insurance funds; county committee; local committee	
5.3. Old Age and Invalidity Pensions a) Policy-Making		Min. of Social Affairs, Social Insurance Department		
b) Administration			National Insurance Institution;	

(continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
Norwegian National Insurance Office Association <i>ad hoc</i> Committees	<i>Ad hoc</i> Committees	<i>Ad hoc</i> Committees	National Advisory Committee on National Insurance Scheme		
Ministry of Social Affairs (supervision)					
Norwegian National Ins. Office Association, <i>ad hoc</i> Committee	<i>Ad hoc</i> Committees	<i>Ad hoc</i> Committees	Advisory Committee on National Insurance Scheme		
Ministry of Social Affairs (supervision)				Budgets of municipalities and of State	Contributions from employees and employers

Table I.

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
			local insur- ance funds; county committee	
5.4. Public Assistance Benefits a) Policy-Making		Ministry of Social Affairs, General Department		
b) Administration		Social Welfare Committee of Municipality		
5.5. Health and Medical Care a) Policy-Making		Ministry of Social Affairs, General De- partment, Social Insur- ance Depart- ment, Direc- torate of Health		
b) Administration		County Medical Officers Com- mittee; Munic- ipal Health Officers Com- mittee; Mu- nicipal and District Dental		Private agencies

(continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
					into Pension Funds
	<i>ad hoc</i> Committees	<i>ad hoc</i> Committees			
Ministry of Social Affairs (supervision)	Municipal Social Welfare Committee	Municipal Social Welfare Committee		Budgets of municipalities and of State (subsidies)	
	<i>ad hoc</i> Committees; Central Council for Mental Health, Co-ordinating Council for Efforts on behalf of Mentally Subnormal	Central Council for Mental Health, Co-ordinating Council for Efforts on behalf of Mentally Subnormal	National Insurance Institution; Health Committee for Aged; National Women's Public Health Association, National Public Health Association, Tuberculosis Aid Association, People's Aid, National Institute for Research in Alcoholism; Central Council of Private Vol. Agencies.		
	County and Municipal Health Committee	Municipal Health Committee		Budgets of Municipalities, counties and central government	Contributions by employers and employees (health insurance), funds of vol. agencies

Table 1

The goal areas of manpower policy	Direct responsibility			
	Within Government rests with:		Outside Government rests with:	
	Ministry of Local Govt. and Labour Labour Dept. or Labour Directorate	Other Government Bodies	Semi-Public Bodies	Competence of Private
	(1)	(2)	(3)	(4)
		Officers Committee; County and Municipality Hospitals, Health Centres		
5.6. Social Service a) Policy-Making		Min. of Social Affairs (General Department), Family and Consumers' Affairs, Justice (After-prison care)		
b) Administration		Min. of Social Affairs (Gen. Department Dir. of Health) Family and Consumers Affairs, Jus- tice; county child welfare assistant, coun- ty social wel- fare assistant; municipal social welfare committee and office, Municipal Temperance and Child Welfare Committee		Private agencies (Church of Norway, Red Cross, etc.)

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
<i>ad hoc</i> committees; National Temperance Council, National Child Welfare Council	National Temperance Council, National Child Welfare Council	National Temperance Council, National Child Welfare Council	Central Council of Private Vol. Agencies; Norway Inst. for Gerontology; Industrial Commission against Alcoholism		
Governor (supervision, guidance)	Municipal Social Welfare, Temperance and Child Welfare Committees	Municipal Social Welfare and Child Welfare	Central Council of Vol. Agencies	Budgets of municipalities, counties and of State (subsidies)	Funds of vol. agencies

A. *Co-ordination within the Government*

There is no single inter-ministerial agency for the formulation of manpower policy, nor is there any central administrative apparatus for the co-ordination of manpower policy formulation and its administration as a totality. The situation has, therefore, to be dealt with by individual operating goal areas and their sub-divisions.

1. *Quantity of Labour Supply*

The work of evaluating the size of the labour force heads up in the Labour Directorate and then (through the Labour Department) in the Planning Department of the Ministry of Finance. But there is no single locus for policy formulation. The emphasis is upon several discrete groups. Policy co-ordination has been effected to a marked degree for the handicapped workers but not for the employment of women or older workers. Policies and programmes are not available for other significant potential manpower sources, for work population policy; and the administrative co-ordination for foreign workers and emigrants is essentially directed to enforcing the limited number of existing directives.

2. *Quality of Labour Supply*

Each of the four major policy centres dealing with the questions of the labour supply, education, manpower, medical care and social service and welfare operates in its distinctive area of specialized interests. The manpower authority collaborates most intimately with the educational authorities in the field of adult vocational training. It is represented on a number of permanent and *ad hoc* councils developing policies and overseeing the administration of vocational training, apprenticeship, and adult education. There is a close relationship with the rehabilitation services for the handicapped but little is done to relate the health and social service and welfare programmes to manpower policy requirements.

