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CHAPTER VI

ECONOMIC

Section 60. Introduction

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Section 60. Introduction

- A. Economic structure
- B. Economic dynamics
- C. Economic planning
- D. Strategic aspects of the economy

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Section 60. Introduction

The purpose of this Section is twofold. Firstly, it is designed to give an integral view of the structure of the economy, the pattern and direction of its development, and the capacity of the economy to adjust itself to external or internal political, economic, and social changes. Secondly, it is to serve as a frame of reference for proper evaluation of the material, both factual and interpretive, presented in the subsequent sections of the chapter.

Detailed accounts of the component parts of the economy are to be presented in the respective sections of this and other chapters and supplements. Here, the task is to define the significant aspects of each sector of the economy, and to assess the part it plays in the total economic scope and direction of the economic process. It should present the overall production or other figures needed to indicate the position of any vital industries (such as steel), both in structure of the economy of the area and in relation to world production.

A. Economic structure

This subsection should be given over to a statement in broad terms of the main structural features of the economy. It should examine the position and importance of the various sectors of economic activity both in terms of their contribution to national income and in relation to the country's resources and to their potential development. Note the relation of the various sectors of the economy to national stability.

It should also discuss types and rate of domestic capital accumulation, recent pattern of utilization, and factors stimulating or limiting capital formation such as private or government investment policies, domestic and foreign markets, foreign investments, etc. The discussion should, moreover, analyze the nature of the economic development in terms of changes in the composition of the gross product.

B. Economic dynamics

This subsection should be devoted to a definition and analysis of the forces, including socioeconomic trends and attitudes, which at present determine the orientation of the economy. The discussion should examine the technological advance of economic processes as it affects the various sectors of the economy. Note the effect, if any, of U.S. and other foreign activities in the country which have significance to the economy. Evaluate the competitive strength of the economy in terms of productivity of labor, degree of mechanization, etc., and appraise the ability of the economy to make appropriate adjustments to change, including changing patterns of world trade. It should also examine the role of the state in controlling and influencing economic organization, activity, and development and should evaluate the significance of entrepreneurial activities of the state.

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C. Economic planning

Describe briefly the orientation of current national policy and indicate the areas of economic activity to which it applies, the scope and orientation of long-range economic planning, and examine critically the degree of disparity between plans and economic capabilities of the area. Note important factors influencing economic planning and development such as the ability and attitudes of the economic elite, its political power and international ties. Indicate how the government proposes to finance the realization of its long-range economic plans, and examine the extent to which such plans are being realized. Discuss the nature and amount of assistance, if any, from abroad (e.g., ECA, Eximbank, Morrison Knudson, etc.) in furthering plans.

D. Strategic aspects of the economy

In this subsection discussion should cover the problem of the strategic supply position and economic war potential, including the extent to which the country is or can readily become self-sufficient in its major requirements and what conditions must be fulfilled in order to increase the degree of self-sufficiency of the area. The problems of self-sufficiency and economic capacity for war should be considered not only with respect to available natural resources but also in relation to existing manpower and its technical capabilities, and in relation to available installations affecting production. With respect to manpower, consideration should be given to conclusions reached in Chapter IV on problems of mobility, existing skills, adaptability of labor to new productive processes, and feasibility of increasing the labor force through mobilization of overage and underage laborers and women. With respect to the existing productive plant, attention should be given to the degree of utilization of existing facilities. The analysis should indicate the causes of significant deficiencies or surpluses. It should also indicate the degree to which the economy is vulnerable to military attack, in terms of dependence on a particular sector of the economy or a particular group of installations. In this connection it would be appropriate to consider conclusions reached in Chapter III with respect to the transportation system and the manner in which it affects the economic war potential of the area. Special attention should be given to the economy's vulnerability to manipulation by foreign interests either through infiltration of the economy or external economic measures. To what extent is the nation able to or does it carry on similar activity abroad (cross-reference to Sections 57 and 58 if appropriate)?