3. *Quantity and Quality of Labour Demand*

The role assigned to the manpower agency in the field of economic policy and programmes for advancing direct economic objectives has receded in recent years from an active to a more modest position when compared with the important charges allocated to the Labour Directorate in its original mandate. It had stimulated and co-ordinated action in a broad area of counter-cyclical, counter-seasonal and economic development programmes. The nation subsequently turned to a wider range of policies and programmes for effecting economic and seasonal stability, regional balance, economic growth and other economic and social goals. Moreover, the administration of some programmes was transferred from the Labour Directorate to other Departments within the Ministry for Local Government and Labour and other ministries.

For the manpower agency to gain a central position to project manpower interests to a more appropriate place within the field of economic

policy, it will have to reorient itself to a new relationship to this area and develop more explicit positions on the ways of making the existing or projected programmes more consistent with manpower objectives, or offer more adequate alternatives. To achieve this end the manpower agency will have to clarify the function of current measures such as public works for seasonal stability and counter-cyclical purposes. It would have to define the ways in which specific manpower measures, such as the intensive recruitment of new groups, the retraining of persons in the labour force and the guidance and aids to mobility, may be more usefully designed to serve the furtherance of overall economic goals.

The manpower agency would have to reach out beyond the specific programmes for which it has a direct administrative responsibility to those operated by other agencies and to identify those new ones which should be initiated by itself and other groups. The challenge is to define more explicitly criteria for evaluating programmes in terms of manpower goals and to propose a whole new set of activities for itself and other agencies where they are found to be necessary to effect the stated objectives and complete the structure for a co-ordinated programme.

4. *The Labour Market*

The Labour Directorate is the key agency for the guidance of the Labour market. In recent years, it took significant steps to relate its activities to the needs of other agencies. Most outstanding is the close co-ordination in the field of vocational guidance, occupational testing and financial aids to mobility. Its activities led to the recent transfer of the services in other ministries concerned with mobility to the Ministry of Local Government and Labour. Similar recognition was accorded it in the field of housing for migrants. It is now authorized to exercise initiatives where local authorities fail to do so. This more active role for the manpower agency is further visible in the efforts to get other departments in the Government to channel their announcements of job vacancies through the labour market agency. It has also broadened its services to other branches of the Government, such as the universities, to help them relate more intimately to the total manpower programme. As these and future measures bear fruit and are complemented by other activities, the manpower agency could truly become the co-ordinator and motive force promoting the observance of the policies of an active manpower policy.

5. *Manpower and Social Policy and Services*

The social insurance system should more consistently complement and reinforce the manpower goals for extending the employment capacity of individuals and increasing the rate of participation in the labour force. The latter goals should not be compromised in the programmes for the liberalization of qualifications and benefits. Co-ordination is essential.

The other fields of social policy and services are also virgin areas as regards close co-ordination of the administrative bodies with the manpower agencies in the furtherance of the latter's objectives. Here again, successful co-operation is essential to improve the quality of the labour force. The

manpower agency should initiate communications and seek to influence the policies and programmes in these areas insofar as they can help advance manpower objectives.

B. Co-ordination of Government and Non-Governmental Policies

The most important tools for bringing about co-ordination between the policies and programmes of public and non-governmental bodies are the indirect administrative techniques previously described, and joint committees. Standards are set and benefits are granted only if the applicant conforms to them. The granting agency, therefore, can enforce national policy. The second tool is the joint committees of governmental and non-governmental persons. They may function in one of three positions; namely, as advisors to public bodies; as supervisory authorities; or as discussion forums for the interested groups. All three types of committees exist. The influence on non-governmental agencies is therefore effected largely through their representatives on these bodies and depends on the degree to which these persons carry back the conclusions and find support for them within the individual bodies. There is no automatic carry-over.

The manpower and other governmental bodies intimately affect the policies and operations of agencies serving the handicapped both through indirect administrative controls and the joint bodies on which the non-governmental agencies participate. Efforts have been made in the same direction with respect to women and the employment of older persons. Achievements in these areas are largely dependent upon voluntary action by employers and the degree to which the manpower agencies promote the cause and serve the employers. These have been relatively limited in volume and intensity.

As for the promotion of the desired quality of labour, the educational and manpower authorities have little power to supervise or guide training efforts in the enterprise, except insofar as the latter acts as an agent for a public programme, including apprenticeship. This field calls for large-scale cultivation if non-governmental efforts and programmes are to be made to conform to public goals. The same conclusions would also obtain as respects the efforts of philanthropic agencies to assist in individual adjustment. Much would have to be done to spell out goals and standards in this area for the non-governmental bodies.

The Government does guide business and individuals and control economic behaviour in a wide range of fields through indirect general measures as well as specific and direct controls, regulations, structural and institutional changes and information as well as various incentives and grants. The major responsibility of the manpower agency in this field is to secure adjustments in Government policy and measures to meet its own objectives, and devise policies and measures for those areas where other governmental agencies may be inadequate such as seasonal stabilization, decasualization and sector growth or individual branch stimulation. There are vast gaps in the governmental policy structure affecting enterprise policy in these areas.

The manpower agency does influence the decision-makers as regards their relation to the external labour market, but only to a minor extent

continued)

Indirect responsibility rests with:	Co-ordination		Advisory Bodies	Financing out of:	
	Intra-Governmental Co-ordination by means of:	Governmental Private Co-ordination by means of:		Governmental Sources:	Non-Governmental Sources:
(5)	(6)	(7)	(8)	(9)	(10)
<i>Ad hoc committees; National Temperance Council, National Child Welfare Council</i>	National Temperance Council, National Child Welfare Council	National Temperance Council, National Child Welfare Council	Central Council of Private Vol. Agencies; Norway Inst. for Gerontology; Industrial Commission against Alcoholism		
Governor supervision, guidance)	Municipal Social Welfare, Temperance and Child Welfare Committees	Municipal Social Welfare Temperance and Child Welfare	Central Council of Vol. Agencies	Budgets of municipalities, counties and of State (subsidies)	Funds of vol. agencies

A. *Co-ordination within the Government*

There is no single inter-ministerial agency for the formulation of manpower policy, nor is there any central administrative apparatus for the co-ordination of manpower policy formulation and its administration as a totality. The situation has, therefore, to be dealt with by individual operating goal areas and their sub-divisions.

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2. *Quality of Labour Supply*

Each of the four major policy centres dealing with the questions of the labour supply, education, manpower, medical care and social service and welfare operates in its distinctive area of specialized interests. The manpower authority collaborates most intimately with the educational authorities in the field of adult vocational training. It is represented on a number of permanent and *ad hoc* councils developing policies and overseeing the administration of vocational training, apprenticeship, and adult education. There is a close relationship with the rehabilitation services for the handicapped but little is done to relate the health and social service and welfare programmes to manpower policy requirements.

3. *Quantity and Quality of Labour Demand*

The role assigned to the manpower agency in the field of economic policy and programmes for advancing direct economic objectives has receded in recent years from an active to a more modest position when compared with the important charges allocated to the Labour Directorate in its original mandate. It had stimulated and co-ordinated action in a broad area of counter-cyclical, counter-seasonal and economic development programmes. The nation subsequently turned to a wider range of policies and programmes for effecting economic and seasonal stability, regional balance, economic growth and other economic and social goals. Moreover, the administration of some programmes was transferred from the Labour Directorate to other Departments within the Ministry for Local Government and Labour and other ministries.

For the manpower agency to gain a central position to project manpower interests to a more appropriate place within the field of economic

policy, it will have to reorient itself to a new relationship to this area and develop more explicit positions on the ways of making the existing or projected programmes more consistent with manpower objectives, or offer more adequate alternatives. To achieve this end the manpower agency will have to clarify the function of current measures such as public works for seasonal stability and counter-cyclical purposes. It would have to define the ways in which specific manpower measures, such as the intensive recruitment of new groups, the retraining of persons in the labour force and the guidance and aids to mobility, may be more usefully designed to serve the furtherance of overall economic goals.

The manpower agency would have to reach out beyond the specific programmes for which it has a direct administrative responsibility to those operated by other agencies and to identify those new ones which should be initiated by itself and other groups. The challenge is to define more explicitly criteria for evaluating programmes in terms of manpower goals and to propose a whole new set of activities for itself and other agencies where they are found to be necessary to effect the stated objectives and complete the structure for a co-ordinated programme.

4. *The Labour Market*

The Labour Directorate is the key agency for the guidance of the Labour market. In recent years, it took significant steps to relate its activities to the needs of other agencies. Most outstanding is the close co-ordination in the field of vocational guidance, occupational testing and financial aids to mobility. Its activities led to the recent transfer of the services in other ministries concerned with mobility to the Ministry of Local Government and Labour. Similar recognition was accorded it in the field of housing for migrants. It is now authorized to exercise initiatives where local authorities fail to do so. This more active role for the manpower agency is further visible in the efforts to get other departments in the Government to channel their announcements of job vacancies through the labour market agency. It has also broadened its services to other branches of the Government, such as the universities, to help them relate more intimately to the total manpower programme. As these and future measures bear fruit and are complemented by other activities, the manpower agency could truly become the co-ordinator and motive force promoting the observance of the policies of an active manpower policy.

5. *Manpower and Social Policy and Services*

The social insurance system should more consistently complement and reinforce the manpower goals for extending the employment capacity of individuals and increasing the rate of participation in the labour force. The latter goals should not be compromised in the programmes for the liberalization of qualifications and benefits. Co-ordination is essential.

The other fields of social policy and services are also virgin areas as regards close co-ordination of the administrative bodies with the manpower agencies in the furtherance of the latter's objectives. Here again, successful co-operation is essential to improve the quality of the labour force. The

manpower agency should initiate communications and seek to influence the policies and programmes in these areas insofar as they can help advance manpower objectives.

B. Co-ordination of Government and Non-Governmental Policies

The most important tools for bringing about co-ordination between the policies and programmes of public and non-governmental bodies are the indirect administrative techniques previously described, and joint committees. Standards are set and benefits are granted only if the applicant conforms to them. The granting agency, therefore, can enforce national policy. The second tool is the joint committees of governmental and non-governmental persons. They may function in one of three positions; namely, as advisors to public bodies; as supervisory authorities; or as discussion forums for the interested groups. All three types of committees exist. The influence on non-governmental agencies is therefore effected largely through their representatives on these bodies and depends on the degree to which these persons carry back the conclusions and find support for them within the individual bodies. There is no automatic carry-over.

The manpower and other governmental bodies intimately affect the policies and operations of agencies serving the handicapped both through indirect administrative controls and the joint bodies on which the non-governmental agencies participate. Efforts have been made in the same direction with respect to women and the employment of older persons. Achievements in these areas are largely dependent upon voluntary action by employers and the degree to which the manpower agencies promote the cause and serve the employers. These have been relatively limited in volume and intensity.

As for the promotion of the desired quality of labour, the educational and manpower authorities have little power to supervise or guide training efforts in the enterprise, except insofar as the latter acts as an agent for a public programme, including apprenticeship. This field calls for large-scale cultivation if non-governmental efforts and programmes are to be made to conform to public goals. The same conclusions would also obtain as respects the efforts of philanthropic agencies to assist in individual adjustment. Much would have to be done to spell out goals and standards in this area for the non-governmental bodies.

The Government does guide business and individuals and control economic behaviour in a wide range of fields through indirect general measures as well as specific and direct controls, regulations, structural and institutional changes and information as well as various incentives and grants. The major responsibility of the manpower agency in this field is to secure adjustments in Government policy and measures to meet its own objectives, and devise policies and measures for those areas where other governmental agencies may be inadequate such as seasonal stabilization, decasualization and sector growth or individual branch stimulation. There are vast gaps in the governmental policy structure affecting enterprise policy in these areas.

The manpower agency does influence the decision-makers as regards their relation to the external labour market, but only to a minor extent

concerning the policies and practices within the internal market. Some types of information and services offered by the Labour Directorate reach the latter, but the transfer is quite accidental. Little has been done to review activities from the point of view of the services offered to the enterprise to bring their performance into close conformity with public manpower goals. One area needing exploration and development is that concerned with formulating a code of enterprise personnel and industrial relations policies and practices relative to manpower objectives. Liaison in this field with the individual enterprise is imperative, for the latter's programmes vitally affect the total performance of the national labour force.

As for the field of social policy and services, the co-ordination of public action and private performance as respects manpower consequences is of course hardly developed. Presumably, this activity will have to be undertaken jointly, with the social welfare, medical, municipal policy and housing authorities.

VIII. Recommendations Concerning Co-ordination

A. Co-ordination with the Government

The Examiners recommend that a unit within the central manpower agency should be responsible for the furtherance of the co-ordination within the Government between the manpower authority and other governmental groups. It should stimulate the appropriate research and policy formulation and monitor and evaluate external activities essential for the discharge of these duties. It should be on the alert for occasions for presenting the agency's views and data, and participation in advisory or supervisory bodies would assist in furthering the overall objectives. Contacts and activities and the development of the strategy of such relationships with other government bodies should be lodged with this unit.

B. Co-ordination between Governmental and Non-Governmental Bodies

The principal groups are the trade-unions and the employers. Both are organised and represented in advisory and supervisory bodies. There is every likelihood that any reorganisation of the governmental structure creating an overall manpower agency would also be accompanied by a provision for a tripartite supervisory board comparable to that existing in the Labour Directorate. It would be simple to extend the authority of the present body. But its functions should be broadened not only to review public policy but also to examine enterprise policies and performances and develop policies for their guidance and prescribe for their promotion by the staff of the Labour Directorate. There is great urgency for it to set down guides in such fields as internal enterprise training and recruitment and transfers. The Board's work in this area should be supported by an active research programme. The non-governmental groups should make a great commitment to align their practices with these guides and agreements.

IX. Participation of Employers' and Employees' Organisations in Manpower Policy-Making

The OECD Recommendation on an Active Manpower Policy calls for "labour-management-government consultation and co-operation to promote the common goals of economic growth and improvement of the standards of all people".

There is a pervasive inclination for the Government to enlist the employer and employee organisations and other expert groups in the management of manpower bodies and in *ad hoc* and permanent advisory bodies. The most significant body is, of course, the Board of the Labour Directorate and its associated and subordinated bodies. These boards and committees play an important part in the evolution of policy and in the guidance of administrative practice. The Examiners recommend that, with any further concentration of overall authority for the management of an active manpower policy, a multi-interest body be organised to function as its management authority. The membership of the Board should include, particularly among its public members, people with competences in the field of human resources and manpower economics, and the officers or executives should include such persons. The membership should actively and intimately follow developments and practices in the internal and external labour markets and administrative initiatives by the Labour Directorate. The usefulness and effectiveness of the Board are a function of the independence of its members from the administrative agencies, and the breadth of its considerations and the thoroughness and competence of its evaluation. The member of the Board would be delegated a high degree of responsibility for which he would be accountable to the group to which he belongs and to the total community. Such a high order of dedication also demands the assignment of a wide range of final authority to this agency, for a body dedicated solely to offering advice is likely over time to become less interesting to its members.

Chapter X

FINANCING A MANPOWER PROGRAMME

The preceding review presented the urgent issues to be faced in developing an active manpower policy and programme for this country. The Examiners indicated the general direction the changes should take to serve national objectives. It would now be desirable to complete the analysis with an evaluation of the costs of the present system and the suggested innovations. As for the latter, however, the Examiners' proposals are not offered in the detailed legislative form required for such calculations. Moreover, much additional data would have to be secured for careful programme planning and budgeting. The latter would be more appropriate following a determination of the precise programme and a schedule for their application.

The Examiners, therefore, limited themselves to defining the costs of the present system, but even this purpose could not be fully satisfied. The country maintains a detailed functional analysis of national expenditures but there is no comparable functional summary of municipal appropriations, and expenditures by special funds or banks, contributions by individuals, employers or employees, fees or private spending, all of which finally add up to the total cost of the system. Detailed data would also be required on expenditures by categories such as wages and salaries, investments, transfer payments, grants and loans and other operating expenses. The current information provides a measure of some costs but not an accounting of total expenditure.

One further restraint on the Examiners' effort has been the absence of an international system of accounts on manpower policy administration. There is need for such a clear concept of costs according to a relatively uniform schedule of accounts. Such an international system of accounts exists for other areas in which the problems are far more complex. A prototype for such an analysis may also be found in the regular reports of the Nordic Ministers of Social Affairs on Social Security expenditures in these five countries. The final grouping should distinguish between measures belonging to the direct manpower policy and those to be grouped under other policy systems which affect or support the operation of a manpower policy.

The present analysis is concerned with current expenditures in Norway on manpower policy. We shall include with the expenditures the appro-

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Goal areas	Total	Direct manpower policy system			Other policy system				
		Net total	State budget	State banks & funds	Internal transfers	Net total	State budget	State banks & funds	Internal transfers
Total	12,737	231	140	118	27	12,506	3,780	9,189	463
I. Quantity of labour force	5	5	5						
1. Employment of women (day nurseries)	5	5	5						
II. Quality of labour force	2,399	116	36	80		2,283	1,943	340	
1. General education	2,283					2,283	1,943	340	
a. Primary schools	654					654	654		
b. Secondary schools	148					148	148		
c. Higher schools	744					744	563	181	
d. Special schools	78					78	78		
e. Adult schooling	39					39	39		
f. Vocational schooling	283					283	199	84	
g. Scholarships, building, etc.	337					337	262	75	
2. Vocational rehabilitation	79	79	20	59					
3. Adult vocational training	37	37	16	21					
III. Demand for labour	414	53	53			361	10	351	
1. Winter construction	53	53	53						
2. Regional planning and development		53							
IV. Labour market organisation	361	57	46	38	27	361	10	351	
1. General labour market organisation	1,515	57	46	38	27	1,458	20	1,438	
2. Employment service	5	5	5						
3. Mobility schemes	41	41	41		27				
	11	11		11					

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2. Regional planning and development	361								
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1. General labour market organisation	5	5	5			361	10	351	
2. Employment service	41	41	41	27	27				
3. Mobility schemes	11	11	11	11					

measures	8,404	1,807	7,060	463
1. Unemployment insurance	105	14	105	14
2. Occupational injury insurance	162	7	162	7
3. Health insurance	2,144	170	2,144	170
4. National insurance scheme	4,473	274	4,471	272
5. State pensions	535	440	95	
6. Family allowances	318	318		
7. General health services		538		
8. Physical and mental rehabilitation	667	30	83	
9. Social welfare		16		

1. In this and the following tables expenditure of the Municipalities is excluded.



priations of the national and municipal governments and the special public funds and banks including the Unemployment Insurance Fund, the National Insurance Institution, Regional Development Fund, Housing and Municipal Banks and the Student Loan Fund. The classification of goal areas is that followed in the report, dividing the measures by whether they relate to the development of the appropriate quantity and quality of manpower, quality or quantity of demand for manpower, labour market organisation and protective and support services. Because detailed cost analysis by sub-areas was not supplied for the individual organisations, the total allocation is made to the most appropriate subdivision.

In 1968, national direct manpower expenditures amounted to 231 million Kroner of which 140 million Kroner originated in the state budget and 118 million in the banks and funds, with 27 million Kroner of the latter being used to reimburse the state budget. Three special funds contributed to this work; namely, Unemployment Insurance Fund, to the amount of 57 million Kroner, the National Insurance Institution, 56 million and the Regional Development Funds, 5 million Kroner. The other policy systems spent 12,506 million Kroner of which 3,780 million Kroner came from the national budget and 9,189 million from the banks and funds, and 463 were transfers between the two categories (Tables I and II).

The single largest expenditure in the direct manpower policy system was for winter construction followed by large outlays for the Employment Service and vocational rehabilitation, largely in the form of payments for the sheltered workshops. The major expenditure in the other policy systems was for the protective and supportive services for education, followed by those for general education, and the regional planning and development and housing.

The State Budget finances the major expenditures of the direct manpower but not of the other policy systems. In the former it supplies 140 of the total of 231 million Kroner or 65 % and for the other system, 3,780 out of the total of 12,506 million Kroner or 33 %. Some transfers took place from the banks and the state budget (employment service) and in other cases from the state budget to the individual banks or funds (Table II).

The funds for the direct manpower policy system may be found in the budgets for the Ministries of Local Government and Labour, Family and Consumer Affairs and Communications. The Budgets for the Ministries of Local Government, Church and Education, Fishery and Agriculture account for the national government appropriations for the other policy systems. In Table III and IV, the expenditures are set forth by category.

The expenditures on the direct manpower policy system grew over the years both in current money and real terms. This finding is based on the calculations made in the survey of "Social Security in Nordic Countries" for two major components; namely, the "Employment Service" and the "Public Works for Unemployed". The funds for adult training and mobility and vocational rehabilitation paid out of the Unemployment Insurance Funds were not separated from the total outlays so that these items are not presented. The sums spent for these two major categories increased from 7.4 million Kroner in 1948 to 99 million Kroner in 1968. The expenditures per inhabitant in the ages 16-64 rose from 3.4 Kroner in 1948 to 41.3 Kroner. Concurrently, the expenditures as a percentage of national net income

Table II. NORWEGIAN NATIONAL EXPENDITURE

Goal areas	A	B	C	D	E	F	G	Mi In and
	Ministry of Local Government and Labour	Ministry of Church and Education	Ministry of Social Affairs	Ministry of Family and Consumers Affairs	Ministry of Communi- cation	Ministry of Fishery	Ministry of Agriculture	
Total	90	1,881	1,789	5	37	5	109	
I. Quantity of Labour Force				5				
1. Employment of women (day nurseries)				5				
II. Quality of labour force		1,865				5	109	
1. General Education		1,829				5	109	
a. Primary schools		654						
b. Secondary schools		148						
c. Higher schools		478					85	
d. Special schools		78						
e. Adult schooling		39						
f. Vocational schooling		170				5	24	
g. Scholarships, buildings, etc.		262						
2. Vocational rehabilitation		20						
3. Adult vocational training		16						
III. Demand for labour	10	16			37			
1. Winter construction		16			37			
2. Regional planning and development ..	10							
IV. Labour market organisation	66							
1. General labour market organisation ..	5							
2. Employment service	41							
3. Mobility schemes								
4. Housing measures	20							
V. Protective and supportive measures	14	1,789						
1. Unemployment insurance	14							
2. Occupational injury insurance		7						
3. Health insurance		170						
4. National insurance scheme		274						
5. State pensions		436						
6. Family allowances		318						
7. General health service		538						
8. Physical and mental rehabilitation ...		30						
9. Social welfare		16						

Explanatory notes:

The transfer payments between the State Budget and the other Sources (in both directions) are separate in column J. In order to avoid double counting they had to be eliminated in the calculation of the grand total (column R). All figures of the State Budget are taken from Statsregnskapet 1968. For a fuller explanation of the figures used in columns K to P see notes to Table IV. All figures of the National Insurance Institution (column L) refer to 1967.

Table II. NORWEGIAN NATIONAL EXPENDITURE ON MANPOWER ACTIVITIES BY SOURCES — 19

B	C	D	E	F	G	H	I	J	K
Ministry of Church and Education	Ministry of Social Affairs	Ministry of Family and Consumers Affairs	Ministry of Communication	Ministry of Fishery	Ministry of Agriculture	Ministry of Incomes and Prices	State Budget A to H	Transfer payments from I to Q or Q to I	Unemployment Insurance Fund
1,881	1,789	5	37	5	109	4	3,920	490	172
		5					5		
		5					5		
1,865				5	109		1,979		32
1,829				5	109		1,943		10
654							654		
148							148		
478					85		563		
78							78		
39							39		
170				5	24		199		10
262							262		
20							20		3
16							16		19
16			37				63		
16			37				53		
							10		
							66	27	35
							5		
							41	27	27
									8
							20		
1,789						4	1,807	463	105
7							14	14	105
170							7	7	
274							170	170	
436							274	272	
318						4	440		
538							318		
30							538		
16							30		
							16		

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Millions of Kroner

L	M	N	O	P	Q	R
National Insurance Institution	Regional Development Fund	Housing Bank	Municipal Bank	Student's Loan Fund	Sum K to P	Grand Total I-J+Q
6,928	262	1,438	252	255	9,307	12,737
						5
						5
56	2		75	255	404	2,399
			75	255	340	2,283
						654
						148
				181	181	744
						78
						39
				74	84	283
			75		75	337
56					59	79
	2				21	37
	257		94		351	414
						53
	257		94		351	361
	3		1,438		1,476	1,515
						5
						41
	3				27	11
		1,438			1,438	1,458
6,872			83		7,060	8,404
					105	105
162					162	162
2,144					2,144	2,144
4,471					4,471	4,473
95					95	535
						318
			83		83	667

Table III. EXPENDITURE ON MANPOWER ACTIVITIES UNDER THE STATE BUDGET BY TYPE — 1968

Goal areas	Millions of Kroner				
	Wages and salaries	Investment	Transfer payments	Other expenditure	Total
Total	814	499	2,383	224	3,920
I. Quantity of Labour Force					5
1. Employment of women (day nurseries)			5		5
II. Quality of labour force					1,979
1. General Education	405	420	1,012	142	1,943
a. Primary schools	398	420	1,012	113	1,943
b. Secondary schools	7	3	641	3	654
c. Higher schools	18	3	126	1	148
d. Special schools	306	138	36	83	563
e. Adult schooling	45	13	3	17	78
f. Vocational schooling	20	5	39	8	72
g. Scholarships, school-building, etc.	2	258	1	1	262
2. Vocational rehabilitation	7			13	20
3. Adult vocational training				16	16
III. Demand for Labour					63
1. Winter construction	3	33	26	1	63
2. Regional planning and development	3	33	20		56
IV. Labour market organisation					10
1. General labour market organisation	37		20	9	66
2. Employment service	4			1	5
3. Mobility schemes	33			8	41

1. Unemployment insurance	14	14	14
2. Occupational injury insurance	7	7	7
3. Health insurance	170	170	170
4. National insurance scheme	272	274	274
5. State pensions	249	440	440
6. Family allowances	318	318	318
7. General health services	268	63	538
8. Physical and mental rehabilitation	11	9	30
9. Social welfare	2	13	16

Note: The classification of wages, investment and transfer-payments is the one used for National Accounting purposes. See "Statsbudsjettet 1970", pages 104, 105.

Table IV. EXPENDITURE ON MANPOWER ACTIVITIES FROM SOURCES OTHER THAN THE STATE BUDGET BY TYPE -- 1968

Millions of Kroner

Corresponding line numbers in Table II.	Grants and loans	Pensions and benefits	Running costs			Grand Total
			Administration	Interest subsidies	Other	
	66.8	90.0	15.1		15.1	171.9
<i>Unemployment Insurance Fund</i> ¹ ..						27.5
IV.2. Grants to the employment service	27.5					3.0
II.2. Vocational Rehabilitation	3.0					10.0
II.1.f. Vocational schooling	10.0					18.6
II.3. Adult vocational training	18.6					7.7
IV.3. Mobility schemes	7.7					78.0
V.1. Unemployment insurance benefits }		78.0				105
Administration and surplus		12.0	15.1		15.1	27.1
<i>National Insurance Institution</i> ² ..	2,309.0	6,470.4	2,267.0		2,267.0	6,928.0
II.2.2 Vocational rehabilitation		55.8				55.8
V.2. Occupational injuries insurance ..		151.6	10.1		10.1	161.7
V.3. Health insurance	2,309.0	1,844.3	69.3		69.3	2,144.5
V.5. War pensions to civilians		94.9	0.4		0.4	95.3
V.4. National insurance scheme		4,323.8	146.9		146.9	4,470.7
<i>Regional Development Fund</i> ³	250.1		5.7		6.1	261.9
II.3. Adult vocational training	2.1					2.1
IV.3. Mobility schemes	3.2					3.2
III.2. Development loans	244.8				(11.8)	256.6
IV.4. <i>Housing Bank</i> ⁴	1,391.0		10.4	15.3	21.0	1,437.7
<i>Municipal Bank</i> ⁵	252.0		0.7		0.7	252.7
III.2. Regional planning	94.0				(0.3)	94.3
II.1.g. School building	75.0				(0.2)	75.2
					(0.2)	83.2



II.1.f. Vocational schooling	64.0	(10.4)	74.4
II.1.c. Higher schools	156.0	(25.4)	181.4

Explanatory notes: The final column of this table (grand total) gives the figures which have entered into Table II. From the very first column can be seen the row of Table II in which the figures can be found. One principal objective of this table is to show how the running costs (overhead costs) have been allocated between the different functional items.

- Source:*
1. Letter from the Norwegian Authorities of 9th January 1970.
 2. St. meld. nr. 100, 1969-1970. The National Insurance Scheme includes the Pension Insurance for Fishermen and Forestry Workers. Rehabilitation assistance could be separated; the same, however was not possible for training allowances.
 3. For grants and loans letter from the Norwegian Authorities of November 17th, 1969. For running costs: St. pup. nr. (1969-1970) Kommunal og arbeidsdepartementet Kap. 2413.
 4. The National Budget 1970, Table 14, Statsregnskapet 1968, p. 118.
 5. The National Budget 1970, Table 14. The administration costs have been submitted by the Ministry of Finance. They have been broken up proportionally between the sub-items.
 6. The National Budget 1970, Table 14, Statsregnskapet 1968, p. 118. For the breakdown between vocational and higher education: St. meld. nr. 75 (1968-69) Table 1. The total running costs have been allocated proportionally under the two types of education.



Table V. EXPENDITURE BY STATE BUDGET ON EMPLOYMENT SERVICE AND PUBLIC WORKS FOR UNEMPLOYED, EXPENDITURE PER INHABITANT AND EXPENDITURES AS A PER CENT OF NET NATIONAL INCOME, 1948 - 1968.

Year	Total expenditure	Employment service	Public works for unemployed	Expenditure per inhabitant age 15-64	Expenditure as per cent of Net National Income
1948	7.4	4.3	3.1	3.4	00.06
1950	10.1	4.9	5.2	4.1	00.08
1952	19.2	6.9	12.3	8.8	00.11
1954	22.0	8.3	13.7	10.0	00.10
1956	28.0	11.8	16.2	12.7	00.12
1958	26.4	13.8	12.6	11.8	00.11
1960	30.1	13.5	16.6	13.3	00.12
1962	41.5	20.8	20.7	18.0	00.13
1964	62.5	28.9	33.6	26.7	00.17
1966	68.2	34.1	34.1	28.6	00.16
1968 ¹	99.0	46.0	53.0	41.3	00.19

1. Tentative.

tripled from six hundredths of one per cent to 19 hundredths of one per cent (Table V).

The Examiners urge upon the manpower authorities that they annually present a summary of the nation's expenditures on direct manpower policy systems, following the classification of goal categories developed for this examination and indicating clearly the transfer payments and the category of payments, and include in the first instance all public institutions and levels of government.

They would propose that the Nordic Labour Market Committee undertake a similar type of comparative analysis for the Nordic countries.

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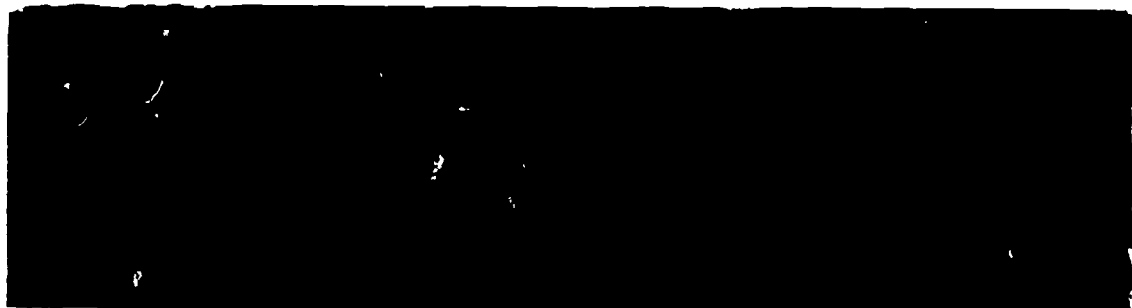
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